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

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CITY OF RIPLEY, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report
For the Year Ended September 30, 2022

Elected Officials

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

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

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report

For the Year Ended September 30, 2022

TABLE OF CONTENTS

I. FINANCIAL SECTION	Page
Independent Auditor's Report	1-3
A. Management's Discussion and Analysis (unaudited)	4-8
B. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12-13
Proprietary Fund Financial Statements	
Statement of Net Position	14-15
Statement of Revenues, Expenses and Changes in Net Position	16-17
Statement of Cash Flows	18-19
Notes to Basic Financial Statements	20-40
C. Required Supplementary Information (other than MD&A)	
Schedule of the City of Ripley's Proportionate Share of the Net Pension Liability	41-43
Schedule of the City of Ripley's Contributions	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis - General Fund	45-46
Notes to Required Supplementary Information	47
D. Supplementary Information	
Schedule of Investments - All Funds	48
Schedule of Surety Bonds for Municipal Officials and Other Municipal Employees	49
Independent Auditor's Report on Compliance with State Laws and Regulations	50
II. COMPLIANCE SECTION	
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	51-52

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripley, 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 Ripley, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of September 30, 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 Ripley, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of the City of Ripley, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ripley, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ripley, Mississippi's internal control over financial reporting and compliance.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
September 27, 2023

CITY OF RIPLEY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2022

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2022 fiscal year by \$28,836,663. Of this amount, \$4,466,084 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.
- The City's total debt is \$11,641,141.

Overview of the Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi
Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	2022 Total	2021 Total
Current and Other Assets	\$ 4,068,360	\$ 6,867,341	\$ 10,935,701	\$ 8,136,129
Capital Assets, Net	10,655,561	25,356,159	36,011,720	35,978,888
Deferred Outflows of Resources	1,198,663	511,630	1,710,293	697,873
Total Assets	15,922,584	32,735,130	48,657,714	44,812,890
Current and Other Liabilities	676,331	1,423,839	2,100,170	1,697,160
Long-term Liabilities	5,318,060	12,402,821	17,720,881	17,084,627
Total Liabilities	5,994,391	13,826,660	19,821,051	18,781,787
Invested in Capital Assets	9,775,561	14,595,018	24,370,579	23,801,445
Unrestricted	152,632	4,313,452	4,466,084	2,229,658
Total Net Position	\$ 9,928,193	\$ 18,908,470	\$ 28,836,663	\$ 26,031,103

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 92% of the City's total net position. The remaining, unrestricted net assets may be used by the governing authority to provide future services.

City of Ripley, Mississippi
Changes in Net Position
For the Year Ended September 30, 2022

	Governmental Activities	Business-type Activities	2022 Total	2021 Total
Revenues:				
Program Revenues:				
Charges for Services	\$ 822,293	\$ 13,317,822	\$ 14,140,115	\$ 9,390,425
Operating Grants and Contr.	158,608		158,608	6,290
Capital Grants and Contr.	1,600,868	101,870	1,702,738	2,429,396
General Revenues:				
Property Taxes	467,996		467,996	428,494
Sales Tax	1,712,161		1,712,161	1,728,937
Tourism Tax	427,961		427,961	385,787
Franchise Taxes	185,049		185,049	167,293
Road Tax	113,401		113,401	87,474
Other Taxes	5,528		5,528	5,359
Interest	5,013	10,906	15,919	19,652
Transfer	195,389	(195,389)	-	
Other	39,066		39,066	464,773
Total Revenues	5,733,333	13,235,209	18,968,542	15,113,880
Expenses:				
General Government	582,228		582,228	723,549
Public Safety	1,383,112		1,383,112	1,219,567
Public Works	1,472,462		1,472,462	1,354,566
Parks and Recreation	582,220		582,220	522,771
Water Service		1,433,844	1,433,844	1,472,911
Sewer Service		1,333,062	1,333,062	1,579,158
Gas Service		9,376,054	9,376,054	5,222,206
Total Expenses	4,020,022	12,142,960	16,162,982	12,094,728
Increase (Decrease) in Net Position	1,713,311	1,092,249	2,805,560	3,019,152
Net Position - Beginning of Year	8,214,882	17,816,221	26,031,103	23,011,951
Net Position - End of Year	<u>\$ 9,928,193</u>	<u>\$ 18,908,470</u>	<u>\$ 28,836,663</u>	<u>\$ 26,031,103</u>

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are capital grants and contributions (28%) and sales tax (30%).

The largest expense categories for the City's governmental activities are public works (37%) and public safety (35%).

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

Table 1
Revenues by Source - Governmental Activities

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Charges for Services	\$ 822,293	14.8%	\$ 602,635	10.3%
Grants and Contributions	1,759,476	31.9%	2,001,640	34.0%
Property Taxes	467,996	8.5%	428,494	7.3%
Road Tax	113,401	2.0%	87,474	1.5%
Sales Tax	1,712,161	30.9%	1,728,937	29.4%
Tourism Tax	427,961	7.7%	385,787	6.6%
Franchise Taxes	185,049	3.3%	167,293	2.8%
Other Taxes	5,528	0.1%	5,359	0.1%
Interest	5,013	0.1%	5,448	0.1%
Other	39,066	0.7%	464,773	7.9%
	<u>\$ 5,537,944</u>	<u>100.0%</u>	<u>\$ 5,877,840</u>	<u>100.0%</u>

Table 2
Expenses by Function - Governmental Activities

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
General Government	\$ 582,228	14.5%	\$ 723,549	18.9%
Public Safety	1,383,112	34.4%	1,219,567	31.9%
Public Works	1,472,462	36.6%	1,354,666	35.5%
Parks and Recreation	582,220	14.5%	522,771	13.7%
	<u>\$ 4,020,022</u>	<u>100.0%</u>	<u>\$ 3,820,553</u>	<u>100.0%</u>

Table 3
Revenues by Source - Business-type Activities

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Gas Charges for Services	\$ 10,282,189	77.7%	\$ 6,274,569	67.9%
Water Charges for Services	1,730,040	13.1%	1,609,828	17.4%
Sewer Charges for Services	1,102,389	8.3%	903,393	9.8%
Grants and Contributions	101,870	0.8%	434,046	4.7%
Interest	10,906	0.1%	14,204	0.2%
	<u>\$ 13,227,394</u>	<u>100.0%</u>	<u>\$ 9,236,040</u>	<u>100.0%</u>

Business-type Activities

Business-type activities increased the City's net position by \$1,092,249. Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of \$10,282,189 (78%) for gas, \$1,730,040 (13%) for water and \$1,102,389 (8%) for sewer.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amount to \$36,011,720, net of accumulated depreciation of \$20,850,531. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

Long-term debt. At year-end, the City had \$11,641,141 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2023 budget. The total budgeted appropriations for the City operations in the governmental activities is \$4,663,439.

Contact Information

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

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 1,153,942	\$ 3,550,521	\$ 4,704,463
Investments		372,695	372,695
Receivables:			
Accounts (Net)	57,202	604,162	661,364
Franchise Fees	43,801		43,801
Sales Tax	361,018		361,018
Taxes	61,554		61,554
Other Receivables	210,961	74,710	285,671
Internal Balances	4,605	651,700	656,305
Inventory of Supplies, at Cost		108,055	108,055
Inventory of Natural Gas, at Cost		1,008,934	1,008,934
Prepaid Expenses		27,315	27,315
Total Current Assets	1,893,083	6,398,092	8,291,175
<u>Restricted Assets</u>			
Cash and Cash Equivalents	2,175,277	469,249	2,644,526
Total Restricted Assets	2,175,277	469,249	2,644,526
<u>Capital Assets</u>			
Land	546,060	145,065	691,125
Buildings	1,695,315	42,238	1,737,553
Improvements other than Buildings	2,456,375		2,456,375
Utility Systems		36,219,903	36,219,903
Furniture, Vehicles and Equipment	3,467,635	2,345,427	5,813,062
Infrastructure	4,671,656		4,671,656
City Park	4,919,804		4,919,804
Construction in Progress	269,438	83,334	352,772
Accumulated Depreciation	(7,370,722)	(13,479,809)	(20,850,531)
Total Capital Assets	10,655,561	25,356,158	36,011,719
<u>Deferred Outflows of Resources</u>			
Pension Plan	1,198,663	511,630	1,710,293
Total Deferred Outflows of Resources	1,198,663	511,630	1,710,293
Total Assets	15,922,584	32,735,129	48,657,713
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	440,454	228,675	669,129
Internal Balances	25,877	630,428	656,305
Current Portion of Long-term Debt	210,000	342,272	552,272
<u>Current Liabilities Payable from Restricted Assets</u>			
Customer Meter Deposits		222,464	222,464
Total Current Liabilities	676,331	1,423,839	2,100,170
<u>Long-term Liabilities, Net of Current Portion</u>			
Long-term Debt	670,000	10,418,869	11,088,869
Pension Liability	3,895,051	1,662,542	5,557,593
Deferred Inflows - Pension Plan	753,009	321,410	1,074,419
Total Long-term Liabilities	5,318,060	12,402,821	17,720,881
Total Liabilities	5,994,391	13,826,660	19,821,051
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	9,775,561	14,595,017	24,370,578
Unrestricted	152,632	4,313,453	4,466,085
Total Net Position	\$ 9,928,193	\$ 18,908,470	\$ 28,836,663

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 582,228	\$ 59,666	\$ 49,574	\$ 334,536
Public Safety	1,383,112	281,889	109,034	7,200
Public Works	1,472,462	365,390		1,259,132
Parks and Recreation	582,220	115,348		
Total Governmental Activities	4,020,022	822,293	158,608	1,600,868
Business-type Activities:				
Water	1,433,844	1,730,040		
Sewer	1,333,062	1,305,593		101,870
Gas	9,376,054	10,282,189		
Total Business-type Activities	12,142,960	13,317,822		101,870
Total Primary Government	\$ 16,162,982	\$ 14,140,115	\$ 158,608	\$ 1,702,738

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

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Revenue) Expenses and Changes in
Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (138,452)	\$	\$ (138,452)
(984,989)		(984,989)
152,060		152,060
(466,872)		(466,872)
<u>(1,438,253)</u>		<u>(1,438,253)</u>
	296,196	296,196
	74,401	74,401
	<u>906,135</u>	<u>906,135</u>
	<u>1,276,732</u>	<u>1,276,732</u>
<u>(1,438,253)</u>	<u>1,276,732</u>	<u>(161,521)</u>
467,996		467,996
1,712,161		1,712,161
427,961		427,961
185,049		185,049
113,401		113,401
5,528		5,528
5,013	10,906	15,919
195,389	(195,389)	
39,066		39,066
<u>3,151,564</u>	<u>(184,483)</u>	<u>2,967,081</u>
1,713,311	1,092,249	2,805,560
<u>8,214,882</u>	<u>17,816,221</u>	<u>26,031,103</u>
<u>\$ 9,928,193</u>	<u>\$ 18,908,470</u>	<u>\$ 28,836,663</u>

CITY OF RIPLEY, MISSISSIPPI

Balance Sheet

Governmental Funds

September 30, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,153,942	\$ 1,153,942
Cash and Cash Equivalents - Restricted	2,175,277	2,175,277
Receivables (Net):		
Accounts	57,202	57,202
Franchise Fees	43,801	43,801
Sales Tax	361,018	361,018
Taxes	61,554	61,554
Other	210,961	210,961
Total Assets	<u>\$ 4,063,755</u>	<u>\$ 4,063,755</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 440,454	\$ 440,454
Due to Other Funds	21,272	21,272
Total Liabilities	<u>461,726</u>	<u>461,726</u>
Fund Balances:		
Unassigned	3,602,024	3,602,024
Total Fund Balances	<u>3,602,024</u>	<u>3,602,024</u>
Total Liabilities and Fund Balances	<u>\$ 4,063,750</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	10,655,561
Pension liabilities, including related deferred outflows and inflows are not payable in the current year and are, therefore, not reported in governmental funds.	(3,449,392)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds Payable	<u>(880,000)</u>
Net position of governmental activities	<u>\$ 9,928,193</u>

Ⓢ

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
General Property Taxes		
Current Ad Valorem	\$ 424,912	\$ 424,912
Prior Year Ad Valorem	4,729	4,729
Penalties and Interest on		
Delinquent Taxes	1,984	1,984
In Lieu of Taxes/Franchise Tax	185,049	185,049
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	36,371	36,371
Sales Tax	1,712,161	1,712,161
Tourism Tax	427,961	427,961
Fire Protection Refund	67,210	67,210
State Gasoline Tax	5,528	5,528
General Municipal Aid	2,686	2,686
Collection from County:		
Road Tax	113,401	113,401
Fire Protection Refund	41,824	41,824
Fines and Forfeitures	118,035	118,035
Privilege Tax	34,620	34,620
Building Fees, Permits and Inspections	18,866	18,866
Park Revenue	115,348	115,348
Charges for Services:		
Sanitation	365,390	365,390
Grant Revenue	1,268,832	1,268,832
Transfer In	195,389	195,389
Miscellaneous	586,472	586,472
Interest	5,013	5,013
Total Revenues	<u>5,731,781</u>	<u>5,731,781</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
Expenditures:		
Current:		
General Government	420,269	420,269
Public Safety	1,216,338	1,216,338
Public Works	1,180,582	1,180,582
Parks and Recreation	415,748	415,748
Capital Outlay	113,298	113,298
Capital Projects	650,384	650,384
Grant Expense	277,945	277,945
Principal Payments	200,000	200,000
Interest Expense	30,856	30,856
Total Expenditures	<u>4,505,420</u>	<u>4,505,420</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>1,226,361</u>	<u>1,226,361</u>
Net Change in Fund Balances	1,226,361	1,226,361
Fund Balances, October 1	<u>2,375,663</u>	
Fund Balances, September 30	<u><u>\$ 3,602,024</u></u>	

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

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period.	467,837
The excess of pension expense recognized in accordance with GASB 68 in excess of amounts requiring the use of current financial resources are not reported as expenditures in the governmental funds.	(180,887)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>200,000</u>
Change in net position of governmental activities	<u><u>\$ 1,713,311</u></u>

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

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 930,587	\$ 161,660	\$ 2,458,274	\$ 3,550,521
Investments	12,072		360,623	372,695
Receivables:				
Accounts (Net)	269,148	168,108	166,906	604,162
Other Receivables	192	73,761	757	74,710
Due from Other Funds	574,529		77,171	651,700
Prepaid Expense	18,343	3,651	5,321	27,315
Inventory of Supplies, at Cost	51,155	21,924	34,976	108,055
Inventory of Natural Gas, at Cost			1,008,934	1,008,934
Total Current Assets	1,856,026	429,104	4,112,962	6,398,092
Non-current Assets:				
Restricted Assets:				
Cash	53,721	68,465	36,028	158,214
Investments	101,885	13,000	196,150	311,035
Total Restricted Assets	155,606	81,465	232,178	469,249
Capital Assets:				
Land	95,896	39,169	10,000	145,065
Buildings and Improvements	14,783	6,336	21,119	42,238
Physical System	12,622,137	17,149,024	6,448,742	36,219,903
Furniture, Vehicles & Equipment	997,547	452,291	895,589	2,345,427
Construction in Progress		83,334		83,334
Accumulated Depreciation	(6,581,127)	(3,592,577)	(3,306,105)	(13,479,809)
Total Capital Assets Net of Accumulated Depreciation	7,149,236	14,137,577	4,069,345	25,356,158
Total Non-current Assets	7,304,842	14,219,042	4,301,523	25,825,407
<u>Deferred Outflows of Resources</u>				
Pension Plan	195,298	34,788	281,544	511,630
Total Assets	\$ 9,356,166	\$ 14,682,934	\$ 8,696,029	\$ 32,735,129

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Position - Continued
Proprietary Funds
September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 50,257	\$ 136,892	\$ 41,526	\$ 228,675
Due to Other Funds	55,899	574,529		630,428
Current Portion of Revenue Bond	67,000	242,272	33,000	342,272
Total Current Liabilities	<u>173,156</u>	<u>953,693</u>	<u>74,526</u>	<u>1,201,375</u>
Current Liabilities Payable from Restricted Assets:				
Meter Deposits	67,339		155,125	222,464
Total Current Liabilities Payable from Restricted Assets	<u>67,339</u>		<u>155,125</u>	<u>222,464</u>
Non-current Liabilities:				
Revenue Bonds (Net Current Portion)	472,350	9,713,869	232,650	10,418,869
Pension Liability	634,621	113,045	914,876	1,662,542
Deferred Inflow - Pension Plan	122,688	21,854	176,868	321,410
Total Non-current Liabilities	<u>1,229,659</u>	<u>9,848,768</u>	<u>1,324,394</u>	<u>12,402,821</u>
Total Liabilities	<u>1,470,154</u>	<u>10,802,461</u>	<u>1,554,045</u>	<u>13,826,660</u>
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	6,609,886	4,181,436	3,803,695	14,595,017
Unrestricted	1,276,127	(300,963)	3,338,289	4,313,453
Total Net Position	<u>\$ 7,886,013</u>	<u>\$ 3,880,473</u>	<u>\$ 7,141,984</u>	<u>\$ 18,908,470</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Operating Revenues:				
Water Sales	\$ 1,672,780	\$	\$	\$ 1,672,780
Sewer Services		1,099,216		1,099,216
Gas Sales			10,227,932	10,227,932
Cut-On/Cut-Off Charges	9,900		8,375	18,275
Connection Fees	17,400	1,700	19,449	38,549
Meter Fees	20,690		24,540	45,230
Refunds and Miscellaneous	9,270	1,473	1,893	12,636
Total Operating Revenues	1,730,040	1,102,389	10,282,189	13,114,618
Operating Expenses:				
Operating Salaries	389,787	93,807	543,643	1,027,237
Social Security and Retirement Benefits	72,664	15,853	123,187	211,704
Gas Purchases			7,410,819	7,410,819
Gas Transportation Fees			427,076	427,076
Depreciation Expense	133,145	346,513	223,328	702,986
Materials and Supplies	168,347	68,896	191,594	428,837
Utilities Purchased	192,532	109,716	11,085	313,333
Repairs and Maintenance	84,712	310,251	29,003	423,966
Travel and Miscellaneous	67,613	44,635	110,543	222,791
Dues and Publications				-
Gas and Oil	18,724	15,927	38,702	73,353
Telephone and Postage	14,496	11,000	56,276	81,772
Insurance	72,586	39,324	81,215	193,125
Professional Services	35,700	24,004	36,004	95,708
Bad Debt	9,439	14,819	9,053	33,311
Sales Tax	32,064		76,006	108,070
Total Operating Expenses	1,291,809	1,094,745	9,367,534	11,754,088
Operating Income	438,231	7,644	914,655	1,360,530

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position - Continued
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Nonoperating Revenues (Expenses):				
Interest Revenue	2,180	260	8,466	10,906
Miscellaneous Income (Expense)	(124,736)	203,204		78,468
Interest Expense and Fiscal Charges	(17,299)	(238,317)	(8,520)	(264,136)
Total Nonoperating Revenues (Expenses)	(139,855)	(34,853)	(54)	(174,762)
Income Before Operating Transfers and Contributions	298,376	(27,209)	914,601	1,185,768
Contributions in Aid of Construction		101,870		101,870
Transfers In (Out)		260,000	(455,389)	(195,389)
Change in Net Position	298,376	334,661	459,212	1,092,249
Total Net Position, October 1	7,587,637	3,545,812	6,682,772	17,816,221
Total Net Position, September 30	\$ 7,886,013	\$ 3,880,473	\$ 7,141,984	\$ 18,908,470

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,852,552	\$ 977,018	\$ 10,271,312	\$ 13,100,882
Cash Payments to Suppliers	(696,829)	(571,833)	(8,901,455)	(10,170,117)
Cash Payments to Employees	(441,934)	(103,188)	(620,083)	(1,165,205)
Net Cash Provided by (Used for) Operating Activities	<u>713,789</u>	<u>301,997</u>	<u>749,774</u>	<u>1,765,560</u>
Cash Flows from Noncapital Financing Activities:				
Operating Net Transfers In (Out)		260,000	(455,389)	(195,389)
Net Cash Provided by (Used for) Noncapital Financing Activities		<u>260,000</u>	<u>(455,389)</u>	<u>(195,389)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(22,012)	(143,661)	(102,354)	(268,027)
Contributions in Aid of Construction - Grant Income		101,870		-
Repayment of Long-term Debt	(67,000)	(236,302)	(33,000)	(336,302)
Interest Payment of Long-term Debt	(17,299)	(238,317)	(8,520)	(264,136)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(106,311)</u>	<u>(516,410)</u>	<u>(143,874)</u>	<u>(868,465)</u>
Cash Flows from Investing Activities:				
Proceeds from Interest Earnings	2,180	260	8,466	10,906
Net Cash Provided by Investing Activities	<u>2,180</u>	<u>260</u>	<u>8,466</u>	<u>10,906</u>
Net Increase (Decrease) in Cash and Cash Equivalents	609,658	45,847	158,977	712,612
Cash and Cash Equivalents, October 1	488,607	197,278	2,892,098	3,577,983
Cash and Cash Equivalents, September 30	<u>\$ 1,098,265</u>	<u>\$ 243,125</u>	<u>\$ 3,051,075</u>	<u>\$ 4,290,595</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 438,231	\$ 7,644	\$ 914,655	\$ 1,360,530
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	133,145	346,513	223,328	702,986
Pension Expense Adjustment	20,517	6,472	46,747	73,736
(Increase) Decrease in Receivables	122,512	(125,371)	(10,877)	(13,736)
(Increase) Decrease in Prepaid Expense	88	(235)	200	53
(Increase) Decrease in Inventory of Supplies	(617)	(265)	11,215	10,333
(Increase) Decrease in Inventory of Natural Gas			(442,427)	(442,427)
Increase (Decrease) in Payables and Accrued Liabilities	(87)	67,239	6,933	74,085
Total Adjustments	275,558	294,353	(164,881)	405,030
Net Cash Provided by (Used for) Operating Activities	\$ 713,789	\$ 301,997	\$ 749,774	\$ 1,765,560

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements
September 30, 2022

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

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

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

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

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

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

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

I. Summary of Significant Accounting Policies - Continued

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

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

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

The following major funds are used by the City:

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

I. Summary of Significant Accounting Policies - Continued

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

3. Non-current Governmental Assets/Liabilities:

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

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

1. Deposits and Investments:

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

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

2. Receivables and Payables:

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

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

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2022.

3. Inventories and Prepaid Items:

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

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

4. Capital Assets:

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

I. Summary of Significant Accounting Policies - Continued

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

4. Capital Assets: - Continued

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

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

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

5. Long-term Obligations:

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

6. Compensated Absences:

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

I. Summary of Significant Accounting Policies - Continued

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

6. Compensated Absences: - Continued

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

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

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

E. Net Position and Fund Balances

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

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

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

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

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period." The details of this \$467,837 are as follows:

Capital Outlay	\$ 1,041,628
Depreciation Expense	<u>(573,791)</u>
	<u>\$ 467,837</u>

III. Stewardship, Compliance and Accountability

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

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

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2022 was \$7,721,684. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

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

B. Property Taxes

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

B. Property Taxes - Continued

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

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

The tax levies for the calendar years 2021, 2020 and 2019 (taxes collected in the fiscal years ending 9/30/22, 9/30/21 and 9/30/20) are as follows:

	<u>9/30/22</u> Millage	<u>9/30/21</u> Millage	<u>9/30/20</u> Millage
City Funds			
General Fund	10.250	9.310	8.250
Public Safety	.300	0.275	0.275
Parks and Recreation	2.420	2.200	2.200
Total Levy	<u>12.970</u>	<u>11.785</u>	<u>10.725</u>

C. Receivables

Receivables at September 30, 2022 for the government's individual major funds consist of the following:

	General	Water	Sewer	Gas	Total
Receivables:					
Trade Accounts (Net)	\$ 57,203	\$ 269,148	\$ 168,108	\$ 166,906	\$ 661,365
Franchise Fees	43,801				43,801
Sales Tax	361,018				361,018
Taxes	61,554				61,554
Interest Receivable		192		757	949
Grant Receivable	210,961		73,761		284,722
Total Receivables	<u>\$ 734,537</u>	<u>\$ 269,340</u>	<u>\$ 241,869</u>	<u>\$ 167,663</u>	<u>\$ 1,413,409</u>

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 286,759	GO Bond Fund

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

D. Restricted Assets - Continued

Restricted Cash - Continued

	<u>Amount</u>	<u>Restriction</u>
General Fund	10,736	GO Bonds Building Fund
General Fund	43,689	Drug Enforcement Fund
General Fund	59,171	Bond Fee Account
General Fund	1,645	Mainstreet Maintenance
General Fund	1,508	CDBG Account
General Fund	473,264	MS Infrastructure Modernization
General Fund	1,298,505	American Rescue Plan Act
Gas Fund	361	AMR GO Bond Fund
Gas Fund	30,117	Refund of Customer Deposits
Gas Fund	5,549	UCAC Fund
Water Fund	734	AMR GO Bond Fund
Water Fund	12,247	Refund of Customer Deposits
Water Fund	40,739	Requirement of Bonded Debt Retirements - Interest
Sewer Fund	32,711	Requirement of Bonded Debt Retirements - Cushion
Sewer Fund	17,859	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	17,895	Requirement of Bonded Debt Retirements - Depreciation
Total Restricted Cash	<u>2,333,489</u>	

Restricted Investments

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

D. Restricted Assets - Continued

Restricted Investments - Continued

Sewer Fund	8,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Depreciation
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Contingency
Gas Fund	50,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	<u>126,150</u>	Refund of Customer Deposits
Total Restricted Investments	<u>311,034</u>	
Total Restricted Assets	<u><u>\$ 2,644,523</u></u>	

E. Capital Assets

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

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 546,060	\$	\$	\$ 546,060
Construction in Progress	225,380	44,058		269,438
Total Capital Assets, not being Depreciated	<u>771,440</u>	<u>44,058</u>		<u>815,498</u>
Capital Assets, being Depreciated:				
Buildings	1,549,563	145,752		1,695,315
Improvements other than Buildings	1,763,605	692,770		2,456,375
Furniture, Vehicles and Equipment	3,364,037	103,598		3,467,635
Infrastructure	4,616,206	55,450		4,671,656
City Park	4,919,804			4,919,804
Total Capital Assets being Depreciated	<u>16,213,215</u>	<u>997,570</u>		<u>17,210,785</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued¹
September 30, 2022

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Less Accumulated Depreciation				
For:				
Buildings	467,623	33,261		500,884
Improvements other than Buildings	1,050,169	39,307		1,089,476
Furniture, Vehicles and Equipment	2,497,975	151,261		2,649,236
Infrastructure	1,725,943	211,911		1,937,854
City Park	1,055,221	138,051		1,193,272
Total Accumulated Depreciation	6,796,931	573,791		7,370,722
Total Capital Assets, being Depreciated, Net	9,416,284	423,779		9,840,063
Governmental Activities Capital Assets, Net	\$ 10,187,724	\$ 467,837	\$)	\$ 10,655,561
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 95,896	\$	\$	\$ 95,896
Construction in Progress				
Total Capital Assets, not being Depreciated	95,896			95,896
Capital Assets, being Depreciated:				
Buildings	14,783			14,783
Physical System	12,604,633	17,505		12,622,138
Furniture, Vehicles and Equipment	993,040	4,507		997,547
Total Capital Assets being Depreciated	13,612,456	22,012		13,634,468

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Less Accumulated Depreciation				
For:				
Buildings	13,205	825		14,030
Physical System	5,898,829	113,545		6,012,374
Furniture, Vehicles and Equipment	535,948	18,775		554,723
Total Accumulated Depreciation	6,447,982	133,145		6,581,127
Total Capital Assets, being Depreciated, Net	7,164,474	(111,133)		7,053,341
Water Activities Capital Assets, Net	\$ 7,260,370	\$ (111,133)	\$	\$ 7,149,237

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 39,169	\$	\$	\$ 39,169
Construction in Progress		83,334		83,334
Total Capital Assets, not being Depreciated	39,169	83,334		122,503
Capital Assets, being Depreciated:				
Buildings	6,336			6,336
Physical System	17,144,844	4,180		17,149,024
Furniture, Vehicles and Equipment	396,190	56,101		452,291
Total Capital Assets being Depreciated	17,547,370	60,281		17,607,651

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Less Accumulated Depreciation				
For:				
Buildings	6,602	636		7,238
Physical System	3,019,852	341,606		3,361,458
Furniture, Vehicles and Equipment	219,610	4,271		223,881
Total Accumulated Depreciation	3,246,064	346,513		3,592,577
 Total Capital Assets, being Depreciated, Net	 14,301,306	 (286,232)		 14,015,074
 Sewer Activities Capital Assets, Net	 \$ 14,340,475	 \$ (202,898)	 \$	 \$ 14,137,577
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 10,000	\$	\$	\$ 10,000
Construction in Progress				
Total Capital Assets, not being Depreciated	10,000			10,000
 Capital Assets, being Depreciated:				
Buildings	21,119			21,119
Physical System	6,376,236	72,505		6,448,741
Furniture, Vehicles and Equipment	865,740	29,849		895,589
Total Capital Assets being Depreciated	7,263,095	102,354		7,365,449

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Less Accumulated Depreciation				
For:				
Buildings	18,253	475		18,728
Physical System	2,301,171	193,980		2,495,151
Furniture, Vehicles and Equipment	763,352	28,873		792,225
Total Accumulated Depreciation	3,082,776	223,328		3,306,104
Total Capital Assets, being Depreciated, Net	4,180,319	(120,974)		4,059,345
Gas Activities Capital Assets, Net	\$ 4,190,319	\$ (120,974)	\$	\$ 4,069,345

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

Governmental Activities:	
General Government	\$ 83,326
Public Safety	86,093
Public Works	252,486
Parks and Recreation	151,886
Total Depreciation Expense - Governmental Activities	<u>\$ 573,791</u>
Business-type Activities:	
Water	\$ 133,145
Sewer	346,513
Gas	223,328
Total Depreciation Expense - Business-type Activities	<u>\$ 702,986</u>

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

F. Long-term Debt

Debt of the Governmental Funds

The general obligation (GO) bond and note payable of the Governmental Funds are payable from operations of the General Fund. Debt balance and transactions for the year ended September 30, 2022, are as follows:

	Balance, October 1, 2021	Additions	Retirements and Other	Balance September 30, 2022	Due Within One Year
GO Bond	\$ 1,080,000	\$	\$ (200,000)	\$ 880,000	\$ 210,000
	<u>\$ 1,080,000</u>	<u>\$</u>	<u>\$ (200,000)</u>	<u>\$ 880,000</u>	<u>\$ 210,000</u>

The principal and interest requirements of the general obligation bond and note payable at September 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 210,000	\$ 25,606	\$ 235,606
2024	215,000	19,831	234,831
2025	225,000	13,650	238,650
2026	230,000	6,900	236,900
	<u>\$ 880,000</u>	<u>\$ 65,987</u>	<u>\$ 945,987</u>

Debt of the Enterprise Funds

The revenue bonds of the Enterprise Funds are payable from operations of the Water Fund. Debt balance and transactions for the year ended September 30, 2022 are as follows:

	Balance, October 1, 2021	Additions	Retirements and Other	Balance September 30, 2022	Due Within One Year
GO Bond	\$ 606,350	\$	67,000	\$ 673,350	\$ 67,000
	<u>\$ 606,350</u>	<u>\$</u>	<u>\$ 67,000</u>	<u>\$ 673,350</u>	<u>\$ 67,000</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

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

F. Long-term Debt - Continued

Debt of the Enterprise Funds - Continued

The revenue bonds of the Enterprise Funds are payable from operations of the Sewer Fund. Debt balance and transactions for the year ended September 30, 2022 are as follows:

	Balance, October 1, 2021	Additions	Retirements and Other	Balance September 30, 2022	Due Within One Year
Revenue Bond	\$ 98,969	\$	\$ (9,077)	\$ 89,892	\$ 9,542
Revenue Bond	164,273		(7,834)	156,439	8,207
Revenue Bond	198,744		(7,497)	191,247	7,825
Revenue Bond	8,786,273		(191,333)	8,594,940	195,672
Revenue Bond	944,184		(20,560)	923,624	21,026
	<u>\$ 10,192,443</u>	<u>\$</u>	<u>\$ (236,301)</u>	<u>\$ 9,956,142</u>	<u>\$ 242,272</u>

The revenue bonds of the Enterprise Funds are payable from operations of the Gas Fund. Debt balance and transactions for the year ended September 30, 2022 are as follows:

	Balance, October 1, 2021	Additions	Retirements and Other	Balance September 30, 2022	Due Within One Year
GO Bond	\$ 298,650	\$	\$ (33,000)	\$ 265,650	\$ 33,000

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 342,272	\$ 255,666	\$ 597,938
2024	353,419	247,018	600,437
2025	364,738	237,943	602,681
2026	376,232	228,425	604,657
2027	387,907	218,443	606,350
2028-2032	1,670,601	939,916	2,610,517
2033-2037	1,539,631	745,443	2,285,074
2038-2042	1,618,683	556,617	2,175,300
2043-2047	1,777,535	365,665	2,143,200
2048-2052	1,988,980	154,220	2,143,200
2053-2057	341,143	3,422	344,565
	<u>\$ 10,761,141</u>	<u>\$ 3,952,778</u>	<u>\$ 14,713,919</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

V. Other Information

A. Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receive benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. As of July 2019 the current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2022 were \$318,214 which was equal to the required contributions. The City's contributions to PERS for 2021 and 2020 were \$313,334 and \$305,686 respectively.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

V. Other Information - Continued

A. Pension Plan - Continued

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

At September 30, 2022, the City reported a liability of \$5,557,593 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 used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contribution to the total actual contributions of all participating employers to PERS as of and for the PERS fiscal year ended June 30, 2022. At June 30, 2022, the City's proportion was .027 percent.

For the year ended September 30, 2022, the City recognized pension expense of \$181,876. At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 78,692	\$
Changes in assumptions	192,215	
Net difference between projected and actual earnings on pension plan investments	1,366,331	(1,074,419)
Changes in proportion and differences between System contributions and proportionate share of contributions	(6,057)	
District contributions subsequent to the measurement date	<u>79,112</u>	
Total	<u>\$ 1,710,293</u>	<u>\$ (1,074,419)</u>

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

Years ended June 30,	
2023	\$ 176,217
2024	129,822
2025	(44,791)
2026	301,571
2027	
Thereafter	<u>562,819</u>
	<u>\$ 562,819</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

V. Other Information - Continued

A. Pension Plan - Continued

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

Actuarial Assumptions

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

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates up to age 60, 110% for ages 60 to 75, and 101% for ages above 77. 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation expected percentage and by adding expected inflation.

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

V. Other Information - Continued

A. Pension Plan - Continued

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

Discount Rate

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

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

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
System's proportionate share of the net pension liability	\$ 7,253,213	\$ 5,557,583	\$ 4,159,622

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

Amounts included in accounts payable and accrued expenses related to PERS contributions payable at September 30, 2022 are not material to the financial statements.

B. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2022 is as follows:

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2022

V. Other Information - Continued

C. Commitments and Contingencies

Grant Audits

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

Litigation

As of September 30, 2022, there was no pending litigation in which the City was involved.

D. Risk Management

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

VI. Net Position/Fund Balances

Net position reported on the government-wide statement of net position at September 30, 2022, include the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in Capital Assets, Net of Related Debt		
Capital assets, net of accumulated depreciation	\$ 10,655,561	\$ 25,356,159
Less: Related long-term debt outstanding	<u>(880,000)</u>	<u>(10,761,141)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>9,775,561</u>	<u>14,595,018</u>
 Unrestricted	 <u>152,632</u>	 <u>4,313,452</u>
Total Net Position	<u><u>\$ 9,928,193</u></u>	<u><u>\$ 18,908,470</u></u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Public Employees' Retirement System</u> <u>of Mississippi (PERS)</u>				
City of Ripley's Proportion of the Net Pension Liability	0.002649%	0.002681%	0.026410%	0.026299%
City of Ripley's Proportionate Share of the Share of the Net Pension Liability	\$ 5,557,588	\$ 3,990,718	\$ 5,033,298	\$ 4,573,913
City of Ripley's Covered Payroll	\$ 1,819,433	\$ 1,792,050	\$ 1,754,772	\$ 1,728,337
City of Ripley's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	305.46%	222.69%	286.83%	264.64%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	59.93%	70.44%	58.97%	61.59%

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

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

NOTES TO SCHEDULE

Changes of Assumptions

2021

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

2018	2017	2016	2015
0.025042%	0.024078%	0.024777%	0.024733%
\$ 4,158,243	\$ 3,989,614	\$ 4,465,625	\$ 3,864,505
\$ 1,630,997	\$ 1,545,441	\$ 1,580,163	\$ 1,546,165
254.95%	258.15%	282.61%	249.94%
62.54%	61.49%	57.47%	61.70%

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

NOTES TO SCHEDULE - Continued

Changes of Assumptions - Continued

2021 - Continued

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

2019

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

2017

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

2016

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

2015

1. The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

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

NOTES TO SCHEDULE - Continued

Changes of Assumptions - Continued

2015 - Continued

2. The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
3. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
4. Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
5. The price inflation and investment rate of return assumptions were changed from 3.5% to 3.00% and 8.00% to 7.75%, respectively.

Changes in Benefit Provisions

2016

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Public Employees' Retirement System</u> <u>of Mississippi (PERS)</u>				
Contractually Required Contribution	\$ 318,214	\$ 313,334	\$ 305,686	\$ 279,834
Contributions in Relation to the Contractually Required Contributions	<u>318,214</u>	<u>313,334</u>	<u>305,686</u>	<u>279,834</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City of Ripley's Covered Payroll	\$ 1,819,433	\$ 1,792,050	\$ 1,754,772	\$ 1,728,337
Contributions as a Percentage of Covered Payroll	17.49%	17.48%	17.42%	16.19%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 256,882	\$ 243,407	\$ 248,877	\$ 243,521
<u>256,882</u>	<u>243,407</u>	<u>248,877</u>	<u>243,521</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,630,997	\$ 1,545,441	\$ 1,580,163	\$ 1,546,165
15.75%	15.75%	15.75%	15.75%

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
General Property Taxes			
Current Ad Valorem	\$ 340,187	\$ 359,234	\$ 19,047
In Lieu of Taxes/Franchise Tax	67,270	59,764	(7,506)
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,532,700	1,712,176	179,476
Tourism Tax	369,300	427,947	58,647
Fire Protection Refund	31,645	35,289	3,644
State Gasoline Tax	5,360	5,528	168
General Municipal Aid	2,700	2,686	(14)
Modernization	193,575	332,036	138,461
Collection from County:			
Road Tax	221,813	201,185	(20,628)
Fire Protection Refund	21,100	40,912	19,812
Building Code Rebate	902		(902)
Fines and Forfeitures	97,000	143,026	46,026
Privilege Tax	19,600	20,966	1,366
Gross Receipts Tax	123,741	129,187	5,446
Building Fees, Permits and Inspections	11,060	18,593	7,533
Park Revenue	106,850	114,785	7,935
Charges for Services:			
Sanitation	352,500	352,303	(197)
Grant Revenue	58,500	403,600	345,100
Miscellaneous	647,283	690,456	43,173
Interest	5,500	4,536	(964)
Total Revenues	<u>\$ 4,208,586</u>	<u>\$ 5,054,209</u>	<u>\$ 845,623</u>

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Current:			
General Government	\$ 3,354,026	\$ 1,317,518	\$ 2,036,508
Public Safety	1,200,899	1,305,300	(104,401)
Public Works	1,157,674	1,236,107	(78,433)
Parks and Recreation	719,243	857,738	(138,495)
Total Expenditures	<u>6,431,842</u>	<u>4,716,663</u>	<u>1,715,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,223,256)</u>	<u>337,546</u>	<u>2,560,802</u>
Other Financing Sources (Uses):			
Transfer In	<u>195,389</u>	<u>195,389</u>	
Total Other Financing Sources	<u>195,389</u>	<u>195,389</u>	
Net Change in Fund Balances	<u>\$</u>	<u>532,935</u>	<u>\$ 2,560,802</u>
Fund Balances, October 1		<u>1,855,496</u>	
Fund Balances, September 30		<u>\$ 2,388,431</u>	

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Notes to Required Supplementary Information
September 30, 2022

Budgetary Data

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

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

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2022, is as follows:

Fund Balance - Budgetary Basis	\$ 2,388,431
Adjustment:	
Change in Revenue Accruals	<u>7,539,762</u>
Fund Balance - GAAP Basis	<u><u>\$ 9,928,193</u></u>

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2022

The following is a schedule of investments at September 30, 2022:

Certificates of Deposit

<u>Fund Account Name</u>	<u>Balance</u> <u>9/30/22</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
Water Meter Fund Account	\$ 10,000	08/23/23	0.40%
Gas Meter Account	25,650	08/23/23	0.40%
Water & Sewer Meter	15,463	06/29/23	0.40%
Gas Meter Account	10,000	06/24/23	0.40%
Gas Depreciation Account	8,000	07/19/23	0.50%
Gas Contingent Account	8,000	07/19/23	0.50%
Gas Cushion Account	37,000	07/19/23	0.50%
Water & Sewer Contingent Account	4,500	07/19/23	0.50%
Water & Sewer Depreciation Account	4,500	07/19/23	0.50%
Water & Sewer Cushion Account	9,000	07/19/23	0.50%
Gas Meter Account	10,000	07/19/23	0.50%
Water Meter Fund Account	10,000	07/19/23	0.50%
Gas Meter Account	10,000	12/12/23	0.50%
Water & Sewer Cushion Account	3,000	11/03/23	0.40%
Water & Sewer Depreciation Account	1,500	11/03/23	0.40%
Water & Sewer Contingent Account	1,500	11/03/23	0.40%
Gas Operations	120,410	07/13/23	0.40%
Gas Operations	124,984	02/15/24	0.35%
Gas Meter	40,000	02/15/24	0.35%
Water Meter Fund Account	20,000	02/15/24	0.35%
Water & Sewer Cushion	8,000	02/15/24	0.35%
Water & Sewer Depreciation	2,500	02/15/24	0.35%
Water & Sewer Contingent	2,500	02/15/24	0.35%
Gas Operations	116,239	06/01/23	0.40%
Gas Contingent Account	2,000	06/24/23	0.35%
Gas Cushion Account	13,000	06/24/23	0.35%
Gas Depreciation Account	2,000	06/24/23	0.35%
Murry Spur Water System	10,800	08/24/23	0.50%
Water & Sewer Depreciation Account	2,905	11/14/23	0.50%
Water & Sewer Contingent Account	2,905	11/14/23	0.50%
Water & Sewer Cushion Account	5,811	11/14/23	0.50%
Gas Meter	30,500	08/04/23	0.40%
Antioch Reserve	12,072	08/25/23	0.50%
Total	<u>\$ 684,739</u>		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2022

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

	<u>Bonded Amount</u>	<u>Policy Expiration Date</u>
Mayor		
Jon Grisham	\$ 50,000	7-01-2025
Aldermen		
Joey Bryant	50,000	7-01-2023
Kenneth Walker	50,000	7-01-2023
Jackie McKenzie	50,000	7-01-2023
Stephen Freeman	50,000	7-01-2023
Barry Cook	50,000	7-01-2023
City Clerk and Tax Collector		
Lisa Mauney	50,000	1-29-2023
Court Clerk		
Kathi Watson	50,000	7-07-2023
Police Chief		
Scott White	50,000	7-07-2023

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripley, Mississippi as of and for the year ended September 30, 2022, and have issued our report thereon dated September 27, 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 *Governmental 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 financial statements disclosed no material instances on noncompliance with state laws and regulations.

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
September 27, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripley, 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 Ripley's basic financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
September 27, 2023