OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

City of Nettleton, Mississippi

Financial Statements
For the year ended September 30, 2023

Jarrell Group, PLLC
Tupelo, Mississippi
Certified Public Accountants

CITY OF NETTLETON, MISSISSIPPI
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September 30, 2023

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi, as of September 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Nettleton, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 17, the schedule of the City's proportionate share of the net pension liability on page 51, and the schedule of the City's contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nettleton, Mississippi's basic financial statements. The accompanying combining and individual fund financial statements and supplementary information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the City of Nettleton, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Nettleton, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Nettleton, Mississippi's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City of Nettleton, Mississippi's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
January 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NETTLETON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year Ended September 30, 2023

This section of the City of Nettleton's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2023. Please read it in conjunction with the City of Nettleton financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position increased by $1,279,055 as a result of this year's operations. Net position of our business-type activities increased by $1,021,112, or 19.99%, net position of our governmental activities increased by $257,943, or 5.05%.

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $6,388,242. This compares to the previous year when assets exceeded liabilities by $5,580,963.

- As of the close of the current fiscal year, the City of Nettleton governmental funds reported combined ending fund balances of $1,447,048, an increase of $352,668 in comparison to the prior year. Approximately 83% of the combined fund balances, $1,201,580, is considered unassigned and is available for spending at the City of Nettleton discretion.

- The City of Nettleton's total debt is $580,801. New debt in the amount of $51,264 was issued during the year and $124,436 in debt was repaid during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Nettleton's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the City of Nettleton's operations in more detail than the government-wide statements.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

Figure A-1
Major Features of the City of Nettleton's Government-wide and Fund Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements

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

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

- Over time, increases or decreases in the City of Nettleton's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City of Nettleton, the reader should consider additional non-financial factors such as changes in the City of Nettleton's property tax base.

- *Governmental activities* – Most of the City of Nettleton's basic services are included here, such as the police, fire, public works, and culture and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.

- *Business-type activities* – The City of Nettleton charges fees to customers to help it cover the costs of certain services it provides. The City of Nettleton's solid waste collection and water and sewer systems are included here.

Fund Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The City of Nettleton has two kinds of funds:

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

- **Proprietary funds**—Services for which the City of Nettleton charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City of Nettleton's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial situation. The City of Nettleton's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $6,388,242. This is a $1,279,055 increase over last year's net position of $5,580,963. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2023 and 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

A large portion, 88% and 81%, of the City's net position reflects its investment in capital assets such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2023 and 2022. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Nettleton's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current & Other Assets	$ 1,800,725	$ 1,425,003	$ 1,433,085	$ 1,411,096	$ 3,233,810	$ 2,836,099
Capital Assets	2,363,520	2,308,778	3,812,754	2,881,326	6,176,274	5,190,104
Total Assets	4,164,245	3,733,781	5,245,839	4,292,422	9,410,084	8,026,203
Total Deferred Outflows	305,566	150,728	88,967	46,349	394,533	197,077
Current Liabilities	95,702	81,580	586,802	261,906	682,504	343,486
Noncurrent Liabilities	1,565,778	1,294,588	1,036,686	926,228	2,602,464	2,220,816
Total Liabilities	1,661,480	1,376,168	1,623,488	1,188,134	3,284,968	2,564,302
Total Deferred Inflows	101,775	59,728	29,632	18,287	131,407	78,015
Net Position:						
Net Investment in Capital Assets	2,363,520	2,301,628	3,231,953	2,234,503	5,595,473	4,536,131
Restricted	199,850	32,291	0	0	199,850	32,291
Unrestricted (Deficit)	143,186	114,694	449,733	897,847	592,919	1,012,541
Total Net Position	$ 2,706,556	$ 2,448,613	$ 3,681,686	$ 3,132,350	$ 6,388,242	$ 5,580,963

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of our business-type activities is $449,733. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in net assets. Approximately 9.96% of the City of Nettleton's revenue comes from property taxes, with 27.86% of all revenue coming from some type of tax. (See Table A-2.) This compares to 13.27% and 41.29% for the fiscal year ended September 30, 2022. Another 24.69% comes from fees charged for services, and 38.13% is from operating and capital grants and contributions and the remainder is from interest and miscellaneous.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	$ 73,919	$ 69,142	$ 780,478	$ 718,180	$ 854,397	$ 787,322
Operating Grants & Contributions	12,000	31,156	1,033,296	235,888	12,000	267,044
Capital Grants & Contributions	274,440	98,017	0	0	1,307,736	98,017
General Revenues:						
Property Taxes	344,537	311,226	0	0	344,537	311,226
Other Taxes	619,714	656,854	0	0	619,714	656,854
Other Grants & Contributions	967	992	0	0	967	992
Interest Income	16,906	874	16,907	878	33,813	1,752
Other	287,706	221,454	(23)	0	287,683	221,454
Total Revenues	1,630,189	1,389,715	1,830,658	954,946	3,460,847	2,344,661
Expenses						
General Government	429,349	386,770	0	0	429,349	386,770
Public Safety	525,506	506,770	0	0	525,506	506,770
Public Works	241,203	231,171	0	0	241,203	231,171
Culture & Recreation	53,477	43,314	0	0	53,477	43,314
Interest on Long-Term Debt	312	1,027	14,556	11,551	14,868	12,578
Pension Expense	158,399	90,387	28,053	(989)	186,452	89,398
Water & Sewer	0	0	580,349	535,890	580,349	535,890
Solid Waste Management	0	0	150,588	102,981	150,588	102,981
Total Expenses	1,408,246	1,259,439	773,546	649,433	2,181,792	1,908,872
Excess of Revenue Over Expenses	221,943	130,276	1,057,112	305,513	1,279,055	435,789
Transfers	36,000	36,000	(36,000)	(36,000)	0	0
Change in Net Position	257,943	166,276	1,021,112	269,513	1,279,055	435,789
Net Position-Beginning, As Previously Stated	2,448,613	2,282,337	3,132,350	2,862,837	5,580,963	5,145,174
Prior Period Adjustment	0	0	(471,776)	0	(471,776)	0
Net Position—Beginning, As Restated	2,448,613	2,282,337	2,660,574	2,862,837	5,109,187	5,145,174
Net Position-Ending	$ 2,706,556	$ 2,448,613	$ 3,681,686	$ 3,132,350	$ 6,388,242	$ 5,580,963

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities

Governmental activities increased the City's net position by $257,943.

The cost of all governmental activities this year was $1,408,246. However, the amount taxpayers paid for these activities through city taxes (property taxes) was only $344,537.

The largest funding sources for the City's governmental activities, as a percentage of total revenues, are property taxes (21%), other taxes (38%), and operating and capital grants and contributions (18%).

The largest expense category for the City's governmental activities is public safety (37%).

Business-type Activities

Business-type activities increased the City's net position by $1,021,112.

Charges for services, operating grants, and capital grants are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of $1,650,416 for water and sewer and $163,358 for solid waste management.

Financial Analysis of the Government's Funds

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

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

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,201,580, which comprised 83% of the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare the fund balance, restricted, assigned, and unassigned, to total fund expenditures. Total fund balance represents 117% of total fund expenditures. The fund balance of the City's general fund increased by $352,668 during the current fiscal year.

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

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. For 2023, the City did not have any capital project funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled $3,681,686. Changes in net assets, which totaled $1,021,112, were as follows: the water and sewer fund increased by $1,020,342 and the solid waste management fund increased by $770.

Budgetary Highlights

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

Comparing the FY 2023 original budget General Fund amount of $1,331,598 to the final budget amount of $1,235,614 shows a net decrease of $95,984. Differences between the original budget and the final budget were mainly related to the decrease in the anticipated need of public works supplies.

The City's tax millage for the 2023 fiscal year remained unchanged at 34.00 mills.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 and 2022, amounted to $6,176,274 and $5,190,104, net of accumulated depreciation of $7,252,179 and $6,919,885. This investment in capital assets includes land, buildings, improvements other than buildings, and machinery & equipment.

Table A-3
City of Nettleton's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land	$ 122,030	$ 122,030	$ 29,360	$ 29,360	$ 151,390	$ 151,390
Construction in Progress	62,500	0	1,133,805	0	1,196,305	0
Infrastructure	1,793,877	1,793,877	0	0	1,793,877	1,793,877
Plant, Buildings, Improvements	1,692,154	1,591,980	6,126,353	6,126,353	7,818,507	7,718,333
Machinery & Equip.	1,695,609	1,680,609	772,765	765,780	2,468,374	2,446,389
Accum. Depreciation	(3,002,650)	(2,879,718)	(4,249,529)	(4,040,167)	(7,252,179)	(6,919,885)
Total	$ 2,363,520	$ 2,308,778	$ 3,812,754	$ 2,881,326	$ 6,176,274	$ 5,190,104

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

This year, major capital asset additions included:

- Renovation of 237 Main Street
- Emergency Equipment – Air Packs
- Electronic Meter Project
- Water and Sewer Project

Long-term Debt—At year-end, the city had $580,801 in bonds, notes, and capital leases outstanding. More detailed information about the City of Nettleton's long-term liabilities is presented in the notes to the financial statements.

Table A-4
City of Nettleton's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	$ 0	$ 7,150	$ 0	$ 57,850	$ 0	$ 65,000
CAP Loans	0	0	71,649	86,436	71,649	86,436
USDA Loans	0	0	216,250	169,989	216,250	169,989
SRF Sewer Loan	0	0	291,264	311,778	291,264	311,778
Capital Lease Obligation	0	0	1,638	20,770	1,638	20,770
Total	$ 0	$ 7,150	$ 580,801	$ 646,823	$ 580,801	$ 653,973

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors and expected grant related capital projects when establishing the fiscal year 2023 budget. The total budgeted appropriations for the City operations are $7,987,190.

CONTACTING THE CITY OF NETTLETON
FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash	$ 1,400,961	$ 1,170,648	$ 2,571,609
Certificates of Deposit	1,387	0	1,387
Due from Other Governments	54,808	199,598	254,406
Accounts Receivable, net of allowance	0	56,124	56,124
Court Fines Receivable, net of allowance	230,192	0	230,192
Property Taxes Receivable	92,525	0	92,525
Other Receivables	15,096	0	15,096
Due from Other Funds	5,756	6,715	12,471
Capital Assets (Note 3):			
Land and Construction in Progress	184,530	1,163,165	1,347,695
Other Capital Assets, net of depreciation	2,178,990	2,649,589	4,828,579
TOTAL ASSETS	4,164,245	5,245,839	9,410,084
DEFERRED OUTFLOWS OF REVENUES:			
Deferred Amounts Related to Pensions	305,566	88,967	394,533
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 305,566	$ 88,967	$ 394,533

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES:			
Accounts Payable	$ 33,033	$ 39,227	$ 72,260
Other Payables	0	299,397	299,397
Due to Other Funds	10,321	2,150	12,471
Customer Deposits	0	105,350	105,350
Accrued Compensated Absences	52,348	16,359	68,707
Unearned Revenue	0	124,319	124,319
Long-Term Liabilities:			
Capital Leases - Due Within One Year	0	1,638	1,638
Debt - Due Within One Year	0	33,642	33,642
Debt - Due in More Than One Year	0	545,521	545,521
Net Pension Liability	1,565,778	455,885	2,021,663
TOTAL LIABILITIES	1,661,480	1,623,488	3,284,968
DEFERRED INFLOWS OF REVENUES:			
Deferred Amounts Related to Pensions	101,775	29,632	131,407
TOTAL DEFERRED INFLOWS OF RESOURCES	101,775	29,632	131,407
NET POSITION:			
Net Investment in Capital Assets	2,363,520	3,231,953	5,595,473
Restricted for:			
Culture and Recreation - Expendable	199,850	0	199,850
Unrestricted	143,186	449,733	592,919
TOTAL NET POSITION	$ 2,706,556	$ 3,681,686	$ 6,388,242

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES: Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Net (Expense) Revenue and Changes in Net Position – PRIMARY GOVERNMENT: Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	$ 429,349	$ 33,533	$ 0	$ 67,600	$ 101,133	$ (328,216)	$ 0	$ (328,216)
Public Safety	525,506	28,431	12,000	6,990	47,421	(478,085)	0	(478,085)
Public Works	241,203	0	0	0	0	(241,203)	0	(241,203)
Culture and Recreation	53,477	11,955	0	199,850	211,805	158,328	0	158,328
Interest on Long-Term Debt	312	0	0	0	0	(312)	0	(312)
Pension Expense	158,399	0	0	0	0	(158,399)	0	(158,399)
TOTAL GOVERNMENTAL ACTIVITIES	1,408,246	73,919	12,000	274,440	360,359	(1,047,887)	0	(1,047,887)
Business-Type Activities:								
Water and Sewer	580,349	617,120	0	1,033,296	1,650,416	0	1,070,067	1,070,067
Solid Waste Management	150,588	163,358	0	0	163,358	0	12,770	12,770
Interest on Long-Term Debt	14,556	0	0	0	0	0	(14,556)	(14,556)
Pension Expense	28,053	0	0	0	0	0	(28,053)	(28,053)
TOTAL BUSINESS-TYPE ACTIVITIES	773,546	780,478	0	1,033,296	1,813,774	0	1,040,228	1,040,228
TOTAL PRIMARY GOVERNMENT	$ 2,181,792	$ 854,397	$ 12,000	$ 1,307,736	$ 2,174,133	$ (1,047,887)	$ 1,040,228	$ (7,659)
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes						$ 344,537	$ 0	$ 344,537
Sales Taxes						569,179	0	569,179
County Pro Rata Taxes						10,000	0	10,000
Licenses and Permits						65,341	0	65,341
In Lieu Taxes						37,790	0	37,790
Gasoline Taxes & Other Taxes						2,745	0	2,745
Homestead Reimbursement						22,317	0	22,317
Modernization Use Tax						166,658	0	166,658
Grants and Contributions not Restricted to Specific Programs						967	0	967
Interest Income						16,906	16,907	33,813
Miscellaneous						30,251	0	30,251
Gain (Loss) on Sale of Fixed Assets						3,139	(23)	3,116
Transfers						36,000	(36,000)	0
TOTAL GENERAL REVENUES AND TRANSFERS						1,305,830	(19,116)	1,286,714
CHANGE IN NET POSITION						257,943	1,021,112	1,279,055
NET POSITION--BEGINNING, As Previously Stated						2,448,613	3,132,350	5,580,963
PRIOR PERIOD ADJUSTMENT						0	(471,776)	(471,776)
NET POSITION--BEGINNING, As Restated						2,448,613	2,660,574	5,109,187
NET POSITION--ENDING						$ 2,706,556	$ 3,681,686	$ 6,388,242

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	Major Fund		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:			
Cash	$ 1,397,499	$ 3,462	$ 1,400,961
Certificates of Deposit	1,387	0	1,387
General Property Taxes Receivable	12,394	0	12,394
Due from Other Governments	47,308	7,500	54,808
Due from Other Funds	5,756	0	5,756
Other Receivables	15,096	0	15,096
TOTAL ASSETS	$ 1,479,440	$ 10,962	$ 1,490,402
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	$ 25,533	$ 7,500	$ 33,033
Due to Other Funds	10,321	0	10,321
TOTAL LIABILITIES	35,854	7,500	43,354
FUND BALANCES:			
Restricted for			
Culture and Recreation	199,850	0	199,850
Committed to			
Culture and Recreation	42,156	0	42,156
Assigned to			
Special Revenue Funds	0	3,462	3,462
Unassigned	1,201,580	0	1,201,580
TOTAL FUND BALANCES	1,443,586	3,462	1,447,048
TOTAL LIABILITIES AND FUND BALANCES	$ 1,479,440	$ 10,962	$ 1,490,402

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2023

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	1,447,048
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		2,363,520
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.		(52,348)
The net pension liability is not due and payable in the current period, and, therefore, is not reported in the Governmental Funds Balance Sheet		(1,565,778)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end.		80,131
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the Governmental Funds Balance Sheet:		
Deferred outflows of resources related to defined benefit pension plan		305,566
Deferred inflows of resources related to defined benefit pension plan		(101,775)
Accrual of court fine revenues to qualify as financial resources.		230,192
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	2,706,556

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Major Fund		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:			
General Property Taxes	$ 334,096	$ 0	$ 334,096
Sales and Use Taxes	569,179	0	569,179
Licenses and Permits	65,341	0	65,341
In Lieu of Taxes	37,790	0	37,790
Intergovernmental Revenues	202,687	0	202,687
Rentals	33,533	0	33,533
Fines and Forfeitures	25,478	0	25,478
Interest	16,906	0	16,906
Grant Income	218,840	67,600	286,440
Miscellaneous Revenues	42,206	0	42,206
TOTAL REVENUES	1,546,056	67,600	1,613,656
EXPENDITURES:			
Current:			
General Government	398,561	62,500	461,061
Public Safety	534,152	7,025	541,177
Public Works	175,156	0	175,156
Culture and Recreation	119,542	0	119,542
Debt Service	7,462	0	7,462
TOTAL EXPENDITURES	1,234,873	69,525	1,304,398
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	311,183	(1,925)	309,258
OTHER FINANCING SOURCES (USES):			
Sale of Land and Equipment	7,410	0	7,410
Transfers to Other Funds	(27,638)	0	(27,638)
Transfers from Other Funds	61,713	1,925	63,638
TOTAL OTHER FINANCING SOURCES (USES)	41,485	1,925	43,410
NET CHANGE IN FUND BALANCES	352,668	0	352,668
FUND BALANCES - Beginning	1,090,918	3,462	1,094,380
FUND BALANCES - Ending	$ 1,443,586	$ 3,462	$ 1,447,048

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	352,668
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		239,884
Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(180,871)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold.		(4,271)
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		10,441
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds related to court fines.		2,953
Pension expense is reported in the Statement of Activities but does not provide or require the use of current financial resources. Therefore, pension expense is not reported as expenditures in the governmental funds.		(158,399)
Bond and related debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position Repayment of bond principal and other related debt is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position This amount represents long-term debt repayments and issuance costs.		7,150
Increase in accrual of compensated absences.		(11,612)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	257,943

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
For the Year Ended September 30, 2023

	Budget			Variance with Final Budget
	Original	Final	Actual	(Over) Under
REVENUES:				
General Property Taxes	$ 306,750	$ 339,253	$ 339,256	$ 3
Sales and Use Taxes	488,000	578,473	578,474	1
Licenses and Permits	62,000	64,449	64,468	19
In Lieu of Taxes	29,300	37,790	37,790	0
Intergovernmental Revenues	160,512	202,686	202,687	1
Rentals	34,700	33,533	33,533	0
Fines and Forfeitures	20,700	26,186	25,478	(708)
Interest	1,020	15,985	16,906	921
Grant Income	17,900	227,242	218,840	(8,402)
Miscellaneous Revenues	1,200	26,802	42,206	15,404
TOTAL REVENUES	1,122,082	1,552,399	1,559,638	7,239
EXPENDITURES:				
Current:				
General Government	371,966	398,576	398,561	15
Public Safety	543,649	534,324	534,152	172
Public Works	286,594	175,706	175,156	550
Culture and Recreation	121,927	119,546	119,542	4
Debt Service	7,462	7,462	7,462	0
TOTAL EXPENDITURES	1,331,598	1,235,614	1,234,873	741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(209,516)	316,785	324,765	7,980
OTHER FINANCING SOURCES (USES):				
Sale of Land and Equipment	2,000	7,410	7,410	0
Transfers (to) from Other Funds	20,713	34,075	34,075	0
TOTAL OTHER FINANCING SOURCES (USES)	22,713	41,485	41,485	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	$ (186,803)	$ 358,270	$ 366,250	$ 7,980

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
ASSETS:			
Current:			
Cash	$ 92,987	$ 1,077,661	$ 1,170,648
Accounts Receivable, Net of Provision for Bad Debts of $32,724	23,401	32,723	56,124
Due from Other Governments	0	199,598	199,598
Due from Other Funds	0	6,715	6,715
Total Current Assets	116,388	1,316,697	1,433,085
Noncurrent Assets:			
Capital Assets:			
Land	0	29,360	29,360
Water and Sewer System	0	6,044,431	6,044,431
Buildings and Improvements	0	81,922	81,922
Machinery and Equipment	87,230	685,535	772,765
Construction in Progress	0	1,133,805	1,133,805
Accumulated Depreciation	(83,457)	(4,166,072)	(4,249,529)
Total Noncurrent Assets	3,773	3,808,981	3,812,754
Total Assets	120,161	5,125,678	5,245,839
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	0	88,967	88,967
Total Deferred Outflows of Resources	0	88,967	88,967

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
LIABILITIES:			
Current Liabilities:			
Current Maturities of Long-term Debt	$ 0	$ 33,642	$ 33,642
Current Portion of Capital Leases	0	1,638	1,638
Accounts Payable	16,138	23,089	39,227
Other Payables	0	299,397	299,397
Accrued Compensated Absences	0	16,359	16,359
Due to Other Funds	0	2,150	2,150
Unearned Revenue	0	124,319	124,319
Customer Deposits	0	105,350	105,350
Total Current Liabilities	16,138	605,944	622,082
Noncurrent Liabilities:			
Net Pension Liability	0	455,885	455,885
Long-Term Debt, Less Current Maturities	0	545,521	545,521
Total Noncurrent Liabilities	0	1,001,406	1,001,406
Total Liabilities	16,138	1,607,350	1,623,488
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	0	29,632	29,632
Total Deferred Inflows of Resources	0	29,632	29,632
NET POSITION			
Net Investment in Capital Assets	3,773	3,228,180	3,231,953
Unrestricted	100,250	349,483	449,733
Total Net Position	$ 104,023	$ 3,577,663	$ 3,681,686

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
OPERATING REVENUE:			
Charges For Services	$ 163,358	$ 617,120	$ 780,478
Total Operating Revenue	163,358	617,120	780,478
OPERATING EXPENSES:			
Operations	150,588	276,566	427,154
Maintenance	0	94,016	94,016
Pension Expense	0	28,053	28,053
Depreciation and Amortization	0	209,767	209,767
Total Operating Expenses	150,588	608,402	758,990
Net Operating Income (Loss)	12,770	8,718	21,488
NON-OPERATING INCOME (EXPENSES):			
Interest Income	0	16,907	16,907
Grant Income	0	1,033,296	1,033,296
Loss on Sale of Fixed Asset	0	(23)	(23)
Interest Expense	0	(14,556)	(14,556)
Net Non-Operating Income (Loss)	0	1,035,624	1,035,624
Income (Loss) Before Operating Transfers	12,770	1,044,342	1,057,112
Operating Transfers In (Out)	(12,000)	(24,000)	(36,000)
Change in Net Position	770	1,020,342	1,021,112
NET POSITION - Beginning, As Previously Stated	103,253	3,029,097	3,132,350
Prior Period Adjustment	0	(471,776)	(471,776)
NET POSITION - Beginning, As Restated	103,253	2,557,321	2,660,574
NET POSITION - Ending	$ 104,023	$ 3,577,663	$ 3,681,686

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2023

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTALS
Cash Flows from Operating Activities:			
Receipts from Customers	$ 167,036	$ 633,262	$ 800,298
Payments to Suppliers	(144,166)	(77,125)	(221,291)
Payments to Employees	0	(151,846)	(151,846)
Payments to Other Services and Charges	0	(129,028)	(129,028)
Other Receipts (Payments)	0	(6,727)	(6,727)
Net Cash Provided (Used) by Operating Activities	22,870	268,536	291,406
Cash Flows from Noncapital Financing Activities:			
Transfers In (Out)	(12,000)	(24,000)	(36,000)
Due from Other Funds	0	(904)	904
Net Cash Provided (Used) by Noncapital Financing Activities	(12,000)	(24,904)	(35,096)
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	0	(841,620)	(841,620)
Principal Paid on Capital Debt	0	(98,154)	(98,154)
Proceeds from Issuance of Debt	0	51,264	51,264
Payments on Capital Lease Obligations	0	(19,132)	(19,132)
Capital Grant Proceeds	0	486,241	486,241
Interest Paid on Capital Debt	0	(14,556)	(14,556)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(435,957)	(435,957)
Cash Flows From Investing Activities:			
Interest and Dividends	0	16,907	16,907
Net Cash Provided (Used) by Investing Activities	0	16,907	16,907
Net Increase (Decrease) In Cash and Cash Equivalents	10,870	(175,418)	(164,548)
Cash--Beginning	82,117	1,253,079	1,335,196
Cash--Ending	$ 92,987	$ 1,077,661	$ 1,170,648

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2023

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTALS
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 12,770	$ 8,718	$ 21,488
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	0	209,767	209,767
Net Pension Expense	0	28,053	28,053
Change in Assets and Liabilities:			
Accounts Receivable	3,678	10,287	13,965
Accounts Payable	6,422	3,015	9,437
Accrued Compensated Absences	0	3,745	3,745
Customer Deposits	0	4,951	4,951
Net Cash Provided (Used) by Operating Activities	$ 22,870	$ 268,536	$ 291,406

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following governmental funds:

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

Additionally, the City reports the following governmental fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. All of the special revenue funds are non-major funds for 2023.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following proprietary funds:

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

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

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

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

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

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

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

Fund Balances / Net Position

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances / Net Position (continued)

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

(1) The mayor and board formulate the budget policy at the May board meeting.

(2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.

(3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.

(4) Between August 15th-30th a public hearing is held, and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.

(5) Between September 1st-15th the budget must be adopted and the tax levy set.

(6) Between September 1st-30th, in accordance with the City's population, the budget must be posted in three public places.

(7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

(8) Further, budgets are used as management control devices in the Proprietary Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

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

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

Cash and Certificates of Deposit

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

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Inflows of Resources

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

Revenue Recognition - Property Taxes

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

General Obligation Refunding Bonds

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

Encumbrances

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

Estimates

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

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Information

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

Compensated Absences

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

Pensions

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

Adoption of New Accounting Standards

The GASB has issued several statements implemented by the City. The Standards which could potentially impact the City in subsequent years are as follows:

GASB Statement No. 87, *Leases*, was adopted by the City beginning with its fiscal year ending September 30, 2023. Statement No. 87 establishes a single approach to accounting for and reporting leases by local governments. Under this statement, a governmental entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must recognize (1) amortization expense for using the asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. For the year ended September 30, 2023, the City did not have any leases that were required to be recorded under Statement No. 87.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was adopted by the City beginning with its fiscal year ending September 30, 2023. Statement No. 96 provides guidance on the accounting and financial reporting for subscription based information technology arrangements for government end users. Under this Statement, a government should recognize a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability. For the year ended September 30, 2023, the City only had short-term contracts of 12 months or less and are excluded from the recognition requirements.

NOTE 2 - PROPERTY TAXES

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

NOTE 3 - CAPITAL ASSETS

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

The following is a summary of capital asset activity as of September 30, 2023:

	Balance Oct. 1, 2022	Increases	Decreases	Balance Sept. 30, 2023
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 122,030	$ 0	$ 0	$ 122,030
Construction in Progress	0	62,500	0	62,500
Total Capital Assets, not being Depreciated:	122,030	62,500	0	184,530
Other Capital Assets:				
Infrastructure	1,793,877	0	0	1,793,877
Machinery and Equipment	1,591,980	162,384	(62,210)	1,692,154
Plant, Buildings and Improvements	1,680,609	15,000	0	1,695,609
Total Other Capital Assets at Historical Cost	5,066,466	177,384	(62,210)	5,181,640
Less Accumulated Depreciation for:				
Infrastructure	(939,473)	(66,422)	0	(1,005,895)
Machinery and Equipment	(1,313,741)	(63,656)	57,939	(1,319,458)
Plant, Buildings and Improvements	(626,504)	(50,793)	0	(677,297)
Total Accumulated Depreciation	(2,879,718)	(180,871)	57,939	(3,002,650)
Other Capital Assets, Net	2,186,748	(3,487)	(4,271)	2,178,990
Governmental Activities Capital Assets, net	$ 2,308,778	$ 59,013	$ (4,271)	$ 2,363,520

NOTE 3 - CAPITAL ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2023 follows:

	Balance Oct. 1, 2022	Increases	Decreases	Balance Sept. 30, 2023
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	$ 29,360	$ 0	$ 0	$ 29,360
Construction in Progress	0	1,133,805	0	1,133,805
Total Capital Assets, not being Depreciated:	29,360	1,133,805	0	1,163,165
Other Capital Assets:				
Plant, Buildings and Improvements	6,126,353	0	0	6,126,353
Machinery and Equipment	765,780	7,212	(227)	772,765
Total Other Capital Assets at Historical Cost	6,892,133	7,212	(227)	6,899,118
Less Accumulated Depreciation for:				
Plant, Buildings and Improvements	(3,439,726)	(168,923)	0	(3,608,649)
Machinery and Equipment	(600,441)	(40,643)	204	(640,880)
Total Accumulated Depreciation	(4,040,167)	(209,566)	204	(4,249,529)
Other Capital Assets, Net	2,851,966	(202,354)	(23)	2,649,589
Total Business-Type Capital Assets, net	$ 2,881,326	$ 931,451	$ (23)	$ 3,812,754

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

Plant, Building, and Improvements	5 - 40 Years
Machinery and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 20 Years
Vehicles	5 - 10 Years
Software	5 - 10 Years
Infrastructure	20 - 50 Years

NOTE 3 - CAPITAL ASSETS (continued)

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

Governmental Activities:		
General Government	$	51,577
Public Safety		35,949
Public Works		66,423
Culture and Recreation		26,922
Total Depreciation Expense - Governmental Activities	$	180,871
Business-Type Activities:		
Water and Sewer	$	209,566
Solid Waste		0
Total Depreciation Expense - Business-Type Activities	$	209,566

NOTE 4 - RECEIVABLES AND COURT FINES RECEIVABLE

Receivables at September 30, 2023, consisted primarily of taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

An allowance for doubtful accounts has been recorded at September 30, 2023 in the amount of $32,724 for the business-type activities accounts receivable. An allowance has also been recorded in the Governmental Activities for uncollectible court fines receivable in the amount of $549,551.

NOTE 5 - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 2023:

	General Obligation Bonds Payable	Notes and Bonds Payable	Total
Bonds and Other Long-Term Debt at 10/1/22	$ 65,000	$ 568,203	$ 633,203
Add: Bonds and Other Long-Term Debt Acquired	0	51,264	51,264
Less: Bonds and Other Long-Term Debt Retired	65,000	40,304	105,304
Bonds and Other Long-Term Debt at 9/30/23	$ 0	$ 579,163	$ 579,163

NOTE 5 - LONG-TERM DEBT (continued)

Bonds and other long-term debt at September 30, 2023 are comprised of the following issues:

General Obligation Bonds:	
$675,000 Refunding Bonds due in annual installments of $55,000 to $70,000 through December 1, 2022; interest was variable (2.75 percent at maturity)	$ 0
Notes Payable:	
$216,600 USDA note due over a 35-year term through May 2046; interest at 3.25 percent	$ 164,986
$140,044 MDA note due over a 20-year term through February 2024; interest at 3.00 percent	$ 1,366
$429,128 MDEQ note due over a 20-year term through April 2036; interest at 1.75 percent	$ 291,264
$100,000 MDA note due over a 15-year term through August 2033; interest at 2.00 percent	$ 70,283
USDA note currently in progress and not in repayment status	$ 51,264

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

NOTE 5 - LONG-TERM DEBT (continued)

The Annual requirements to amortize all finalized debt outstanding as of September 30, 2023 including interest payments of $113,550 are as follows:

Year Ending September 30	Proprietary Funds Principal	Interest	Total
2024	$ 33,642	$ 11,720	$ 45,362
2025	32,936	11,043	43,979
2026	33,611	10,369	43,980
2027	34,300	9,679	43,979
2028	35,004	8,975	43,979
2029 - 2033	186,369	33,541	219,910
2034 - 2038	101,931	17,209	119,140
2039 - 2043	43,178	9,081	52,259
2044 - 2046	26,928	1,933	28,861
	$ 527,899	$ 113,550	$ 641,449

NOTE 6 - CAPITAL LEASES

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

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

2024	$ 1,643
Minimum Lease Payments	1,643
Less: Interest	5
Present Value of Minimum Lease Payments	$ 1,638

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

Equipment	$ 87,326
Less: Accumulated Depreciation	85,870
	$ 1,456

NOTE 7 - DEFINED BENEFIT PENSION PLAN

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

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011). Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Employee membership data related to the Plan, as of June 30, 2022 was as follows:

Retired Members or Beneficiaries Currently Receiving Benefits	114,462
Inactive Members Assumed Eligible for a Benefit at Retirement Date	16,856
Inactive Members Assumed Not to Receive Service Retirement Benefits	74,034
Active Members	144,416
Total	349,768

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended September 30, 2023, the City of Nettleton's total payroll for all employees was $625,067. Total covered payroll was also $606,218. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2023, the City of Nettleton reported a liability of $2,021,663 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2023, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Nettleton's proportion of the net pension was based on a projection of the City of Nettleton's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City of Nettleton's proportion was 0.008038 percent.

For the year ended September 30, 2023, the City of Nettleton recognized pension expense of $186,452. At September 30, 2022, the City of Nettleton reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 50,619	$ 0
Net Difference Between Expected and Actual Investment Earnings	79,097	0
City Pension Contributions Subsequent to the Measurement Date	27,436	0
Changes of Assumptions	237,381	0
Changes in Proportion and Differences Actual Earnings on Pension Plan Assets	0	131,407
Total	$ 394,533	$ 131,407

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

The $27,436 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,		Amount
2024	$	69,876
2025		37,903
2026		127,310
2027		601
Total	$	235,690

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2022, 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	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions are based on the experience study for the four-year period ending June 30, 2022.

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.75	%
International Equity	22.00		4.75	
Global Equity	12.00		4.95	
Fixed Income	20.00		1.75	
Real Estate	10.00		3.25	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		0.25	
Total	100.00	%		

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 22.40% over three fiscal years (17.40% for FYE 2024, 19.40% for FYE 2025, 21.40% for FYE 2026, and 22.40% for FYE 2027). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Nettleton's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City of Nettleton's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the City of Nettleton's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	Discount Rate	City of Nettleton's Proportionate Share of Net Pension Liability
1% Decrease	6.00%	$ 2,606,986
Current Discount Rate	7.00%	2,021,663
1% Increase	8.00%	1,541,341

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

NOTE 8 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2023, for vested, but unused, vacation or overtime since none of the City's liability at that date applicable to employees whose compensation is reflected as an expenditure in its governmental funds is expected to be liquidated with expendable available financial resources.

A liability for vested, but unused, vacation and overtime did exist at September 30, 2023, for the Government-Wide Financial Statements and the Combined Water and Sewer Fund and has been reflected in these financial statements.

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

NOTE 9 - FUND BALANCE RECONCILIATION – GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues or expenditures included on the "General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis" are eliminated for budget purposes. In the current fiscal year, accrued revenues were $13,582 less than cash revenues.

NOTE 10 - LITIGATION

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

NOTE 11 - TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses for economic development purposes. The abatements may be granted to any business located within or promising to locate within the city limits. The abatements are negotiated on an individual basis. Each abatement is for 10 years. The City had twenty-six tax abatement agreements with three entities as of September 30, 2023.

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

Section 27-31-105 – Expanded enterprise exemptions

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

NOTE 11 - TAX ABATEMENTS (continued)

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	$32,779

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

NOTE 12 - PRIOR PERIOD ADJUSTMENT

The Water and Sewer Fund included $471,776 as federal grant revenue in 2021 and 2022 instead of deferred revenues. The beginning net position has been decreased and restated in the Statement of Revenues, Expenses, and Changes in Fund Net Position and the Statement of Activities, respectively, to correct this misclassification.

NOTE 13 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through January 31, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NETTLETON, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the Nine Years Ended September 30, 2023*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of net pension liability (%)	0.008038 %	0.008215 %	0.008164 %	0.008028 %	0.007508 %	0.007418 %	0.007296 %	0.007600 %	0.007900 %
City's proportionate share of net pension liability	$ 2,021,663	$ 1,690,946	$ 1,206,674	$ 1,554,128	$ 1,320,806	$ 1,233,834	$ 1,212,842	$ 1,361,837	$ 1,218,557
City's covered payroll	$ 606,218	$ 561,984	$ 565,133	$ 537,017	$ 489,409	$ 475,733	$ 467,162	$ 487,368	$ 486,778
City's proportionate share of net pension liability as a percentage of its covered payroll	333.49 %	300.89 %	213.52 %	289.40 %	269.88 %	259.35 %	259.62 %	279.43 %	250.00 %
Plan fiduciary net position as a percentage of total pension liability	55.70 %	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

Schedule is intended to show information for 10 years. Additional years will be available as they become available.
The accompanying notes to the Required Supplementary Information are an integral part of this schedule.
* The amounts presented have a measurement date of June 30.

CITY OF NETTLETON, MISSISSIPPI
Schedule of the City's Contributions
For the Ten Years Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	$ 105,481	$ 97,785	$ 98,334	$ 93,441	$ 79,163	$ 74,928	$ 73,578	$ 76,760	$ 76,804	$ 74,824
Contributions in relation to statutorily required contributions	$ 105,481	$ 97,785	$ 98,334	$ 93,441	$ 79,163	$ 74,928	$ 73,578	$ 76,760	$ 76,804	$ 74,824
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
City's covered payroll	$ 606,218	$ 561,984	$ 565,133	$ 537,017	$ 489,409	$ 475,733	$ 467,162	$ 487,368	$ 486,778	$ 475,073
Contributions as a percentage of covered payroll	17.40 %	17.40 %	17.40 %	17.40 %	16.12 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

Contribution percentage rate went from 15.75% to 17.40% as of July 1, 2019.
The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

Changes of Assumptions

2023:

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26%of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

2021:

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

Changes of Assumptions (continued)

2019:

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

2017:

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

2016:

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

2015:

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

Changes of Assumptions 2015 (continued)

- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes of Benefit Provisions

2016:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2023 and 2022

	September 30, 2023	September 30, 2022
ASSETS:		
Cash	$ 1,397,499	$ 1,029,089
Certificates of Deposit	1,387	1,387
General Property Taxes Receivable	12,394	17,554
Due from Other Governments	47,308	56,603
Due from Other Funds	5,756	5,756
Other Receivables	15,096	14,223
Total Assets	$ 1,479,440	$ 1,124,612
LIABILITIES:		
Accounts Payable	$ 25,533	$ 23,373
Due to Other Funds	10,321	10,321
Total Liabilities	35,854	33,694
FUND BALANCES:		
Restricted for		
Fire Department	0	32,291
Culture and Recreation	199,850	0
Committed to		
Culture and Recreation	42,156	130,205
Unassigned	1,201,580	928,422
Total Fund Balances	1,443,586	1,090,918
Total Liabilities and Fund Balances	$ 1,479,440	$ 1,124,612

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2023 and 2022

	Fiscal Year End September 30, 2023	Fiscal Year End September 30, 2022
REVENUES:		
Ad Valorem Taxes:		
Real & Personal	$ 334,096	$ 310,452
Licenses and Permits	65,341	67,938
State of Mississippi:		
Sales Tax	569,179	587,633
Municipal Aid	967	992
Gasoline Tax	2,745	2,404
Homestead Reimbursement	22,317	18,665
In Lieu - TVA	16,685	15,829
Fire Protection Allocation	0	24,456
Grant Income	18,990	2,400
Modernization Use Tax	166,658	124,983
Monroe County: Pro Rata Tax	10,000	32,851
In Lieu - Other: Housing Authority	21,105	18,137
Federal Grants	0	4,300
Other Grants	199,850	93,017
Fines and Forfeitures	25,478	22,122
Rentals	33,533	35,633
Interest	16,906	874
Miscellaneous Revenues	42,206	19,733
Total Revenues	1,546,056	1,382,419
EXPENDITURES:		
General Government:		
Personal Services	242,421	211,686
Supplies	21,041	18,602
Other Services and Charges	113,847	103,404
Capital Outlay	21,252	0
Total General Government	398,561	333,692

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2023 and 2022

	Fiscal Year End September 30, 2023	Fiscal Year End September 30, 2022
Public Safety:		
Police Department:		
Personnel Services	$ 358,297	$ 354,599
Supplies	33,350	36,068
Other Services and Charges	27,895	26,611
Capital Outlay	6,460	78,200
Total	426,002	495,478
Fire Department:		
Personnel Services	383	556
Supplies	22,609	24,601
Other Services and Charges	35,498	31,482
Capital Outlay	49,660	293
Total	108,150	56,932
Total Public Safety	534,152	552,410
Public Works:		
Street Department:		
Personnel Services	79,629	63,807
Supplies	29,832	40,575
Other Services and Charges	58,097	56,952
Capital Outlay	0	134,435
Total	167,558	295,769
Animal Control:		
Personnel Services	6,050	0
Other Services and Charges	1,548	2,470
Total	7,598	2,470
Total Public Works	175,156	298,239

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2023 and 2022

	Fiscal Year End September 30, 2023	Fiscal Year End September 30, 2022
Culture and Recreation:		
Personnel Services	$ 3,751	$ 2,750
Supplies	13,143	13,590
Other Services and Charges	9,661	12,091
Capital Outlay	92,987	0
Total Culture & Recreation	119,542	28,431
Debt Service:		
Principal Retired	7,150	24,213
Interest Expense	312	1,027
Total Debt Service	7,462	25,240
Total Expenditures	1,234,873	1,238,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	311,183	144,407
Other Financing Sources (Uses):		
Sale of Land and Equipment	7,410	1,500
Transfers (to) from Other Funds	34,075	34,493
Total Other Financing Sources (Uses)	41,485	35,993
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	352,668	180,400
Fund Balance:		
October 1,	1,090,918	910,518
September 30,	$ 1,443,586	$ 1,090,918

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Ad Valorem Taxes:			
Real & Personal	$ 339,253	$ 339,256	$ 3
Licenses and Permits	64,449	64,468	19
State of Mississippi:			
Sales Tax	578,473	578,474	1
Municipal Aid	967	967	0
Gasoline Tax	2,744	2,745	1
Homestead Reimbursement	22,317	22,317	0
In Lieu - TVA	16,685	16,685	0
Grant Income	6,990	18,990	12,000
Modernization Use Tax	166,658	166,658	0
Monroe County: Pro Rata Tax	10,000	10,000	0
In Lieu - Other: Housing Authority	21,105	21,105	0
Other Grants	220,252	199,850	(20,402)
Fines and Forfeitures	26,186	25,478	(708)
Rentals	33,533	33,533	0
Interest	15,985	16,906	921
Miscellaneous Revenues	26,802	42,206	15,404
Total Receipts	1,552,399	1,559,638	7,239
EXPENDITURES:			
General Government:			
Personnel Services	242,429	242,421	8
Supplies	21,044	21,041	3
Other Services and Charges	113,847	113,847	0
Capital Outlay	21,256	21,252	4
Total	398,576	398,561	15

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety:			
Police Department:			
Personnel Services	$ 358,302	$ 358,297	$ 5
Supplies	33,485	33,350	135
Other Services and Charges	27,906	27,895	11
Capital Outlay	6,460	6,460	0
Total	426,153	426,002	151
Fire Department:			
Personnel Services	383	383	0
Supplies	22,626	22,609	17
Other Services and Charges	35,502	35,498	4
Capital Outlay	49,660	49,660	0
Total	108,171	108,150	21
Total Public Safety	534,324	534,152	172
Public Works:			
Street Department:			
Personnel Services	79,634	79,629	5
Supplies	30,373	29,832	541
Other Services and Charges	58,098	58,097	1
Total	168,105	167,558	547
Animal Control:			
Personnel Services	6,051	6,050	1
Other Services and Charges	1,550	1,548	2
Total	7,601	7,598	3
Total Public Works	175,706	175,156	550

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture and Recreation:			
Personnel Services	$ 3,752	$ 3,751	$ 1
Supplies	13,145	13,143	2
Other Services and Charges	9,662	9,661	1
Capital Outlay	92,987	92,987	0
Total Culture & Recreation	119,546	119,542	4
Debt Service:			
Principal Retired	7,150	7,150	0
Interest Expense	312	312	0
Total Debt Service	7,462	7,462	0
Total Expenditures	1,235,614	1,234,873	741
Excess (Deficiency) of Revenue Over (Under) Expenditures	316,785	324,765	7,980
Other Financing Sources (Uses):			
Sale of Land and Equipment	7,410	7,410	0
Transfers (to) from Other Funds	34,075	34,075	0
Total Other Financing Sources (Uses)	41,485	41,485	0
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	358,270	366,250	7,980
Fund Balance:			
October 1,	1,090,918	1,090,918	0
(Non-GAAP Budgetary Basis)			
September 30,	$ 1,449,188	1,457,168	$ 7,980
Adjustments to GAAP Basis:			
Accrued Revenue		(13,582)	
Fund Balance (GAAP) September 30,		$ 1,443,586	

CITY OF NETTLETON, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Non-Major Special Revenue	Total Non-Major Governmental Funds
ASSETS:		
Cash	$ 3,462	$ 3,462
Due from Other Governments	7,500	7,500
TOTAL ASSETS	$ 10,962	$ 10,962
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Other Payables	$ 7,500	$ 7,500
TOTAL LIABILITIES	7,500	7,500
FUND BALANCES:		
Assigned to		
Special Revenue Funds	3,462	3,462
TOTAL FUND BALANCES	3,462	3,462
TOTAL LIABILITIES AND FUND BALANCES	$ 10,962	$ 10,962

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Non-Major Special Revenue	Total Non-Major Governmental Funds
REVENUES:		
Federal Grants	$ 5,100	$ 5,100
State Grants	62,500	62,500
TOTAL REVENUES	67,600	67,600
EXPENDITURES:		
General Government:		
Capital Outlay	62,500	62,500
Public Safety:		
Capital Outlay	7,025	7,025
TOTAL EXPENDITURES	69,525	69,525
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,925)	(1,925)
OTHER FINANCING SOURCES (USES)		
Transfer from (to) Other Funds	1,925	1,925
TOTAL OTHER FINANCING SOURCES (USES)	1,925	1,925
NET CHANGE IN FUND BALANCES	0	0
FUND BALANCES - Beginning	3,462	3,462
FUND BALANCES - Ending	$ 3,462	$ 3,462

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	F.Y.E. 9/30/23		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
REVENUES:			
Intergovernmental Revenues:			
Federal Grants	$ 5,100	$ 5,100	$ 0
State Grants	62,500	62,500	0
TOTAL REVENUES	67,600	67,600	0
EXPENDITURES:			
General Government:			
Capital Outlay	62,500	62,500	0
Public Safety:			
Capital Outlay	7,025	7,025	0
TOTAL EXPENDITURES	69,525	69,525	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,925)	(1,925)	0
OTHER FINANCING SOURCES (USES):			
Transfers From Other Funds	1,925	1,925	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	0	0	0
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	3,462	3,462	0
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	$ 3,462	3,462	$ 0
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		0	
FUND BALANCE (GAAP BASIS) - End of Year		$ 3,462	

SUPPLEMENTARY INFORMATION

CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2023

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

CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2023

Definition and Purpose	Balance Outstanding 10/01/22	Transactions During the Fiscal Year Borrowed	Transactions During the Fiscal Year Redeemed	Balance Outstanding 09/30/23
Notes Payable:				
MDA CAP Loan	$ 10,711	$ 0	$ (9,345)	$ 1,366
MDEQ SRF Sewer Loan	311,778	0	(20,514)	291,264
USDA Loan - 2011	169,989	0	(5,003)	164,986
MDA CDBG Loan	75,725	0	(5,442)	70,283
USDA Loan - 2024	0	51,264	0	51,264
TOTAL	$ 568,203	$ 51,264	$ (40,304)	$ 579,163
Bonds Payable:				
Series 2012, Refunding Bonds	$ 65,000	$ 0	$ (65,000)	$ 0
TOTAL	$ 65,000	$ 0	$ (65,000)	$ 0
Capital Lease Obligations:				
Capital Lease Obligation Caterpillar Excavator	$ 20,770	$ 0	$ (19,132)	$ 1,638
TOTAL	$ 20,770	$ 0	$ (19,132)	$ 1,638

CITY OF NETTLETON, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2023

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal Assistance Listing Number	Federal Expenditures
PRIMARY GOVERNMENT:			
U.S. Department of Agriculture			
Rural Utilities Loan	91.06	10.760	$ 51,264
Total U.S. Department of Agriculture			$ 51,264
U. S. Department of Justice			
Passed through State Office of:			
Mississippi Department of Public Safety:			
Justice Assistance Grant	21LB3141	16.738	$ 5,100
Total U.S. Department of Justice			$ 5,100
U. S. Department of the Treasury			
Passed through State Office of:			
Mississippi Department of Finance and Administration:			
Coronavirus State and Local Fiscal Recovery Funds*	1505-0271	21.027	$ 347,457
Total passed through the Mississippi Department of Finance and Administration			347,457
Mississippi Department of Environmental Quality:			
Municipality and County Water Infrastructure Grant*	50-1-DW-5.15	21.027	685,839
Total passed through the Mississippi Department of Environmental Quality			685,839
Total U. S. Department of the Treasury			$ 1,033,296
TOTAL FEDERAL EXPENDITURES			$ 1,089,660

CITY OF NETTLETON, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2023

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal Assistance Listing Number	Federal Expenditures

SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of expenditures of federal awards includes the federal award activity of the City of Nettleton, Mississippi under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 10% deminimis indirect cost rate allowed under the Uniform Guidance.

* - Major Program

OTHER REPORTS

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

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the City of Nettleton, Mississippi's basic financial statements and have issued our report thereon dated January 31, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Nettleton, Mississippi's Response to Findings

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

Purpose of this Report

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
January 31, 2024

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

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Nettleton, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Nettleton, Mississippi's major federal programs for the year ended September 30, 2023. The City of Nettleton, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Nettleton, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Nettleton, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Nettleton, Mississippi's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
January 31, 2024

CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2023

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	____Yes __X__ No
Significant deficiency identified not considered to be a material weakness?	__X__Yes ____ None reported
Noncompliance material to financial statements noted?	____Yes __X__ No

Federal Awards

Internal Control over major programs:	
Material weakness identified?	____Yes __X__ No
Significant deficiency identified not considered to be a material weakness?	____Yes __X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____Yes __X__ No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	U.S. Department of the Treasury – Coronavirus Local Fiscal Recovery Funds
21.027	U.S. Department of the Treasury – Municipality Water Infrastructure Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	____Yes __X__ No

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

FINDING NO. 2023-01 – Segregation of Duties (significant deficiency)

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

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

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

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

SECTION 3 – FEDERAL AWARD FINDINGS:

None

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INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

We have audited the financial statements of the City of Nettleton, Mississippi, as of and for the year ended September 30, 2023, and have issued our report thereon dated January 31, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards.*

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

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

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
January 31, 2024