

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

City of Nettleton, Mississippi

**Financial Statements
For the year ended September 30, 2022**

CITY OF NETTLETON, MISSISSIPPI
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September 30, 2022

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi 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, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Nettleton, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of Nettleton, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the schedule of the City's proportionate share of the net pension liability on page 44, and the schedule of the City's contributions on page 45 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nettleton, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements and the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, on our consideration of the City of Nettleton, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Nettleton, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Nettleton, Mississippi's internal control over financial reporting and compliance.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
February 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year Ended September 30, 2022

This section of the City of Nettleton's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2022. Please read it in conjunction with the City of Nettleton financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position increased by \$435,789 as a result of this year's operations. Net position of our business-type activities increased by \$269,513, or 5.24%, net position of our governmental activities increased by \$166,276, or 3.23%.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,580,963. This compares to the previous year when assets exceeded liabilities by \$5,145,174.
- As of the close of the current fiscal year, the City of Nettleton governmental funds reported combined ending fund balances of \$1,094,380, an increase of \$180,400 in comparison to the prior year. Approximately 88% of the combined fund balances, \$928,422, is considered unassigned and is available for spending at the City of Nettleton discretion.
- The City of Nettleton's total debt is \$653,973. There was no debt issued during the year and \$144,858 in debt was repaid during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

Figure A-1

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary, such as police, fire, and culture and recreation	Activities the City operates similar to private businesses: Water & Sewer, and Solid Waste.
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balances	Statement of net position; statement of revenues, expenses, and changes in net position, statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The City of Nettleton has two kinds of funds:

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial situation. The City of Nettleton's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,580,963. This is a \$435,789 increase over last year's net position of \$5,145,174. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2022 and 2021.

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

A large portion, 81% and 88%, of the City's net position reflects its investment in capital assets such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2022 and 2021. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Nettleton's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current & Other Assets	\$ 1,425,003	\$ 1,243,068	\$ 1,411,096	\$ 1,089,948	\$ 2,836,099	\$ 2,333,016
Capital Assets	2,308,778	2,256,698	2,881,326	3,049,386	5,190,104	5,306,084
Total Assets	3,733,781	3,499,766	4,292,422	4,139,334	8,026,203	7,639,100
Total Deferred Outflows	150,728	103,911	46,349	38,730	197,077	142,641
Current Liabilities	81,580	97,078	261,906	264,282	343,486	361,360
Noncurrent Liabilities	1,294,588	913,121	926,228	947,673	2,220,816	1,860,794
Total Liabilities	1,376,168	1,010,199	1,188,134	1,211,955	2,564,302	2,222,154
Total Deferred Inflows	59,728	311,141	18,287	103,272	78,015	414,413
Net Position:						
Net Investment in						
Capital Assets	2,301,628	2,225,335	2,234,503	2,281,918	4,536,131	4,507,253
Restricted	32,291	5,433	0	0	32,291	5,433
Unrestricted (Deficit)	114,694	51,569	897,847	580,919	1,012,541	632,488
Total Net Position	\$ 2,448,613	\$ 2,282,337	\$ 3,132,350	\$ 2,862,837	\$ 5,580,963	\$ 5,145,174

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of our business-type activities is \$897,847. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in net assets. Approximately 13.27% of the City of Nettleton's revenue comes from property taxes, with 41.29% of all revenue coming from some type of tax. (See Table A-2.) This compares to 13.85% and 39.05% for the fiscal year ended September 30, 2021. Another 33.58% comes from fees charged for services, and 15.57% is from operating and capital grants and contributions and the remainder is from interest and miscellaneous.

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

Table A-2
Changes in The City of Nettleton's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 69,142	\$ 108,394	\$ 718,180	\$ 763,693	\$ 787,322	\$ 872,087
Operating Grants & Contributions	31,156	56,555	235,888	235,888	267,044	292,443
Capital Grants & Contributions	98,017	17,500	0	0	98,017	17,500
General Revenues:						
Property Taxes	311,226	309,320	0	0	311,226	309,320
Other Taxes	656,854	563,114	0	0	656,854	563,114
Other Grants & Contributions	992	993	0	0	992	993
Interest Income	874	3,072	878	3,072	1,752	6,144
Other	221,454	172,357	0	0	221,454	172,357
Total Revenues	1,389,715	1,231,305	954,946	1,002,653	2,344,661	2,233,958
Expenses						
General Government	386,770	378,962	0	0	386,770	378,962
Public Safety	506,770	475,310	0	0	506,770	475,310
Public Works	231,171	207,007	0	0	231,171	207,007
Culture & Recreation	43,314	45,031	0	0	43,314	45,031
Interest on Long-Term Debt	1,027	1,935	11,551	14,437	12,578	16,372
Pension Expense	90,387	32,080	(989)	4,872	89,398	36,952
Water & Sewer	0	0	535,890	574,852	535,890	574,852
Solid Waste Management	0	0	102,981	112,527	102,981	112,527
Total Expenses	1,259,439	1,140,325	649,433	706,688	1,908,872	1,847,013
Excess of Revenue Over Expenses	130,276	90,980	305,513	295,965	435,789	386,945
Transfers	36,000	60,000	(36,000)	(60,000)	0	0
Increase (Decrease) in Net Position	166,276	150,980	269,513	235,965	435,789	386,945
Net Position-Beginning	2,282,337	2,131,357	2,862,837	2,626,872	5,145,174	4,758,229
Net Position-Ending	\$ 2,448,613	\$ 2,282,337	\$ 3,132,350	\$ 2,862,837	\$ 5,580,963	\$ 5,145,174

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities

Governmental activities increased the City's net position by \$166,276.

The cost of all governmental activities this year was \$1,259,439. However, the amount taxpayers paid for these activities through city taxes (property taxes) was only \$311,226.

The largest funding sources for the City's governmental activities, as a percent of total revenues, are property taxes (22%), other taxes (47%), and operating and capital grants and contributions (9%).

The largest expense category for the City's governmental activities is public safety (40%).

Business-type Activities

Business-type activities increased the City's net position by \$269,513.

Charges for services and operating grants and contributions are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$830,556 for water and sewer and \$123,512 for solid waste management.

Financial Analysis of the Government's Funds

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

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

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$928,422, which comprised 85% of the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare the fund balance, restricted, assigned, and unassigned, to total fund expenditures. Total fund balance represents 88% of total fund expenditures. The fund balance of the City's general fund increased by \$180,400 during the current fiscal year.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$3,462, which will be used for future expenditures.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. For 2022, the City did not have any capital project funds.

CITY OF NETTLETON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$3,132,350. Changes in net assets, which totaled \$269,513, were as follows: the water and sewer fund increased by \$260,982 and the solid waste management fund increased by \$8,531.

Budgetary Highlights

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

Comparing the FY 2022 original budget General Fund amount of \$1,039,518 to the final budget amount of \$1,269,165 shows a net increase of \$229,647. Differences between the original budget and the final budget were mainly related to the increase in modernization use tax funding, sales tax funding, and additional grant funding and related increase in budgeted amounts for capital projects.

The City's tax millage for the 2022 fiscal year remained unchanged at 34.00 mills.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022 and 2021, amounted to \$5,190,104 and \$5,306,084, net of accumulated depreciation of \$6,919,885 and \$6,550,279. This investment in capital assets includes land, buildings, improvements other than buildings, and machinery & equipment.

Table A-3
City of Nettleton's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 122,030	\$ 122,030	\$ 29,360	\$ 29,360	\$ 151,390	\$ 151,390
Infrastructure	1,793,877	1,659,442	0	0	1,793,877	1,659,442
Plant, Buildings, Improvements	1,591,980	1,506,980	6,126,353	6,126,353	7,718,333	7,633,333
Machinery & Equip.	1,680,609	1,680,609	765,780	731,589	2,446,389	2,412,198
Accum. Depreciation	(2,879,718)	(2,712,363)	(4,040,167)	(3,837,916)	(6,919,885)	(6,550,279)
Total	\$ 2,308,778	\$ 2,256,698	\$ 2,881,326	\$ 3,049,386	\$ 5,190,104	\$ 5,306,084

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

This year, major capital asset additions included:

- Two Chevy Tahoe for the Police Department
- Body Cameras for the Police Department
- Ford F-350 for Public Works
- Street overlays

Long-term Debt—At year-end, the city had \$646,823 in bonds, notes, and capital leases outstanding. More detailed information about the City of Nettleton's long-term liabilities is presented in the notes to the financial statements.

Table A-4
City of Nettleton's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 7,150	\$ 14,850	\$ 57,850	\$ 120,150	\$ 65,000	\$ 135,000
TRPDD Library Loan	0	0	0	0	0	0
CAP Loans	0	16,513	86,436	101,558	86,436	118,071
USDA Sewer Loans	0	0	169,989	174,834	169,989	174,834
SRF Sewer Loan	0	0	311,778	331,936	311,778	331,936
Capital Lease Obligation	0	0	20,770	38,990	20,770	38,990
Total	\$ 7,150	\$ 31,363	\$ 646,823	\$ 767,468	\$ 653,973	\$ 798,831

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors and expected grant related capital projects when establishing the fiscal year 2023 budget. The total budgeted appropriations for the City operations are \$4,694,133.

CONTACTING THE CITY OF NETTLETON FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Nettleton finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Nettleton's Finance Department, P.O. Box 1301 Nettleton, MS 38858.

BASIC FINANCIAL STATEMENTS

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash	\$ 1,032,551	\$ 1,335,196	\$ 2,367,747
Certificates of Deposit	1,387	0	1,387
Due from Other Governments	56,603	0	56,603
Accounts Receivable, net of allowance	0	70,089	70,089
Court Fines Receivable, net of allowance	227,239	0	227,239
Property Taxes Receivable	87,244	0	87,244
Other Receivables	14,223	0	14,223
Due from Other Funds	5,756	5,811	11,567
Capital Assets (Note 3):			
Land and Construction in Progress	122,030	29,360	151,390
Other Capital Assets, net of depreciation	<u>2,186,748</u>	<u>2,851,966</u>	<u>5,038,714</u>
TOTAL ASSETS	<u>3,733,781</u>	<u>4,292,422</u>	<u>8,026,203</u>
<u>DEFERRED OUTFLOWS OF REVENUES:</u>			
Deferred Amount of Refunding	0	201	201
Deferred Amounts Related to Pensions	<u>150,728</u>	<u>46,148</u>	<u>196,876</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 150,728</u>	<u>\$ 46,349</u>	<u>\$ 197,077</u>

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable	\$ 23,373	\$ 29,790	\$ 53,163
Due to Other Funds	10,321	2,150	12,471
Customer Deposits	0	100,399	100,399
Accrued Compensated Absences	40,736	12,614	53,350
Long-Term Liabilities:			
Capital Leases - Due Within One Year	0	18,220	18,220
Capital Leases - Due in More Than One Year	0	2,550	2,550
Debt - Due Within One Year	7,150	98,733	105,883
Debt - Due in More Than One Year	0	527,320	527,320
Net Pension Liability	1,294,588	396,358	1,690,946
TOTAL LIABILITIES	1,376,168	1,188,134	2,564,302
<u>DEFERRED INFLOWS OF REVENUES:</u>			
Deferred Amounts Related to Pensions	59,728	18,287	78,015
TOTAL DEFERRED INFLOWS OF RESOURCES	59,728	18,287	78,015
<u>NET POSITION:</u>			
Net Investment in Capital Assets	2,301,628	2,234,503	4,536,131
Restricted for:			
Public Safety - Expendable	32,291	0	32,291
Unrestricted	114,694	897,847	1,012,541
TOTAL NET POSITION	\$ 2,448,613	\$ 3,132,350	\$ 5,580,963

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

						Net (Expense) Revenue and Changes in Net Position		
PROGRAM REVENUES						PRIMARY GOVERNMENT		
FUNCTIONS/ PROGRAMS	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ 386,770	\$ 35,633	\$ 6,700	\$ 5,000	\$ 47,333	\$ (339,437)	\$ 0	\$ (339,437)
Public Safety	506,770	22,144	24,456	0	46,600	(460,170)	0	(460,170)
Public Works	231,171	0	0	0	0	(231,171)	0	(231,171)
Culture and Recreation	43,314	11,365	0	93,017	104,382	61,068	0	61,068
Interest on Long-Term Debt	1,027	0	0	0	0	(1,027)	0	(1,027)
Pension Expense	90,387	0	0	0	0	(90,387)	0	(90,387)
TOTAL GOVERNMENTAL ACTIVITIES	1,259,439	69,142	31,156	98,017	198,315	(1,061,124)	0	(1,061,124)
Business-Type Activities:								
Water and Sewer	535,890	594,668	235,888	0	830,556	0	294,666	294,666
Solid Waste Management	102,981	123,512	0	0	123,512	0	20,531	20,531
Interest on Long-Term Debt	11,551				0	0	(11,551)	(11,551)
Pension Expense	(989)	0	0	0	0	0	989	989
TOTAL BUSINESS-TYPE ACTIVITIES	649,433	718,180	235,888	0	954,068	0	304,635	304,635
TOTAL PRIMARY GOVERNMENT	\$ 1,908,872	\$ 787,322	\$ 267,044	\$ 98,017	\$ 1,152,383	\$ (1,061,124)	\$ 304,635	\$ (756,489)
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes						\$ 311,226	\$ 0	\$ 311,226
Sales Taxes						587,633	0	587,633
County Pro Rata Taxes						32,851	0	32,851
Licenses and Permits						67,938	0	67,938
In Lieu Taxes						33,966	0	33,966
Gasoline Taxes & Other Taxes						2,404	0	2,404
Homestead Reimbursement						18,665	0	18,665
Modernization Use Tax						124,983	0	124,983
Grants and Contributions not Restricted to Specific Programs						992	0	992
Interest Income						874	878	1,752
Miscellaneous						8,368	0	8,368
Gain (Loss) on Sale of Fixed Assets						1,500	0	1,500
Transfers						36,000	(36,000)	0
TOTAL GENERAL REVENUES AND TRANSFERS						1,227,400	(35,122)	1,192,278
CHANGE IN NET POSITION						166,276	269,513	435,789
NET POSITION--BEGINNING						2,282,337	2,862,837	5,145,174
NET POSITION--ENDING						\$ 2,448,613	\$ 3,132,350	\$ 5,580,963

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	<u>Major Fund</u>		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash	\$ 1,029,089	\$ 3,462	\$ 1,032,551
Certificates of Deposit	1,387	0	1,387
General Property Taxes Receivable	17,554	0	17,554
Due from Other Governments	56,603	0	56,603
Due from Other Funds	5,756	0	5,756
Other Receivables	14,223	0	14,223
TOTAL ASSETS	\$ 1,124,612	\$ 3,462	\$ 1,128,074
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Accounts Payable	\$ 23,373	\$ 0	\$ 23,373
Due to Other Funds	10,321	0	10,321
TOTAL LIABILITIES	33,694	0	33,694
<u>FUND BALANCES:</u>			
Restricted for			
Fire Department	32,291	0	32,291
Committed to			
Culture and Recreation	130,205	0	130,205
Assigned to			
Special Revenue Funds	0	3,462	3,462
Unassigned	928,422	0	928,422
TOTAL FUND BALANCES	1,090,918	3,462	1,094,380
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,124,612	\$ 3,462	\$ 1,128,074

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2022

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	1,094,380
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		2,308,778
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Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(7,150)
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Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.		(40,736)
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The net pension liability is not due and payable in the current period, and, therefore, is not reported in the Governmental Funds Balance Sheet		(1,294,588)
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Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.		69,690
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Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the Governmental Funds Balance Sheet:

Deferred outflows of resources related to defined benefit pension plan		150,728
Deferred inflows of resources related to defined benefit pension plan		(59,728)

Accrual of court fine revenues to qualify as financial resources.		227,239
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">2,448,613</div>
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See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Major Fund			Non-Major Governmental Funds	Total Governmental Funds
	General Fund				
REVENUES:					
General Property Taxes	\$ 310,452	\$	0	\$	310,452
Sales and Use Taxes	587,633		0		587,633
Licenses and Permits	67,938		0		67,938
In Lieu of Taxes	33,966		0		33,966
Intergovernmental Revenues	204,351		0		204,351
Rentals	35,633		0		35,633
Fines and Forfeitures	22,122		0		22,122
Interest	874		0		874
Grant Income	99,717		5,000		104,717
Miscellaneous Revenues	19,733		0		19,733
TOTAL REVENUES	1,382,419		5,000		1,387,419
EXPENDITURES:					
Current:					
General Government	333,692		0		333,692
Public Safety	552,410		6,507		558,917
Public Works	298,239		0		298,239
Culture and Recreation	28,431		0		28,431
Debt Service	25,240		0		25,240
TOTAL EXPENDITURES	1,238,012		6,507		1,244,519
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	144,407		(1,507)		142,900
OTHER FINANCING SOURCES (USES):					
Sale of Land and Equipment	1,500		0		1,500
Transfers to Other Funds	(7,216)		0		(7,216)
Transfers from Other Funds	41,709		1,507		43,216
TOTAL OTHER FINANCING SOURCES (USES)	35,993		1,507		37,500
NET CHANGE IN FUND BALANCES	180,400		0		180,400
FUND BALANCES - Beginning	910,518		3,462		913,980
FUND BALANCES - Ending	\$ 1,090,918	\$	3,462	\$	1,094,380

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	180,400
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		219,435
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Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(167,355)
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Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		774
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Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds related to court fines.		22
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Pension expense is reported in the Statement of Activities but does not provide or require the use of current financial resources. Therefore, pension expense is not reported as expenditures in the governmental funds.		(90,387)
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Bond and related debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and other related debt is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount represents long-term debt repayments and issuance costs.		24,213
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Decrease in accrual of compensated absences.		(826)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	166,276
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See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the Year Ended September 30, 2022

	Budget			Variance with Final Budget (Over) Under
	Original	Final	Actual	
REVENUES:				
General Property Taxes	\$ 303,850	\$ 305,905	\$ 305,907	\$ 2
Sales and Use Taxes	430,000	568,999	569,000	1
Licenses and Permits	60,000	65,302	65,311	9
In Lieu of Taxes	31,200	33,965	33,966	1
Intergovernmental Revenues	128,040	204,349	204,351	2
Rentals	35,000	35,633	35,633	0
Fines and Forfeitures	46,000	22,831	22,122	(709)
Interest	6,000	673	874	201
Grant Income	0	99,717	99,717	0
Miscellaneous Revenues	13,700	22,457	19,733	(2,724)
TOTAL REVENUES	1,053,790	1,359,831	1,356,614	(3,217)
EXPENDITURES:				
Current:				
General Government	334,797	345,503	333,692	11,811
Public Safety	446,146	570,161	552,410	17,751
Public Works	206,762	299,225	298,239	986
Culture and Recreation	21,700	29,036	28,431	605
Debt Service	30,113	25,240	25,240	0
TOTAL EXPENDITURES	1,039,518	1,269,165	1,238,012	31,153
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,272	90,666	118,602	27,936
OTHER FINANCING SOURCES (USES):				
Sale of Land and Equipment	14,000	1,500	1,500	0
Transfers (to) from Other Funds	65,000	34,493	34,493	0
TOTAL OTHER FINANCING SOURCES (USES)	79,000	35,993	35,993	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ 93,272	\$ 126,659	\$ 154,595	\$ 27,936

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
<u>ASSETS:</u>			
<u>Current:</u>			
Cash	\$ 82,117	\$ 1,253,079	\$ 1,335,196
Accounts Receivable, Net of Provision for Bad Debts of \$32,724	27,079	43,010	70,089
Due from Other Funds	0	5,811	5,811
Total Current Assets	109,196	1,301,900	1,411,096
<u>Noncurrent Assets:</u>			
<u>Capital Assets:</u>			
Land	0	29,360	29,360
Water and Sewer System	0	6,044,431	6,044,431
Buildings and Improvements	0	81,922	81,922
Machinery and Equipment	87,230	678,550	765,780
Accumulated Depreciation	(83,457)	(3,956,710)	(4,040,167)
Total Noncurrent Assets	3,773	2,877,553	2,881,326
Total Assets	112,969	4,179,453	4,292,422
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amounts on Refunding	0	201	201
Deferred Amounts Related to Pensions	0	46,148	46,148
Total Deferred Outflows of Resources	0	46,349	46,349

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
<u>LIABILITIES:</u>			
<u>Current Liabilities:</u>			
Current Maturities of Long-term Debt	\$ 0	\$ 98,733	\$ 98,733
Current Portion of Capital Leases	0	18,220	18,220
Accounts Payable	9,716	20,074	29,790
Accrued Compensated Absences	0	12,614	12,614
Due to Other Funds	0	2,150	2,150
Customer Deposits	0	100,399	100,399
Total Current Liabilities	9,716	252,190	261,906
<u>Noncurrent Liabilities:</u>			
Net Pension Liability	0	396,358	396,358
Long-Term Obligation Under Capital Leases	0	2,550	2,550
Long-Term Debt, Less Current Maturities	0	527,320	527,320
Total Noncurrent Liabilities	0	926,228	926,228
Total Liabilities	9,716	1,178,418	1,188,134
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Amounts Related to Pensions	0	18,287	18,287
Total Deferred Inflows of Resources	0	18,287	18,287
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,773	2,230,730	2,234,503
Unrestricted	99,480	798,367	897,847
Total Net Position	\$ 103,253	\$ 3,029,097	\$ 3,132,350

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
<u>OPERATING REVENUE:</u>			
Charges For Services	\$ 123,512	\$ 594,668	\$ 718,180
Total Operating Revenue	123,512	594,668	718,180
<u>OPERATING EXPENSES:</u>			
Operations	102,981	256,941	359,922
Maintenance	0	72,658	72,658
Pension Expense	0	(989)	(989)
Depreciation and Amortization	0	206,291	206,291
Total Operating Expenses	102,981	534,901	637,882
Net Operating Income (Loss)	20,531	59,767	80,298
<u>NON-OPERATING INCOME (EXPENSES):</u>			
Interest Income	0	878	878
Grant Income	0	235,888	235,888
Interest Expense	0	(11,551)	(11,551)
Net Non-Operating Income (Loss)	0	225,215	225,215
Income (Loss) Before Operating Transfers	20,531	284,982	305,513
Operating Transfers In (Out)	(12,000)	(24,000)	(36,000)
Change in Net Position	8,531	260,982	269,513
TOTAL NET POSITION - BEGINNING	94,722	2,768,115	2,862,837
TOTAL NET POSITION - ENDING	\$ 103,253	\$ 3,029,097	\$ 3,132,350

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2022

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTALS
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 128,779	\$ 614,190	\$ 742,969
Payments to Suppliers	(102,896)	(61,857)	(164,753)
Payments to Employees	0	(146,514)	(146,514)
Payments to Other Services and Charges	0	(117,562)	(117,562)
Other Receipts (Payments)	0	(7,374)	(7,374)
Net Cash Provided (Used) by Operating Activities	25,883	280,883	306,766
Cash Flows from Noncapital Financing Activities:			
Transfers In (Out)	(12,000)	(24,000)	(36,000)
Due from Other Funds	0	(2)	2
Net Cash Provided (Used) by Noncapital Financing Activities	(12,000)	(24,002)	(35,998)
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	0	(34,191)	(34,191)
Principal Paid on Capital Debt	0	(102,425)	(102,425)
Payments on Capital Lease Obligations	0	(18,220)	(18,220)
Capital Grant Proceeds	0	235,888	235,888
Interest Paid on Capital Debt	0	(11,551)	(11,551)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	69,501	69,501
Cash Flows From Investing Activities:			
Interest and Dividends	0	878	878
Net Cash Provided (Used) by Investing Activities	0	878	878
Net Increase (Decrease) In Cash and Cash Equivalents	13,883	327,260	341,143
Cash--Beginning	68,234	925,819	994,053
Cash--Ending	\$ 82,117	\$ 1,253,079	\$ 1,335,196

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2022

	Business -Type Activities		
	Enterprise Funds		TOTALS
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 20,531	\$ 59,767	\$ 80,298
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	0	206,291	206,291
Net Pension Expense	0	(989)	(989)
Change in Assets and Liabilities:			
Accounts Receivable	5,267	14,730	19,997
Accounts Payable	85	(1,248)	(1,163)
Accrued Compensated Absences	0	(2,460)	(2,460)
Customer Deposits	0	4,792	4,792
Net Cash Provided (Used) by Operating Activities	\$ <u>25,883</u>	\$ <u>280,883</u>	\$ <u>306,766</u>

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following governmental funds:

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

Additionally, the City reports the following governmental fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. All of the special revenue funds are non-major funds for 2022.

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following proprietary funds:

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

The Solid Waste Management Fund – This fund is used to account for the City’s garbage collection system. The fund is responsible for garbage collection to the residents of the City of Nettleton.

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

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

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

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

Use of Restricted Resources – When both restricted and unrestricted resources are available for use, it is the City’s policy to use the most restrictive fund first in the following order: restricted, assigned, then unassigned as needed.

Fund Balances / Net Position

On the government-wide and proprietary fund statement of net assets, the City reports net position in the following three categories:

Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances / Net Position (continued)

Restricted Net Position – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net assets that are not classified as invested in capital assets, net of related debt or restricted net assets.

GASB Statement No. 54. *Fund Balance Reporting and Governmental Fund Type Definitions* – this statement enhances the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with this GASB statement. See the below notes for further descriptions of the City's fund balance classifications and policies.

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the board of aldermen. Committed amounts cannot be uncommitted except by removing the constraints through the same formal action.

Assigned – the fund balance is reported as assigned for resources that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by the board of aldermen or an official to which the board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as restricted or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

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

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

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

Cash and Certificates of Deposit

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Inflows of Resources

The City reports decreases or increases in net assets that relate to future periods as deferred outflows or inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's financial statements included a deferred amount arising from the refunding of enterprise general obligation bonds in a previous year. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of amortization expense. The remaining deferred outflows and inflows are related to pensions. See Note 7 for further details.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

General Obligation Refunding Bonds

The enterprise funds provide 89% of the annual debt service requirement on the 2012 general obligation refunding bonds (not secured by system revenues) issued to finance system improvements. The general fund provides the remaining 11% debt service requirement. Since the enterprise funds and the general fund share in providing the annual debt service requirements on these general obligation refunding bonds, the bonds are recorded as obligations of both the governmental activities and the enterprise funds by their aforementioned percentages.

Encumbrances

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

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines and the net pension liability as mentioned in Note 4 and Note 7, respectively. It is as least reasonably possible that the significant estimate used will change within the next year.

Cash and Cash Equivalents

For purposes of the Proprietary Fund Statement of Cash Flows, the City considers all investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Information

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

Compensated Absences

Unused compensatory leave is paid to the employee upon separation from the City of Nettleton. Employees are permitted to accumulate a limited amount of earned but unused vacation and compensatory leave. A liability for these amounts is reported in the government-wide and proprietary fund financial statements. Sick pay is not accrued, as it is not available for payment if not used.

Pensions

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - PROPERTY TAXES

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - CAPITAL ASSETS

The City adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets effective for the current fiscal year.

The following is a summary of capital asset activity as of September 30, 2022:

	<u>Balance</u> <u>Oct. 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept. 30, 2022</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 122,030	\$ 0	\$ 0	\$ 122,030
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	122,030	0	0	122,030
 Other Capital Assets:				
Infrastructure	1,659,442	134,435	0	1,793,877
Machinery and Equipment	1,506,980	85,000	0	1,591,980
Plant, Buildings and Improvements	<u>1,680,609</u>	<u>0</u>	<u>0</u>	<u>1,680,609</u>
 Total Other Capital Assets at Historical Cost	4,847,031	219,435	0	5,066,466
 Less Accumulated Depreciation for:				
Infrastructure	(872,579)	(66,894)	0	(939,473)
Machinery and Equipment	(1,269,055)	(44,686)	0	(1,313,741)
Plant, Buildings and Improvements	<u>(570,729)</u>	<u>(55,775)</u>	<u>0</u>	<u>(626,504)</u>
 Total Accumulated Depreciation	<u>(2,712,363)</u>	<u>(167,355)</u>	<u>0</u>	<u>(2,879,718)</u>
 Other Capital Assets, Net	<u>2,134,668</u>	<u>52,080</u>	<u>0</u>	<u>2,186,748</u>
 Governmental Activities				
Capital Assets, net	\$ <u>2,256,698</u>	\$ <u>52,080</u>	\$ <u>0</u>	\$ <u>2,308,778</u>

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - CAPITAL ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2022 follows:

	<u>Balance</u> <u>Oct. 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept. 30, 2022</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 29,360	\$ 0	\$ 0	\$ 29,360
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	29,360	0	0	29,360
Other Capital Assets:				
Plant, Buildings and Improvements	6,126,353	0	0	6,126,353
Machinery and Equipment	<u>731,589</u>	<u>34,191</u>	<u>0</u>	<u>765,780</u>
Total Other Capital Assets at Historical Cost	6,857,942	34,191	0	6,892,133
Less Accumulated Depreciation for:				
Plant, Buildings and Improvements	(3,270,639)	(169,087)	0	(3,439,726)
Machinery and Equipment	<u>(567,277)</u>	<u>(33,164)</u>	<u>0</u>	<u>(600,441)</u>
Total Accumulated Depreciation	<u>(3,837,916)</u>	<u>(202,251)</u>	<u>0</u>	<u>(4,040,167)</u>
Other Capital Assets, Net	<u>3,020,026</u>	<u>(168,060)</u>	<u>0</u>	<u>2,851,966</u>
Total Business-Type				
Capital Assets, net	\$ <u>3,049,386</u>	\$ <u>(168,060)</u>	\$ <u>0</u>	\$ <u>2,881,326</u>

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

Plant, Building, and Improvements	5 - 40 Years
Machinery and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 20 Years
Vehicles	5 - 10 Years

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - CAPITAL ASSETS (continued)

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

Governmental Activities:		
General Government	\$	51,815
Public Safety		33,601
Public Works		67,056
Culture and Recreation		<u>14,883</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>167,355</u></u>
Business-Type Activities:		
Water and Sewer	\$	202,251
Solid Waste		<u>0</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>202,251</u></u>

NOTE 4 - RECEIVABLES AND COURT FINES RECEIVABLE

Receivables at September 30, 2022, consisted primarily of taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

An allowance for doubtful accounts has been recorded at September 30, 2022 in the amount of \$32,724 for the business-type activities accounts receivable. An allowance has also been recorded in the Governmental Activities for uncollectible court fines receivable in the amount of \$554,816.

NOTE 5 - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 2022:

	General Obligation Bonds Payable	Notes & Bonds Payable	Total
Bonds and Other Long-Term Debt at 10/1/21	\$ 135,000	\$ 624,841	\$ 759,841
Add: Bonds and Other Long-Term Debt Acquired	0	0	0
Less: Bonds and Other Long-Term Debt Retired	<u>70,000</u>	<u>56,638</u>	<u>126,638</u>
Bonds and Other Long-Term Debt at 9/30/22	\$ <u><u>65,000</u></u>	\$ <u><u>568,203</u></u>	\$ <u><u>633,203</u></u>

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE 5 - LONG-TERM DEBT (continued)

Bonds and other long-term debt at September 30, 2022 are comprised of the following issues:

General Obligation Bonds:

\$675,000 Refunding Bonds due in annual installments of \$55,000 to \$70,000 through December 1, 2022; interest is variable (currently 2.75 percent) \$ 65,000

Notes Payable:

\$216,600 USDA note due over a 35-year term through May 2046; interest at 3.25 percent \$ 169,989

\$161,640 MDA note due over a 10-year term through August 2022; interest at 2.00 percent \$ 0

\$140,044 MDA note due over a 20-year term through February 2024; interest at 3.00 percent \$ 10,711

\$429,128 MDEQ note due over a 20-year term through April 2036; interest at 1.75 percent \$ 311,778

\$100,000 MDA note due over a 15-year term through August 2033; interest at 2.00 percent \$ 75,725

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 5 - LONG-TERM DEBT (continued)

The Annual requirements to amortize all finalized debt outstanding as of September 30, 2022 including interest payments of \$127,930 are as follows:

Year Ending September 30	Governmental Funds		Proprietary Funds		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,150	\$ 197	\$ 98,733	\$ 14,182	\$ 105,883	\$ 14,379
2024	0	0	33,734	11,720	33,734	11,720
2025	0	0	32,936	11,043	32,936	11,043
2026	0	0	33,611	10,369	33,611	10,369
2027	0	0	34,300	9,679	34,300	9,679
2028 - 2032	0	0	182,378	37,092	182,378	37,092
2033 - 2037	0	0	132,264	20,020	132,264	20,020
2038 - 2042	0	0	41,819	10,440	41,819	10,440
2043 - 2047	0	0	36,278	3,188	36,278	3,188
	<u>\$ 7,150</u>	<u>\$ 197</u>	<u>\$ 626,053</u>	<u>\$ 127,733</u>	<u>\$ 633,203</u>	<u>\$ 127,930</u>

NOTE 6 - CAPITAL LEASES

The City entered into a \$87,326 capital lease agreement for a CAT excavator in 2018. The economic substance of the lease is that the City is financing the acquisition through the lease and accordingly, the equipment is recorded in the City's assets and liabilities. The CAT excavator lease is payable in monthly installments of \$1,644 through October 31, 2023. The lease is secured with the CAT excavator.

Future minimum lease payments under the capital lease are as follows:

2023	\$ 19,723
2024	<u>1,643</u>
Minimum Lease Payments	21,366
Less: Interest	<u>596</u>
Present Value of Minimum Lease Payments	<u>\$ 20,770</u>

The asset held under the capital lease is included in property and equipment as follows:

Equipment	\$ 87,326
Less: Accumulated Depreciation	<u>68,405</u>
	<u>\$ 18,921</u>

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the City of Nettleton are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% 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 (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011). Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable 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.

Employee membership data related to the Plan, as of June 30, 2021 was as follows:

Retired Members or Beneficiaries Currently Receiving Benefits	112,158
Inactive Members Assumed Eligible for a Benefit at Retirement Date	16,887
Inactive Members Assumed Not to Receive Service Retirement Benefits	68,026
Active Members	145,673
Total	<u>342,744</u>

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Nettleton is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2022, the City of Nettleton's total payroll for all employees was \$583,198. Total covered payroll was also \$561,984. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the City of Nettleton reported a liability of \$1,690,946 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2022, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Nettleton's proportion of the net pension was based on a projection of the City of Nettleton's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City of Nettleton's proportion was 0.008215 percent.

For the year ended September 30, 2022, the City of Nettleton recognized pension expense of \$89,398. At September 30, 2022, the City of Nettleton reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 23,943	\$ 0
Net Difference Between Expected and Actual Investment Earnings	88,817	0
City Pension Contributions Subsequent to the Measurement Date	25,633	0
Changes of Assumptions	58,483	0
Changes in Proportion and Differences Actual Earnings on Pension Plan Assets	0	78,015
Total	\$ <u>196,876</u>	\$ <u>78,015</u>

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

The \$25,633 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:

Fiscal Year Ending September 30,	Amount
2023	\$ 19,524
2024	7,533
2025	(25,585)
2026	91,756
Total	\$ 93,228

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates up to age 60, 110% for ages 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.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Discount Rate	City of Nettleton's Proportionate Share of Net Pension Liability
1% Decrease	6.55%	\$ 2,206,857
Current Discount Rate	7.55%	1,690,946
1% Increase	8.55%	1,265,603

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 (PERS) financial report.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2022, for vested, but unused, vacation or overtime since none of the City's liability at that date applicable to employees whose compensation is reflected as an expenditure in its governmental funds is expected to be liquidated with expendable available financial resources.

A liability for vested, but unused, vacation and overtime did exist at September 30, 2022, for the General Long-Term Debt Account Group and the Combined Water and Sewer Fund and has been reflected in these financial statements.

As provided by Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, the primary government does not have any liability for unused sick leave accumulated by its employees since the employees do not have a vested right to receive sick pay benefits; i.e., the employees' rights to receive compensation for future absences for sick leave is contingent on the absences being caused by the employee's future illness resulting prior to termination of his/her employment with the City.

NOTE 9 - FUND BALANCE RECONCILIATION – GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues or expenditures included on the "General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis" are eliminated for budget purposes. In the current fiscal year, accrued revenues were \$25,805 more than cash revenues.

NOTE 10 - LITIGATION

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

NOTE 11 - TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses for economic development purposes. The abatements may be granted to any business located within or promising to locate within the city limits. The abatements are negotiated on an individual basis. Each abatement is for 10 years. The City had nineteen tax abatement agreements with three entities as of September 30, 2022.

The City had one type of abatement, none of which provides for the abatement of school or state tax levies:

Section 27-31-105 – Expanded enterprise exemptions

All three entities had tax abatements listed under the above listed statute.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 - TAX ABATEMENTS (continued)

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	\$48,265

The companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes. Abatements may be voided pursuant to state law in the event of a cessation of company operations.

NOTE 12 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through February 2, 2023, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NETTLETON, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the Seven Years Ended September 30, 2022*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability (%)	0.008215 %	0.008164 %	0.008028 %	0.007508 %	0.007418 %	0.007296 %	0.007600 %	0.007900 %
City's proportionate share of net pension liability	\$ 1,690,946	\$ 1,206,674	\$ 1,554,128	\$ 1,320,806	\$ 1,233,834	\$ 1,212,842	\$ 1,361,837	\$ 1,218,557
City's covered payroll	\$ 561,984	\$ 565,133	\$ 537,017	\$ 489,409	\$ 475,733	\$ 467,162	\$ 487,368	\$ 486,778
City's proportionate share of net pension liability as a percentage of its covered payroll	300.89 %	213.52 %	289.40 %	269.88 %	259.35 %	259.62 %	279.43 %	250.00 %
Plan fiduciary net position as a percentage of total pension liability	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

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Schedule is intended to show information for 10 years. Additional years will be available as they become available.

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

* The amounts presented have a measurement date of June 30.

CITY OF NETTLETON, MISSISSIPPI
Schedule of the City's Contributions
For the Eight Years Ended September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 97,785	\$ 98,334	\$ 93,441	\$ 79,163	\$ 74,928	\$ 73,578	\$ 76,760	\$ 76,804	\$ 74,824
Contributions in relation to statutorily required contributions	\$ 97,785	\$ 98,334	\$ 93,441	\$ 79,163	\$ 74,928	\$ 73,578	\$ 76,760	\$ 76,804	\$ 74,824
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
City's covered payroll	\$ 561,984	\$ 565,133	\$ 537,017	\$ 489,409	\$ 475,733	\$ 467,162	\$ 487,368	\$ 486,778	\$ 475,073
Contributions as a percentage of covered payroll	17.40 %	17.40 %	17.40 %	16.12 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

Contribution percentage rate went from 15.75% to 17.40% as of July 1, 2019.
The accompanying notes to the Required Supplementary Information are an integral part of this schedule.
Schedule is intended to show information for 10 years. Additional years will be available as they become available.

CITY OF NETTLETON, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

Changes of Assumptions

2021:

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

2019:

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

CITY OF NETTLETON, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

Changes of Assumptions 2019 (continued)

- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016:

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

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes of Benefit Provisions

2016:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2022 and 2021

	September 30, 2022	September 30, 2021
<u>ASSETS:</u>		
Cash	\$ 1,029,089	\$ 873,505
Certificates of Deposit	1,387	1,387
General Property Taxes Receivable	17,554	13,009
Due from Other Governments	56,603	37,970
Due from Other Funds	5,756	5,756
Other Receivables	<u>14,223</u>	<u>11,596</u>
Total Assets	\$ <u>1,124,612</u>	\$ <u>943,223</u>
<u>LIABILITIES:</u>		
Accounts Payable	\$ 23,373	\$ 22,386
Due to Other Funds	<u>10,321</u>	<u>10,319</u>
Total Liabilities	<u>33,694</u>	<u>32,705</u>
<u>FUND BALANCES:</u>		
Restricted for		
Fire Department	32,291	36,664
Committed to		
Culture and Recreation	130,205	37,057
Unassigned	<u>928,422</u>	<u>836,797</u>
Total Fund Balances	<u>1,090,918</u>	<u>910,518</u>
Total Liabilities and Fund Balances	\$ <u>1,124,612</u>	\$ <u>943,223</u>

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2022 and 2021

	Fiscal Year End September 30, 2022	Fiscal Year End September 30, 2021
<u>REVENUES:</u>		
Ad Valorem Taxes:		
Real & Personal	\$ 310,452	\$ 307,944
Licenses and Permits	67,938	65,771
State of Mississippi:		
Sales Tax	587,633	514,120
Municipal Aid	992	993
Gasoline Tax	2,404	5,852
Homestead Reimbursement	18,665	17,659
In Lieu - TVA	15,829	19,167
Fire Protection Allocation	24,456	0
Grant Income	2,400	0
Modernization Use Tax	124,983	75,248
Monroe County: Pro Rata Tax	32,851	10,000
In Lieu - Other: Housing Authority	18,137	13,975
Federal Grants	4,300	46,657
Other Grants	93,017	0
Fines and Forfeitures	22,122	51,356
Rentals	35,633	33,933
Donations	0	2,748
Interest	874	3,072
Miscellaneous Revenues	19,733	13,775
Total Revenues	1,382,419	1,182,270

EXPENDITURES:

General Government:		
Personal Services	211,686	203,080
Supplies	18,602	14,877
Other Services and Charges	103,404	107,595
Capital Outlay	0	6,072
Total General Government	333,692	331,624

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2022 and 2021

	Fiscal Year End September 30, 2022	Fiscal Year End September 30, 2021
Public Safety:		
Police Department:		
Personnel Services	\$ 354,599	\$ 333,075
Supplies	36,068	30,185
Other Services and Charges	26,611	20,708
Capital Outlay	78,200	7,629
Total	495,478	391,597
Fire Department:		
Personnel Services	556	529
Supplies	24,601	13,107
Other Services and Charges	31,482	37,793
Capital Outlay	293	5,402
Total	56,932	56,831
Total Public Safety	552,410	448,428
Public Works:		
Street Department:		
Personnel Services	63,807	56,242
Supplies	40,575	30,523
Other Services and Charges	56,952	52,196
Capital Outlay	134,435	76,181
Total	295,769	215,142
Animal Control:		
Other Services and Charges	2,470	3,581
Total	2,470	3,581
Total Public Works	298,239	218,723

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2022 and 2021

	Fiscal Year End September 30, 2022	Fiscal Year End September 30, 2021
Culture and Recreation:		
Personnel Services	\$ 2,750	\$ 4,847
Supplies	13,590	9,804
Other Services and Charges	<u>12,091</u>	<u>14,315</u>
Total Culture & Recreation	<u>28,431</u>	<u>28,966</u>
Debt Service:		
Principal Retired	24,213	28,178
Interest Expense	<u>1,027</u>	<u>1,935</u>
Total Debt Service	<u>25,240</u>	<u>30,113</u>
Total Expenditures	<u>1,238,012</u>	<u>1,057,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>144,407</u>	<u>124,416</u>
Other Financing Sources (Uses):		
Sale of Land and Equipment	1,500	0
Transfers (to) from Other Funds	<u>34,493</u>	<u>59,675</u>
Total Other Financing Sources (Uses)	<u>35,993</u>	<u>59,675</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	180,400	184,091
Fund Balance:		
October 1,	<u>910,518</u>	<u>726,427</u>
September 30,	\$ <u><u>1,090,918</u></u>	\$ <u><u>910,518</u></u>

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2022

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS:</u>			
Ad Valorem Taxes:			
Real & Personal	\$ 305,905	\$ 305,907	\$ 2
Licenses and Permits	65,302	65,311	9
State of Mississippi:			
Sales Tax	568,999	569,000	1
Municipal Aid	992	992	0
Gasoline Tax	2,404	2,404	0
Homestead Reimbursement	18,664	18,665	1
In Lieu - TVA	15,828	15,829	1
Fire Protection Allocation	24,456	24,456	0
Grant Income	2,400	2,400	0
Modernization Use Tax	124,982	124,983	1
Monroe County: Pro Rata Tax	32,851	32,851	0
In Lieu - Other: Housing Authority	18,137	18,137	0
Federal Grants	4,300	4,300	0
Other Grants	93,017	93,017	0
Fines and Forfeitures	22,831	22,122	(709)
Rentals	35,633	35,633	0
Interest	673	874	201
Miscellaneous Revenues	22,457	19,733	(2,724)
Total Receipts	1,359,831	1,356,614	(3,217)
<u>EXPENDITURES:</u>			
General Government:			
Personnel Services	211,883	211,686	197
Supplies	18,701	18,602	99
Other Services and Charges	103,474	103,404	70
Capital Outlay	11,445	0	11,445
Total	345,503	333,692	11,811

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2022

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety:			
Police Department:			
Personnel Services	\$ 355,139	\$ 354,599	\$ 540
Supplies	36,368	36,068	300
Other Services and Charges	26,686	26,611	75
Capital Outlay	78,200	78,200	0
Total	496,393	495,478	915
Fire Department:			
Personnel Services	557	556	1
Supplies	25,050	24,601	449
Other Services and Charges	47,868	31,482	16,386
Capital Outlay	293	293	0
Total	73,768	56,932	16,836
Total Public Safety	570,161	552,410	17,751
Public Works:			
Street Department:			
Personnel Services	63,926	63,807	119
Supplies	41,440	40,575	865
Other Services and Charges	56,954	56,952	2
Capital Outlay	134,435	134,435	0
Total	296,755	295,769	986
Animal Control:			
Other Services and Charges	2,470	2,470	0
Total	2,470	2,470	0
Total Public Works	299,225	298,239	986

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2022

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture and Recreation:			
Personnel Services	\$ 2,750	\$ 2,750	\$ 0
Supplies	13,593	13,590	3
Other Services and Charges	12,693	12,091	602
Total Culture & Recreation	29,036	28,431	605
Debt Service:			
Principal Retired	24,213	24,213	0
Interest Expense	1,027	1,027	0
Total Debt Service	25,240	25,240	0
Total Expenditures	1,269,165	1,238,012	31,153
Excess (Deficiency) of Revenue Over (Under) Expenditures	90,666	118,602	27,936
Other Financing Sources (Uses):			
Sale of Land and Equipment	1,500	1,500	0
Transfers (to) from Other Funds	34,493	34,493	0
Total Other Financing Sources (Uses)	35,993	35,993	0
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	126,659	154,595	27,936
Fund Balance:			
October 1,	910,518	910,518	0
(Non-GAAP Budgetary Basis)			
September 30,	\$ 1,037,177	1,065,113	\$ 27,936
Adjustments to GAAP Basis:			
Accrued Revenue		25,805	
Fund Balance (GAAP) September 30,		\$ 1,090,918	

**CITY OF NETTLETON, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022**

	Non-Major Special Revenue	Total Non-Major Governmental Funds
<u>ASSETS:</u>		
Cash	\$ 3,462	\$ 3,462
TOTAL ASSETS	\$ 3,462	\$ 3,462
<u>LIABILITIES AND FUND BALANCES:</u>		
<u>Liabilities:</u>		
Accounts Payable	\$ 0	\$ 0
TOTAL LIABILITIES	0	0
<u>FUND BALANCES:</u>		
Assigned to Special Revenue Funds	3,462	3,462
TOTAL FUND BALANCES	3,462	3,462
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,462	\$ 3,462

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Non-Major Special Revenue	Total Non-Major Governmental Funds
REVENUES:		
Federal Grants	\$ 5,000	\$ 5,000
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>
EXPENDITURES:		
Public Safety:		
Capital Outlay	<u>6,507</u>	<u>6,507</u>
TOTAL EXPENDITURES	<u>6,507</u>	<u>6,507</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,507)</u>	<u>(1,507)</u>
OTHER FINANCING SOURCES (USES)		
Transfer from (to) Other Funds	<u>1,507</u>	<u>1,507</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,507</u>	<u>1,507</u>
NET CHANGE IN FUND BALANCES	0	0
FUND BALANCES - Beginning	<u>3,462</u>	<u>3,462</u>
FUND BALANCES - Ending	<u>\$ 3,462</u>	<u>\$ 3,462</u>

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	F.Y.E. 9/30/22		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues:			
Federal Grants	\$ 5,000	\$ 5,000	\$ 0
State Grants	0	0	0
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>0</u>
EXPENDITURES:			
Public Safety:			
Capital Outlay	<u>6,507</u>	<u>6,507</u>	<u>0</u>
TOTAL EXPENDITURES	<u>6,507</u>	<u>6,507</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,507)	(1,507)	0
OTHER FINANCING SOURCES (USES):			
Transfers From Other Funds	<u>1,507</u>	<u>1,507</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	0	0	0
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>3,462</u>	<u>3,462</u>	<u>0</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u>3,462</u>	3,462	\$ <u>0</u>
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>0</u>	
FUND BALANCE (GAAP BASIS) - End of Year		\$ <u>3,462</u>	

SUPPLEMENTARY INFORMATION

CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Phillip Baulch	Mayor	Clyde C. Scott Insurance Agency	\$50,000
Dana Burcham	City Clerk	Clyde C. Scott Insurance Agency	\$50,000
Gary Monoghan	Chief of Police	Clyde C. Scott Insurance Agency	\$50,000
Eric Moore	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Michael Lee	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Stephen Lee	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Herbert Arnold	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Jeffrey Finch	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Sherry Garrett	Court Clerk	Clyde C. Scott Insurance Agency	\$50,000
Janice Graham	Part-time Clerk	Clyde C. Scott Insurance Agency	\$50,000
City of Nettleton	Blanket Police	Clyde C. Scott Insurance Agency	\$25,000

CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2022

<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/21</u>	<u>Transactions During the Fiscal Year Borrowed</u>	<u>Transactions During the Fiscal Year Redeemed</u>	<u>Balance Outstanding 09/30/22</u>
Notes Payable:				
MDA CAP Loan	\$ 19,691	\$ 0	\$ (8,980)	\$ 10,711
MDA CAP Fire Truck Loan	16,513	0	(16,513)	0
MDEQ SRF Sewer Loan	331,936	0	(20,158)	311,778
USDA Loan	174,834	0	(4,845)	169,989
MDA CDBG Loan	<u>81,867</u>	<u>0</u>	<u>(6,142)</u>	<u>75,725</u>
TOTAL	<u>\$ 624,841</u>	<u>\$ 0</u>	<u>\$ (56,638)</u>	<u>\$ 568,203</u>
Bonds Payable:				
Series 2012, Refunding Bonds	\$ <u>135,000</u>	\$ <u>0</u>	\$ <u>(70,000)</u>	\$ <u>65,000</u>
TOTAL	<u>\$ 135,000</u>	<u>\$ 0</u>	<u>\$ (70,000)</u>	<u>\$ 65,000</u>
Capital Lease Obligations:				
Capital Lease Obligation Caterpillar Excavator	\$ <u>38,990</u>	\$ <u>0</u>	\$ <u>(18,220)</u>	\$ <u>20,770</u>
TOTAL	<u>\$ 38,990</u>	<u>\$ 0</u>	<u>\$ (18,220)</u>	<u>\$ 20,770</u>

OTHER REPORTS



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

Honorable Mayor and Board of Aldermen
City of Nettleton, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the City of Nettleton, Mississippi's basic financial statements and have issued our report thereon dated February 2, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Nettleton, Mississippi's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Nettleton, Mississippi's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Nettleton, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. However, this report is a matter of public record and its distribution is not limited.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
February 2, 2023



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

Mayor and Board of Alderman
City of Nettleton, Mississippi

We have audited the financial statements of the City of Nettleton, Mississippi, as of and for the year ended September 30, 2022, and have issued our report thereon dated February 2, 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 the *Government Auditing Standards*.

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

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

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
February 2, 2023

**CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2022**

FINANCIAL STATEMENT FINDINGS:

FINDING NO. 2022-01 – Segregation of Duties (significant deficiency)

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

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

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

Response: The City will continue to analyze the accounting system and establish procedures that optimize all possibilities for segregation of duties.