

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, 2025**

CITY OF NETTLETON, MISSISSIPPI
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September 30, 2025

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi as of and for the year ended September 30, 2025, 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, 2025, 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 combining and individual nonmajor fund financial statements and the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, 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
February 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year Ended September 30, 2025

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, 2025. 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 \$11,471 as a result of this year's operations. Net position of our business-type activities decreased by \$44,805, or 0.6%, net position of our governmental activities increased by \$56,276, or 0.8%.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,000,324. This compares to the previous year when assets exceeded liabilities by \$6,988,853.
- As of the close of the current fiscal year, the City of Nettleton governmental funds reported combined ending fund balances of \$1,866,548, an increase of \$259,825 in comparison to the prior year. Approximately 93% of the combined fund balances, \$1,728,333, is considered unassigned and is available for spending at the City of Nettleton discretion.
- The City of Nettleton's total debt is \$1,899,388. New debt in the amount of \$145,271 was issued during the year and \$32,880 in debt was repaid during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The City of Nettleton has two kinds of funds:

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial situation. The City of Nettleton's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,000,324. This is a \$11,471 increase over last year's net position of \$6,988,853. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2025 and 2024.

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

A large portion, 90% and 92%, 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, 2025 and 2024. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Nettleton's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current & Other Assets	\$ 2,243,005	\$ 1,961,634	\$ 958,765	\$ 1,331,685	\$ 3,201,770	\$ 3,293,319
Capital Assets	2,265,636	2,323,636	5,900,833	5,882,696	8,166,469	8,206,332
Total Assets	<u>4,508,641</u>	<u>4,285,270</u>	<u>6,859,598</u>	<u>7,214,381</u>	<u>11,368,239</u>	<u>11,499,651</u>
Total Deferred Outflows	<u>187,341</u>	<u>231,699</u>	<u>51,492</u>	<u>65,542</u>	<u>238,833</u>	<u>297,241</u>
Current Liabilities	72,222	95,527	198,516	627,107	270,738	722,634
Noncurrent Liabilities	1,857,436	1,736,730	2,376,311	2,278,272	4,233,747	4,015,002
Total Liabilities	<u>1,929,658</u>	<u>1,832,257</u>	<u>2,574,827</u>	<u>2,905,379</u>	<u>4,504,485</u>	<u>4,737,636</u>
Total Deferred Inflows	<u>80,215</u>	<u>54,879</u>	<u>22,048</u>	<u>15,524</u>	<u>102,263</u>	<u>70,403</u>
Net Position:						
Net Investment in						
Capital Assets	2,265,636	2,323,636	4,001,445	4,095,699	6,267,081	6,419,335
Restricted	5,536	7,339	0	0	5,536	7,339
Unrestricted	414,937	298,858	312,770	263,321	727,707	562,179
Total Net Position	<u>\$ 2,686,109</u>	<u>\$ 2,629,833</u>	<u>\$ 4,314,215</u>	<u>\$ 4,359,020</u>	<u>\$ 7,000,324</u>	<u>\$ 6,988,853</u>

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 \$312,770. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in net assets. Approximately 15.70% of the City of Nettleton's revenue comes from property taxes, with 46.28% of all revenue coming from some type of tax. (See Table A-2.) This compares to 13.07% and 34.38% for the fiscal year ended September 30, 2024. Another 34.75% comes from fees charged for services, and 0.94% is from operating and capital grants and contributions and the remainder is from interest and miscellaneous.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 76,906	\$ 60,014	\$ 783,433	\$ 763,115	\$ 860,339	\$ 823,129
Operating Grants & Contributions	18,332	33,934	0	0	18,332	33,934
Capital Grants & Contributions	5,000	12,032	0	732,030	5,000	744,062
General Revenues:						
Property Taxes	388,762	396,582	0	0	388,762	396,582
Other Taxes	757,058	646,519	0	0	757,058	646,519
Other Grants & Contributions	967	967	0	0	967	967
Interest Income	49,343	54,550	49,262	54,551	98,605	109,101
Other	346,621	279,590	0	0	346,621	279,590
Total Revenues	1,642,989	1,484,188	832,695	1,549,696	2,475,684	3,033,884
Expenses						
General Government	466,622	471,752	0	0	466,622	471,752
Public Safety	666,493	581,516	0	0	666,493	581,516
Public Works	232,476	286,315	0	0	232,476	286,315
Culture & Recreation	66,722	59,405	0	0	66,722	59,405
Interest on Long-Term Debt	0	0	11,101	10,801	11,101	10,801
Pension Expense	190,400	197,923	39,833	44,707	230,233	242,630
Water & Sewer	0	0	622,312	639,604	622,312	639,604
Solid Waste Management	0	0	168,254	141,250	168,254	141,250
Total Expenses	1,622,713	1,596,911	841,500	836,362	2,464,213	2,433,273
Excess of Revenue Over Expenses	20,276	(112,723)	(8,805)	713,334	11,471	600,611
Transfers	36,000	36,000	(36,000)	(36,000)	0	0
Change in Net Position	56,276	(76,723)	(44,805)	677,334	11,471	600,611
Net Position-Beginning	2,629,833	2,706,556	4,359,020	3,681,686	6,988,853	6,388,242
Net Position-Ending	\$ 2,686,109	\$ 2,629,833	\$ 4,314,215	\$ 4,359,020	\$ 7,000,324	\$ 6,988,853

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities

Governmental activities increased the City's net position by \$56,276.

The cost of all governmental activities this year was \$1,622,713. However, the amount taxpayers paid for these activities through city taxes (property taxes) was only \$388,762.

The largest funding sources for the City's governmental activities, as a percentage of total revenues, are property taxes (24%), other taxes (46%), and other revenues (21%). Other revenues consisted of mainly licenses and permits, modernization use tax, and homestead reimbursement.

The largest expense category for the City's governmental activities is public safety (41%).

Business-type Activities

Business-type activities decreased the City's net position by \$44,805.

Charges for services, operating grants, and capital grants are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$604,368 for water and sewer and \$179,065 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 \$1,728,333, which comprised 93% 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 133% of total fund expenditures. The fund balance of the City's general fund increased by \$261,628 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 2025, the City did not have any capital project funds.

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary Funds—The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$4,314,215. Changes in net assets, which totaled \$(44,805), were as follows: the water and sewer fund decreased by \$43,616 and the solid waste management fund decreased by \$1,189.

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 2025 original budget General Fund amount of \$1,697,018 to the final budget amount of \$1,408,682 shows a net decrease of \$288,336. Differences between the original budget and the final budget were mainly related to the decrease in the anticipated needs of public works supplies and culture and recreation capital outlay.

The City’s tax millage for the 2025 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, 2025 and 2024, amounted to \$8,166,469 and \$8,206,332, net of accumulated depreciation of \$7,953,721 and \$7,598,209. 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	
	2025	2024	2025	2024	2025	2024
Land	\$ 122,030	\$ 122,030	\$ 29,360	\$ 29,360	\$ 151,390	\$ 151,390
Construction						
in Progress	0	107,588	3,207,999	3,303,825	3,207,999	3,411,413
Infrastructure	1,793,877	1,793,877	0	0	1,793,877	1,793,877
Plant, Buildings,						
Improvements	1,810,339	1,785,994	6,130,553	6,130,553	8,043,339	7,916,547
Machinery & Equip.	1,912,786	1,695,609	1,113,246	835,705	2,923,585	2,531,314
Accum. Depreciation	(3,373,396)	(3,181,462)	(4,580,325)	(4,416,747)	(7,953,721)	(7,598,209)
Total	\$ 2,265,636	\$ 2,323,636	\$ 5,900,833	\$ 5,882,696	\$ 8,166,469	\$ 8,206,332

CITY OF NETTLETON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

This year, major capital asset additions included:

- Farmers market pavilion
- Sewer projects

Long-term Debt—At year-end, the city had \$1,899,388 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	
	2025	2024	2025	2024	2025	2024
CAP Loans	\$ 0	\$ 0	\$ 57,464	\$ 63,929	\$ 57,464	\$ 63,929
USDA Loans	0	0	1,592,779	1,452,679	1,592,779	1,452,679
SRF Sewer Loan	0	0	249,145	270,389	249,145	270,389
Capital Lease Obligation	0	0	0	0	0	0
Total	\$ 0	\$ 0	\$1,899,388	\$1,786,997	\$1,899,388	\$1,786,997

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 2026 budget. The total budgeted appropriations for the City operations are \$5,238,900.

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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash	\$ 1,822,418	\$ 884,181	\$ 2,706,599
Certificates of Deposit	1,387	0	1,387
Due from Other Governments	56,238	0	56,238
Accounts Receivable, net of allowance	0	66,661	66,661
Court Fines Receivable, net of allowance	233,260	0	233,260
Property Taxes Receivable	109,335	0	109,335
Other Receivables	15,552	0	15,552
Due from Other Funds	4,815	7,923	12,738
Capital Assets:			
Land and Construction in Progress	122,030	3,237,359	3,359,389
Other Capital Assets, net of depreciation	2,143,606	2,663,474	4,807,080
TOTAL ASSETS	4,508,641	6,859,598	11,368,239
<u>DEFERRED OUTFLOWS OF REVENUES:</u>			
Deferred Amounts Related to Pensions	187,341	51,492	238,833
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 187,341	\$ 51,492	\$ 238,833

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable	\$ 37,890	\$ 28,357	\$ 66,247
Due to Other Funds	10,588	2,150	12,738
Customer Deposits	0	108,935	108,935
Accrued Compensated Absences	23,744	25,463	49,207
Long-Term Liabilities:			
Debt - Due Within One Year	0	33,611	33,611
Debt - Due in More Than One Year	0	1,865,777	1,865,777
Net Pension Liability	<u>1,857,436</u>	<u>510,534</u>	<u>2,367,970</u>
TOTAL LIABILITIES	<u>1,929,658</u>	<u>2,574,827</u>	<u>4,504,485</u>
<u>DEFERRED INFLOWS OF REVENUES:</u>			
Deferred Amounts Related to Pensions	<u>80,215</u>	<u>22,048</u>	<u>102,263</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>80,215</u>	<u>22,048</u>	<u>102,263</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	2,265,636	4,001,445	6,267,081
Restricted for:			
Public Safety - Expendable	5,536	0	5,536
Unrestricted	<u>414,937</u>	<u>312,770</u>	<u>727,707</u>
TOTAL NET POSITION	<u>\$ 2,686,109</u>	<u>\$ 4,314,215</u>	<u>\$ 7,000,324</u>

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES				Total	Net (Expense) Revenue and Changes in Net Position PRIMARY GOVERNMENT		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total		Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT									
Governmental Activities:									
General Government	\$ 466,622	\$ 35,770	\$ 0	\$ 0	\$ 35,770	\$ (430,852)	\$ 0	\$ (430,852)	
Public Safety	666,493	27,663	18,332	5,000	50,995	(615,498)	0	(615,498)	
Public Works	232,476	0	0	0	0	(232,476)	0	(232,476)	
Culture and Recreation	66,722	13,473	0	0	13,473	(53,249)	0	(53,249)	
Pension Expense	190,400	0	0	0	0	(190,400)	0	(190,400)	
TOTAL GOVERNMENTAL ACTIVITIES	1,622,713	76,906	18,332	5,000	100,238	(1,522,475)	0	(1,522,475)	
Business-Type Activities:									
Water and Sewer	622,312	604,368	0	0	604,368	0	(17,944)	(17,944)	
Solid Waste Management	168,254	179,065	0	0	179,065	0	10,811	10,811	
Interest on Long-Term Debt	11,101	0	0	0	0	0	(11,101)	(11,101)	
Pension Expense	39,833	0	0	0	0	0	(39,833)	(39,833)	
TOTAL BUSINESS-TYPE ACTIVITIES	841,500	783,433	0	0	783,433	0	(58,067)	(58,067)	
TOTAL PRIMARY GOVERNMENT	\$ 2,464,213	\$ 860,339	\$ 18,332	\$ 5,000	\$ 883,671	\$ (1,522,475)	\$ (58,067)	\$ (1,580,542)	
GENERAL REVENUES:									
Taxes:									
Property Taxes, Levied for General Purposes						\$ 388,762	\$ 0	\$ 388,762	
Sales Taxes						690,777	0	690,777	
County Pro Rata Taxes						21,691	0	21,691	
Licenses and Permits						73,661	0	73,661	
In Lieu Taxes						41,845	0	41,845	
Gasoline Taxes & Other Taxes						2,745	0	2,745	
Homestead Reimbursement						25,076	0	25,076	
Modernization Use Tax						190,185	0	190,185	
Grants and Contributions not Restricted to Specific Programs						967	0	967	
Interest Income						49,343	49,262	98,605	
Miscellaneous						55,429	0	55,429	
Gain (Loss) on Sale of Fixed Assets						2,270	0	2,270	
Transfers						36,000	(36,000)	0	
TOTAL GENERAL REVENUES AND TRANSFERS						1,578,751	13,262	1,592,013	
CHANGE IN NET POSITION						56,276	(44,805)	11,471	
NET POSITION--BEGINNING						2,629,833	4,359,020	6,988,853	
NET POSITION--ENDING						\$ 2,686,109	\$ 4,314,215	\$ 7,000,324	

See accompanying notes to the financial statements.

**CITY OF NETTLETON, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025**

	<u>Major Fund</u>		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash	\$ 1,818,956	\$ 3,462	\$ 1,822,418
Certificates of Deposit	1,387	0	1,387
General Property Taxes Receivable	14,616	0	14,616
Due from Other Governments	56,238	0	56,238
Due from Other Funds	4,815	0	4,815
Other Receivables	<u>15,552</u>	<u>0</u>	<u>15,552</u>
TOTAL ASSETS	\$ <u>1,911,564</u>	\$ <u>3,462</u>	\$ <u>1,915,026</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Accounts Payable	\$ 37,890	\$ 0	\$ 37,890
Due to Other Funds	<u>10,588</u>	<u>0</u>	<u>10,588</u>
TOTAL LIABILITIES	<u>48,478</u>	<u>0</u>	<u>48,478</u>
<u>FUND BALANCES:</u>			
Restricted for			
Fire Department	5,536	0	5,536
Committed to			
Culture and Recreation	129,217	0	129,217
Assigned to			
Special Revenue Funds	0	3,462	3,462
Unassigned	<u>1,728,333</u>	<u>0</u>	<u>1,728,333</u>
TOTAL FUND BALANCES	<u>1,863,086</u>	<u>3,462</u>	<u>1,866,548</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,911,564</u>	\$ <u>3,462</u>	\$ <u>1,915,026</u>

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, 2025

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	1,866,548
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.		2,265,636
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.		(23,744)
The net pension liability is not due and payable in the current period, and, therefore, is not reported in the Governmental Funds Balance Sheet		(1,857,436)
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.		94,719
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		187,341
Deferred inflows of resources related to defined benefit pension plan		(80,215)
Accrual of court fine revenues to qualify as financial resources.		233,260
		2,686,109
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	2,686,109

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, 2025

	<u>Major Fund</u>		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:			
General Property Taxes	\$ 386,430	\$ 0	\$ 386,430
Sales and Use Taxes	690,777	0	690,777
Licenses and Permits	73,661	0	73,661
In Lieu of Taxes	41,845	0	41,845
Intergovernmental Revenues	258,996	0	258,996
Rentals	35,770	0	35,770
Fines and Forfeitures	19,304	0	19,304
Interest	49,343	0	49,343
Grant Income	0	5,000	5,000
Miscellaneous Revenues	68,902	0	68,902
TOTAL REVENUES	<u>1,625,028</u>	<u>5,000</u>	<u>1,630,028</u>
EXPENDITURES:			
Current:			
General Government	412,197	0	412,197
Public Safety	667,056	5,000	672,056
Public Works	183,555	0	183,555
Culture and Recreation	140,745	0	140,745
TOTAL EXPENDITURES	<u>1,403,553</u>	<u>5,000</u>	<u>1,408,553</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>221,475</u>	<u>0</u>	<u>221,475</u>
OTHER FINANCING SOURCES (USES):			
Sale of Land and Equipment	2,350	0	2,350
Transfers to Other Funds	(5,000)	(1,803)	(6,803)
Transfers from Other Funds	42,803	0	42,803
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,153</u>	<u>(1,803)</u>	<u>38,350</u>
NET CHANGE IN FUND BALANCES	261,628	(1,803)	259,825
FUND BALANCES - Beginning	1,601,458	5,265	1,606,723
FUND BALANCES - Ending	<u>\$ 1,863,086</u>	<u>\$ 3,462</u>	<u>\$ 1,866,548</u>

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	259,825
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.		134,734
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.		(192,654)
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.		(80)
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.		2,332
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.		8,359
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.		(190,400)
Increase in accrual of compensated absences.		<u>34,160</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>56,276</u></u>

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, 2025

	Budget		Actual	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES:				
General Property Taxes	\$ 388,300	\$ 382,064	\$ 382,066	\$ 2
Sales and Use Taxes	540,000	657,984	683,790	25,806
Licenses and Permits	64,700	72,542	72,543	1
In Lieu of Taxes	42,000	41,590	41,845	255
Intergovernmental Revenues	230,110	258,992	258,996	4
Rentals	34,700	35,769	35,770	1
Fines and Forfeitures	18,000	19,304	19,304	0
Interest	49,200	49,343	49,343	0
Miscellaneous Revenues	85,500	68,902	68,902	0
TOTAL REVENUES	<u>1,452,510</u>	<u>1,586,490</u>	<u>1,612,559</u>	<u>26,069</u>
EXPENDITURES:				
Current:				
General Government	465,728	417,251	412,197	5,054
Public Safety	605,723	667,120	667,056	64
Public Works	391,150	183,563	183,555	8
Culture and Recreation	234,417	140,748	140,745	3
TOTAL EXPENDITURES	<u>1,697,018</u>	<u>1,408,682</u>	<u>1,403,553</u>	<u>5,129</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(244,508)</u>	<u>177,808</u>	<u>209,006</u>	<u>31,198</u>
OTHER FINANCING SOURCES (USES):				
Sale of Land and Equipment	40,000	2,350	2,350	0
Transfers (to) from Other Funds	36,000	37,803	37,803	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>76,000</u>	<u>40,153</u>	<u>40,153</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (168,508)</u>	<u>\$ 217,961</u>	<u>\$ 249,159</u>	<u>\$ 31,198</u>

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business -Type Activities		TOTAL
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	
ASSETS:			
<u>Current:</u>			
Cash	\$ 98,079	\$ 786,102	\$ 884,181
Accounts Receivable, Net of Provision for Bad Debts of \$38,996	27,828	38,833	66,661
Due from Other Funds	0	7,923	7,923
Total Current Assets	125,907	832,858	958,765
<u>Noncurrent Assets:</u>			
<u>Capital Assets:</u>			
Land	0	29,360	29,360
Water and Sewer System	0	6,048,631	6,048,631
Buildings and Improvements	0	81,922	81,922
Machinery and Equipment	87,230	1,026,016	1,113,246
Construction in Progress	0	3,207,999	3,207,999
Accumulated Depreciation	(83,457)	(4,496,868)	(4,580,325)
Total Noncurrent Assets	3,773	5,897,060	5,900,833
Total Assets	129,680	6,729,918	6,859,598
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	0	51,492	51,492
Total Deferred Outflows of Resources	0	51,492	51,492

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business -Type Activities		
	Enterprise Funds		TOTAL
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	
<u>LIABILITIES:</u>			
<u>Current Liabilities:</u>			
Current Maturities of Long-term Debt	\$ 0	\$ 33,611	\$ 33,611
Accounts Payable	14,352	14,005	28,357
Accrued Compensated Absences	0	25,463	25,463
Due to Other Funds	0	2,150	2,150
Customer Deposits	0	108,935	108,935
Total Current Liabilities	14,352	184,164	198,516
<u>Noncurrent Liabilities:</u>			
Net Pension Liability	0	510,534	510,534
Long-Term Debt, Less Current Maturities	0	1,865,777	1,865,777
Total Noncurrent Liabilities	0	2,376,311	2,376,311
Total Liabilities	14,352	2,560,475	2,574,827
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Amounts Related to Pensions	0	22,048	22,048
Total Deferred Inflows of Resources	0	22,048	22,048
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,773	3,997,672	4,001,445
Unrestricted	111,555	201,215	312,770
Total Net Position	\$ 115,328	\$ 4,198,887	\$ 4,314,215

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, 2025

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTAL
<u>OPERATING REVENUE:</u>			
Charges For Services	\$ 179,065	\$ 604,368	\$ 783,433
Total Operating Revenue	<u>179,065</u>	<u>604,368</u>	<u>783,433</u>
<u>OPERATING EXPENSES:</u>			
Operations	168,254	329,203	497,457
Maintenance	0	129,531	129,531
Pension Expense	0	39,833	39,833
Depreciation and Amortization	0	163,578	163,578
Total Operating Expenses	<u>168,254</u>	<u>662,145</u>	<u>830,399</u>
Net Operating Income (Loss)	<u>10,811</u>	<u>(57,777)</u>	<u>(46,966)</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>			
Interest Income	0	49,262	49,262
Interest Expense	0	(11,101)	(11,101)
Net Non-Operating Income (Loss)	<u>0</u>	<u>38,161</u>	<u>38,161</u>
Income (Loss) Before Operating Transfers	10,811	(19,616)	(8,805)
Operating Transfers In (Out)	<u>(12,000)</u>	<u>(24,000)</u>	<u>(36,000)</u>
Change in Net Position	(1,189)	(43,616)	(44,805)
NET POSITION - Beginning	<u>116,517</u>	<u>4,242,503</u>	<u>4,359,020</u>
NET POSITION - Ending	<u>\$ 115,328</u>	<u>\$ 4,198,887</u>	<u>\$ 4,314,215</u>

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, 2025

	Business -Type Activities Enterprise Funds		
	SOLID WASTE MANAGEMENT FUND	WATER & SEWER FUND	TOTALS
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 172,099	\$ 586,104	\$ 758,203
Payments to Suppliers	(157,028)	(230,506)	(387,534)
Payments to Employees	0	(187,121)	(187,121)
Payments to Other Services and Charges	0	(199,145)	(199,145)
Net Cash Provided (Used) by Operating Activities	<u>15,071</u>	<u>(30,668)</u>	<u>(15,597)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In (Out)	(12,000)	(24,000)	(36,000)
Due from Other Funds	0	(628)	(628)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(12,000)</u>	<u>(24,628)</u>	<u>(36,628)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	0	(498,313)	(498,313)
Principal Paid on Capital Debt	0	(32,880)	(32,880)
Proceeds from Issuance of Debt	0	145,271	145,271
Interest Paid on Capital Debt	0	(11,101)	(11,101)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>	<u>(397,023)</u>	<u>(397,023)</u>
Cash Flows From Investing Activities:			
Interest and Dividends	0	49,262	49,262
Net Cash Provided (Used) by Investing Activities	<u>0</u>	<u>49,262</u>	<u>49,262</u>
Net Increase (Decrease) In Cash and Cash Equivalents	3,071	(403,057)	(399,986)
Cash--Beginning	<u>95,008</u>	<u>1,189,159</u>	<u>1,284,167</u>
Cash--Ending	<u>\$ 98,079</u>	<u>\$ 786,102</u>	<u>\$ 884,181</u>

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, 2025

	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)	\$ 10,811	\$ (57,777)	\$ (46,966)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	0	163,578	163,578
Net Pension Expense	0	39,833	39,833
Change in Assets and Liabilities:			
Accounts Receivable	(6,966)	(19,472)	(26,438)
Accounts Payable	11,226	(163,880)	(152,654)
Accrued Compensated Absences	0	5,843	5,843
Customer Deposits	0	1,207	1,207
Net Cash Provided (Used) by Operating Activities	<u>\$ 15,071</u>	<u>\$ (30,668)</u>	<u>\$ (15,597)</u>

See accompanying notes to the financial statements.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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 2025.

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following proprietary funds:

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

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

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

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

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

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

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

Fund Balances / Net Position

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

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances / Net Position (continued)

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

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

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

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

Cash and Certificates of Deposit

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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. These bonds were paid off in 2023.

Encumbrances

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

Estimates

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

Cash and Cash Equivalents

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Information

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

Compensated Absences

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

Pensions

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

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, 2025, 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, 2025, the City only had short-term contracts of 12 months or less and are excluded from the recognition requirements.

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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, 2025:

	<u>Balance</u> <u>Oct. 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept. 30, 2025</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 122,030	\$ 0	\$ 0	\$ 122,030
Construction in Progress	<u>107,588</u>	<u>99,603</u>	<u>(207,191)</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	229,618	99,603	(207,191)	122,030
Other Capital Assets:				
Infrastructure	1,793,877	0	0	1,793,877
Machinery and Equipment	1,785,994	25,145	(800)	1,810,339
Plant, Buildings and Improvements	<u>1,695,609</u>	<u>217,177</u>	<u>0</u>	<u>1,912,786</u>
Total Other Capital Assets at Historical Cost	5,275,480	242,322	(800)	5,517,002
Less Accumulated Depreciation for:				
Infrastructure	(1,070,644)	(47,868)	0	(1,118,512)
Machinery and Equipment	(1,385,224)	(90,594)	720	(1,475,098)
Plant, Buildings and Improvements	<u>(725,594)</u>	<u>(54,192)</u>	<u>0</u>	<u>(779,786)</u>
Total Accumulated Depreciation	<u>(3,181,462)</u>	<u>(192,654)</u>	<u>720</u>	<u>(3,373,396)</u>
Other Capital Assets, Net	<u>2,094,018</u>	<u>49,668</u>	<u>(80)</u>	<u>2,143,606</u>
Governmental Activities				
Capital Assets, net	\$ <u>2,323,636</u>	\$ <u>149,271</u>	\$ <u>(207,271)</u>	\$ <u>2,265,636</u>

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 3 - CAPITAL ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2025 follows:

	Balance Oct. 1, 2024	Increases	Decreases	Balance Sept. 30, 2025
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 29,360	\$ 0	\$ 0	\$ 29,360
Construction in Progress	3,303,825	180,475	(276,301)	3,207,999
Total Capital Assets, not being Depreciated:	3,333,185	180,475	(276,301)	3,237,359
Other Capital Assets:				
Plant, Buildings and Improvements	6,130,553	0	0	6,130,553
Machinery and Equipment	835,705	277,541	0	1,113,246
Total Other Capital Assets at Historical Cost	6,966,258	277,541	0	7,243,799
Less Accumulated Depreciation for:				
Plant, Buildings and Improvements	(3,745,813)	(127,452)	0	(3,873,265)
Machinery and Equipment	(670,934)	(36,126)	0	(707,060)
Total Accumulated Depreciation	(4,416,747)	(163,578)	0	(4,580,325)
Other Capital Assets, Net	2,549,511	113,963	0	2,663,474
Total Business-Type Capital Assets, net	\$ 5,882,696	\$ 294,438	\$ (276,301)	\$ 5,900,833

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 3 - CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Government	\$ 51,522
Public Safety	56,278
Public Works	48,890
Culture and Recreation	<u>35,964</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>192,654</u></u>
 Business-Type Activities:	
Water and Sewer	\$ 163,578
Solid Waste	<u>0</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>163,578</u></u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at September 30, 2025, consisted of the following:

Description	General Fund
Sales Tax	\$ 56,238
	\$ <u><u>56,238</u></u>

NOTE 5 - INTERFUND TRANSFERS AND BALANCES

The following is a summary of interfund balances at September 30, 2025:

Due From / To Other Funds

Funds:	Due To	Due From
General Fund	\$ 4,815	\$ 10,588
Water and Sewer Fund	<u>7,923</u>	<u>2,150</u>
Total Funds	\$ <u><u>12,738</u></u>	\$ <u><u>12,738</u></u>

Interfund balances consist of payments for monthly claims and are expected to be paid back within the year. These Due From/Due To items are routine and consistent with the activities of the fund making the transfer.

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 5 - INTERFUND TRANSFERS AND BALANCES (continued)

Transfers Out / In

Funds:	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 5,000	\$ 42,803
MS Dept. of Health Grant Fund	1,803	0
Water and Sewer Fund	24,003	3
Solid Waster Management Fund	12,000	0
Total Funds	<u>\$ 42,806</u>	<u>\$ 42,806</u>

The principal purpose of interfund transfers was to provide funds for capital projects or to provide funds to pay for debt service. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

NOTE 6 - RECEIVABLES AND COURT FINES RECEIVABLE

Receivables at September 30, 2025, 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, 2025 in the amount of \$38,996 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 \$556,450.

NOTE 7 - LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 2025:

	<u>Notes and Bonds Payable</u>	<u>Total</u>
Long-Term Debt at 10/1/24	\$ 1,786,997	\$ 1,786,997
Add: Long-Term Debt Acquired	145,271	145,271
Less: Long-Term Debt Retired	<u>(32,880)</u>	<u>(32,880)</u>
Long-Term Debt at 9/30/25	<u>\$ 1,899,388</u>	<u>\$ 1,899,388</u>

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 7 - LONG-TERM DEBT (continued)

Long-term debt at September 30, 2025 are comprised of the following issues:

Notes Payable:

\$216,600 USDA note due over a 35-year term through May 2046; interest at 3.25 percent	\$ <u>154,646</u>
\$429,128 MDEQ note due over a 20-year term through April 2036; interest at 1.75 percent	\$ <u>249,145</u>
\$100,000 MDA note due over a 15-year term through August 2033; interest at 2.00 percent	\$ <u>57,464</u>
USDA note currently in progress and not in repayment status	\$ <u>1,438,133</u>

The Annual requirements to amortize all finalized debt outstanding as of September 30, 2025 including interest payments of \$90,787 are as follows:

Year Ending September 30	Proprietary Funds		Total
	Principal	Interest	
2026	\$ 33,611	\$ 10,369	\$ 43,980
2027	34,300	9,679	43,979
2028	35,004	8,975	43,979
2029	35,724	8,255	43,979
2030	36,459	7,663	44,122
2031 - 2035	178,464	26,171	204,635
2036 - 2040	54,193	13,119	67,312
2041 - 2045	46,030	6,229	52,259
2046	7,470	327	7,797
	\$ 461,255	\$ 90,787	\$ 552,042

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 8 - 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, 2024 was as follows:

Retired Members or Beneficiaries Currently Receiving Benefits	118,321
Inactive Members Assumed Eligible for a Benefit at Retirement Date	17,155
Inactive Members Assumed Not to Receive Service Retirement Benefits	83,811
Active Members	<u>145,836</u>
Total	<u>365,123</u>

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 8 - 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 18.40% 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, 2025, the City of Nettleton's total payroll for all employees was \$753,174. Total covered payroll was also \$753,174. 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, 2025, the City of Nettleton reported a liability of \$2,367,970 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2025, 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, 2025, the City of Nettleton's proportion was 0.009329 percent.

For the year ended September 30, 2025, the City of Nettleton recognized pension expense of \$230,233. At September 30, 2025, 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	\$ 113,872	\$ 0
Net Difference Between Expected and Actual Investment Earnings	0	56,838
City Pension Contributions Subsequent to the Measurement Date	36,223	0
Changes of Assumptions	55,679	22,621
Changes in Proportion and Differences Actual Earnings on Pension Plan Assets	33,059	22,804
Total	\$ 238,833	\$ 102,263

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

The \$36,223 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, 2026. 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
2026	\$ 164,226
2027	(3,010)
2028	(35,020)
2029	(25,849)
Total	\$ <u>100,347</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2024, 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, 107% of all rates. For females, 97% of female rates up to age 82, 100% for ages 83 to 87 and 110% for ages above 87. Mortality rates for disability retirees were based on the PubG-2010 Disabled Table set forward 1 year and adjusted 134% for males and set forward 2 years and adjusted 125% for females. Mortality rates for Contingent Annuitants were based on the PubS-2010(B) Contingent Annuitant Table, set forward 3 years for males and set forward 2 years for females. Mortality rates will be projected generationally using the MP-2021 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, 2024.

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 8 - 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.75 %
International Equity	20.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	2.25
Real Estate	10.00	3.75
Private Equity	10.00	6.00
Cash Equivalents	1.00	0.50
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 19.90 percent over five fiscal years (17.90% for FYE 2025, 18.40% for FYE 2026, 18.90% for FYE 2027, 19.40% for FYE 2028, 19.90% for FYE 2029 and beyond). 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:

	<u>Discount Rate</u>	<u>City of Nettleton's Proportionate Share of Net Pension Liability</u>
1% Decrease	6.00%	\$ 3,079,208
Current Discount Rate	7.00%	2,367,970
1% Increase	8.00%	1,783,729

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

CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 9 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2025, 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, 2025, 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 10 - 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 \$861 less than cash revenues.

NOTE 11 - 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 12 - 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 fifteen tax abatement agreements with two entities as of September 30, 2025.

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

Section 27-31-105 – Expanded enterprise exemptions

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

**CITY OF NETTLETON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE 12 - TAX ABATEMENTS (continued)

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	\$12,051

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 13 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through February 26, 2026, the date on which the financial statements were available to be issued. The USDA Loan in the amount of \$1,438,133 that was currently in progress at September 30, 2025, went into repayment status in January, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NETTLETON, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the Ten Years Ended September 30, 2025*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of net pension liability (%)	0.009329 %	0.008580 %	0.008038 %	0.008215 %	0.008164 %	0.008028 %	0.007508 %	0.007418 %	0.007296 %	0.007600 %
City's proportionate share of net pension liability	\$ 2,367,970	\$ 2,228,005	\$ 2,021,663	\$ 1,690,946	\$ 1,206,674	\$ 1,554,128	\$ 1,320,806	\$ 1,233,834	\$ 1,212,842	\$ 1,361,837
City's covered payroll	\$ 753,174	\$ 678,502	\$ 606,218	\$ 561,984	\$ 565,133	\$ 537,017	\$ 489,406	\$ 475,733	\$ 467,162	\$ 487,368
City's proportionate share of net pension liability as a percentage of its covered payroll	314.40 %	328.37 %	333.49 %	300.89 %	213.52 %	289.40 %	269.88 %	259.35 %	259.62 %	279.43 %
Plan fiduciary net position as a percentage of total pension liability	58.38 %	56.30 %	55.70 %	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %

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, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 135,803	\$ 118,952	\$ 105,481	\$ 97,785	\$ 98,334	\$ 93,441	\$ 79,163	\$ 74,928	\$ 73,578	\$ 76,760
Contributions in relation to statutorily required contributions	\$ 135,803	\$ 118,952	\$ 105,481	\$ 97,785	\$ 98,334	\$ 93,441	\$ 79,163	\$ 74,928	\$ 73,578	\$ 76,760
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
City's covered payroll	\$ 753,174	\$ 678,502	\$ 606,218	\$ 561,984	\$ 565,133	\$ 537,017	\$ 489,406	\$ 475,733	\$ 467,162	\$ 487,368
Contributions as a percentage of covered payroll	18.03 %	17.53 %	17.40 %	17.40 %	17.40 %	17.40 %	16.12 %	15.75 %	15.75 %	15.75 %

Contribution percentage rate went from 17.90% to 18.40% as of July 1, 2025.

Contribution percentage rate went from 17.40% to 17.90% as of July 1, 2024.

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.

CITY OF NETTLETON, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025

Changes of Assumptions

2025

- Mortality, withdrawal, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The assumed load for administrative expenses was decreased from 0.26% to 0.25% of payroll.

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 0.50 years 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 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, mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

CITY OF NETTLETON, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025

Changes of Assumptions (continued)

2019:

- 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, mortality rates, and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017:

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

2016:

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

2015:

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

CITY OF NETTLETON, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2025

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, 2025 and 2024

	September 30, 2025	September 30, 2024
<u>ASSETS:</u>		
Cash	\$ 1,818,956	\$ 1,558,314
Certificates of Deposit	1,387	1,387
General Property Taxes Receivable	14,616	10,252
Due from Other Governments	56,238	49,251
Due from Other Funds	4,815	5,443
Other Receivables	15,552	14,434
Total Assets	\$ 1,911,564	\$ 1,639,081
<u>LIABILITIES:</u>		
Accounts Payable	\$ 37,890	\$ 27,035
Due to Other Funds	10,588	10,588
Total Liabilities	48,478	37,623
<u>FUND BALANCES:</u>		
Restricted for		
Fire Department	5,536	5,536
Culture and Recreation	0	0
Committed to		
Culture and Recreation	129,217	129,217
Unassigned	1,728,333	1,466,705
Total Fund Balances	1,863,086	1,601,458
Total Liabilities and Fund Balances	\$ 1,911,564	\$ 1,639,081

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2025 and 2024

	Fiscal Year End September 30, 2025	Fiscal Year End September 30, 2024
<u>REVENUES:</u>		
Ad Valorem Taxes:		
Real & Personal	\$ 386,430	\$ 384,326
Licenses and Permits	73,661	74,146
State of Mississippi:		
Sales Tax	690,777	578,421
Municipal Aid	967	967
Gasoline Tax	2,745	2,745
Homestead Reimbursement	25,076	23,656
In Lieu - TVA	21,050	22,205
Fire Protection Allocation	18,332	33,934
Modernization Use Tax	190,185	174,494
Monroe County: Pro Rata Tax	21,691	21,691
In Lieu - Other: Housing Authority	20,795	21,457
Fines and Forfeitures	19,304	19,675
Rentals	35,770	34,656
Interest	49,343	54,550
Miscellaneous Revenues	68,902	24,603
Total Revenues	1,625,028	1,471,526
<u>EXPENDITURES:</u>		
General Government:		
Personal Services	266,013	259,148
Supplies	20,151	20,768
Other Services and Charges	124,583	136,417
Capital Outlay	1,450	3,707
Total General Government	412,197	420,040

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2025 and 2024

	<u>Fiscal Year End</u> September 30, 2025	<u>Fiscal Year End</u> September 30, 2024
Public Safety:		
Police Department:		
Personnel Services	\$ 447,337	\$ 379,173
Supplies	54,282	34,723
Other Services and Charges	31,228	28,136
Capital Outlay	<u>4,831</u>	<u>62,000</u>
Total	<u>537,678</u>	<u>504,032</u>
Fire Department:		
Personnel Services	51,955	23,958
Supplies	21,363	22,570
Other Services and Charges	34,695	38,799
Capital Outlay	<u>21,365</u>	<u>33,204</u>
Total	<u>129,378</u>	<u>118,531</u>
Total Public Safety	<u>667,056</u>	<u>622,563</u>
Public Works:		
Street Department:		
Personnel Services	80,456	82,983
Supplies	35,436	68,608
Other Services and Charges	<u>66,025</u>	<u>58,299</u>
Total	<u>181,917</u>	<u>209,890</u>
Animal Control:		
Personnel Services	1,000	10,583
Other Services and Charges	<u>638</u>	<u>563</u>
Total	<u>1,638</u>	<u>11,146</u>
Total Public Works	<u>183,555</u>	<u>221,036</u>

CITY OF NETTLETON, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
For the Years Ended September 30, 2025 and 2024

	Fiscal Year End September 30, 2025	Fiscal Year End September 30, 2024
Culture and Recreation:		
Personnel Services	\$ 3,769	\$ 4,741
Supplies	12,912	15,144
Other Services and Charges	14,077	10,975
Capital Outlay	109,987	111,788
Total Culture & Recreation	140,745	142,648
Total Expenditures	1,403,553	1,406,287
Excess (Deficiency) of Revenues Over (Under) Expenditures	221,475	65,239
Other Financing Sources (Uses):		
Sale of Land and Equipment	2,350	56,633
Transfers (to) from Other Funds	37,803	36,000
Total Other Financing Sources (Uses)	40,153	92,633
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	261,628	157,872
Fund Balance:		
October 1,	1,601,458	1,443,586
September 30,	\$ 1,863,086	\$ 1,601,458

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2025

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS:</u>			
Ad Valorem Taxes:			
Real & Personal	\$ 382,064	\$ 382,066	\$ 2
Licenses and Permits	72,542	72,543	1
State of Mississippi:			
Sales Tax	657,984	683,790	25,806
Municipal Aid	967	967	0
Gasoline Tax	2,743	2,745	2
Homestead Reimbursement	25,075	25,076	1
In Lieu - TVA	20,795	21,050	255
Fire Protection Allocation	18,332	18,332	0
Modernization Use Tax	190,184	190,185	1
Monroe County: Pro Rata Tax	21,691	21,691	0
In Lieu - Other: Housing Authority	20,795	20,795	0
Fines and Forfeitures	19,304	19,304	0
Rentals	35,769	35,770	1
Interest	49,343	49,343	0
Miscellaneous Revenues	68,902	68,902	0
Total Receipts	<u>1,586,490</u>	<u>1,612,559</u>	<u>26,069</u>
<u>EXPENDITURES:</u>			
General Government:			
Personnel Services	266,015	266,013	2
Supplies	20,246	20,151	95
Other Services and Charges	124,626	124,583	43
Capital Outlay	6,364	1,450	4,914
Total	<u>417,251</u>	<u>412,197</u>	<u>5,054</u>

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2025

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety:			
Police Department:			
Personnel Services	\$ 447,340	\$ 447,337	\$ 3
Supplies	54,282	54,282	0
Other Services and Charges	31,231	31,228	3
Capital Outlay	<u>4,857</u>	<u>4,831</u>	<u>26</u>
Total	<u>537,710</u>	<u>537,678</u>	<u>32</u>
Fire Department:			
Personnel Services	51,958	51,955	3
Supplies	21,363	21,363	0
Other Services and Charges	34,695	34,695	0
Capital Outlay	<u>21,394</u>	<u>21,365</u>	<u>29</u>
Total	<u>129,410</u>	<u>129,378</u>	<u>32</u>
Total Public Safety	<u>667,120</u>	<u>667,056</u>	<u>64</u>
Public Works:			
Street Department:			
Personnel Services	80,459	80,456	3
Supplies	35,439	35,436	3
Other Services and Charges	<u>66,026</u>	<u>66,025</u>	<u>1</u>
Total	<u>181,924</u>	<u>181,917</u>	<u>7</u>
Animal Control:			
Personnel Services	1,001	1,000	1
Other Services and Charges	<u>638</u>	<u>638</u>	<u>0</u>
Total	<u>1,639</u>	<u>1,638</u>	<u>1</u>
Total Public Works	<u>183,563</u>	<u>183,555</u>	<u>8</u>

CITY OF NETTLETON, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2025

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture and Recreation:			
Personnel Services	\$ 3,770	\$ 3,769	\$ 1
Supplies	12,912	12,912	0
Other Services and Charges	14,078	14,077	1
Capital Outlay	<u>109,988</u>	<u>109,987</u>	<u>1</u>
Total Culture & Recreation	<u>140,748</u>	<u>140,745</u>	<u>3</u>
Total Expenditures	<u>1,408,682</u>	<u>1,403,553</u>	<u>5,129</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>177,808</u>	<u>209,006</u>	<u>31,198</u>
Other Financing Sources (Uses):			
Sale of Land and Equipment	2,350	2,350	0
Transfers (to) from Other Funds	<u>37,803</u>	<u>37,803</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>40,153</u>	<u>40,153</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	217,961	249,159	31,198
Fund Balance:			
October 1,	<u>1,601,458</u>	<u>1,601,458</u>	<u>0</u>
(Non-GAAP Budgetary Basis)			
September 30,	<u>\$ 1,819,419</u>	1,850,617	<u>\$ 31,198</u>
Adjustments to GAAP Basis:			
Accrued Revenue		<u>12,469</u>	
Fund Balance (GAAP) September 30,		<u>\$ 1,863,086</u>	

**CITY OF NETTLETON, MISSISSIPPI
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 September 30, 2025**

	Non-Major Special Revenue	Total Non-Major Governmental Funds
<u>ASSETS:</u>		
Cash	\$ 3,462	\$ 3,462
TOTAL ASSETS	\$ 3,462	\$ 3,462
<u>LIABILITIES AND FUND BALANCES:</u>		
<u>Liabilities:</u>		
Other Payables	\$ 0	\$ 0
TOTAL LIABILITIES	0	0
<u>FUND BALANCES:</u>		
Restricted for Public Works	0	0
Assigned to Special Revenue Funds	3,462	3,462
TOTAL FUND BALANCES	3,462	3,462
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,462	\$ 3,462

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Non-Major Special Revenue	Total Non-Major Governmental Funds
REVENUES:		
Federal Grants	\$ <u>5,000</u>	\$ <u>5,000</u>
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>
EXPENDITURES:		
Public Safety: Capital Outlay	<u>5,000</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)		
Transfer from (to) Other Funds	<u>(1,803)</u>	<u>(1,803)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,803)</u>	<u>(1,803)</u>
NET CHANGE IN FUND BALANCES	(1,803)	(1,803)
FUND BALANCES - Beginning	<u>5,265</u>	<u>5,265</u>
FUND BALANCES - Ending	<u>\$ 3,462</u>	<u>\$ 3,462</u>

CITY OF NETTLETON, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	F.Y.E. 9/30/25		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues:			
Federal Grants	\$ 5,000	\$ 5,000	\$ 0
TOTAL REVENUES	5,000	5,000	0
EXPENDITURES:			
Public Safety:			
Capital Outlay	5,000	5,000	0
TOTAL EXPENDITURES	5,000	5,000	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0
OTHER FINANCING SOURCES (USES):			
Transfers From Other Funds	0	(1,803)	(1,803)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	0	(1,803)	(1,803)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	5,265	5,265	0
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ 5,265	3,462	\$ (1,803)
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, 2025

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Phillip Baulch	Mayor	Clyde C. Scott Insurance Agency	\$50,000
Dana Burcham	City Clerk	Clyde C. Scott Insurance Agency	\$50,000
Gary Monoghan	Chief of Police	Clyde C. Scott Insurance Agency	\$50,000
Eric Moore	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Levi Lee	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Stephen Lee	Alderman	Clyde C. Scott Insurance Agency	\$50,000
Samuel Raper	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
Cassidy Ezell	Deputy City 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, 2025**

<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/24</u>	<u>Transactions During the Fiscal Year Borrowed</u>	<u>Transactions During the Fiscal Year Redeemed</u>	<u>Balance Outstanding 09/30/25</u>
Notes Payable:				
MDEQ SRF Sewer Loan	\$ 270,389	\$ 0	\$ (21,244)	\$ 249,145
USDA Loan - 2011	159,817	0	(5,171)	154,646
MDA CDBG Loan	63,929	0	(6,465)	57,464
USDA Loan - 2024	<u>1,292,862</u>	<u>145,271</u>	<u>0</u>	<u>1,438,133</u>
TOTAL	<u>\$ 1,786,997</u>	<u>\$ 145,271</u>	<u>\$ (32,880)</u>	<u>\$ 1,899,388</u>

OTHER REPORTS

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

Honorable Mayor and Board of Aldermen
City of Nettleton, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Nettleton, Mississippi as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the City of Nettleton, Mississippi's basic financial statements and have issued our report thereon dated February 26, 2026.

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 2025-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Nettleton, Mississippi's Response to Findings

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

Purpose of this Report

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
February 26, 2026

**CITY OF NETTLETON, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2025**

FINANCIAL STATEMENT FINDINGS:

FINDING NO. 2025-01 – 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.



**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, 2025, and have issued our report thereon dated February 26, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*.

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

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

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
February 26, 2026