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**CITY OF KOSCIUSKO**

**Audited Financial Statements  
And  
Special Reports**

**For the Year Ended September 30, 2019**

# CITY OF KOSCIUSKO

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## **INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

Honorable Mayor and  
Members of the Board of Aldermen  
City of Kosciusko, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Kosciusko, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Kosciusko as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of Contributions, and corresponding notes 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 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.

### *Omission of Required Supplementary Information*

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

### *Supplemental and Other Information*

The Schedule of Surety Bonds for Municipal Officials for the City of Kosciusko has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020, on our consideration of the City of Kosciusko's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Kosciusko'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 Kosciusko's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
May 13, 2020

## **CITY OF KOSCIUSKO**

### **BASIC FINANCIAL STATEMENTS**

**The basic financial statements included integrated sets of financial statements as required by the GASB. The sets of statements include:**

**Government-wide financial statements**

**Fund financial statements:**

**Governmental Funds**

**Proprietary (Enterprise) Fund**

**In addition, the Notes to the Financial Statements are included to provide information that is essential to the user's understanding of the basic financial statements.**

**CITY OF KOSCIUSKO**  
**Statement of Net Position**  
**September 30, 2019**

**Exhibit 1**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>	<b><u>Component Unit</u></b> <b><u>Kosciusko Water and Light Plant</u></b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5,332,027	1,541,098	6,873,125	516,772
Property tax receivable	1,157,000	122,000	1,279,000	
Fines receivable, net	292,291		292,291	
Accounts receivable, net				1,708,256
Interest receivable				2,197
Intergovernmental receivables	633,702	21,824	655,526	
Other receivables	21,327		21,327	
Inventory, at cost				376,125
Prepaid expenses				52,799
Total Current Assets	<u>7,436,347</u>	<u>1,684,922</u>	<u>9,121,269</u>	<u>2,656,149</u>
<b>Noncurrent Assets:</b>				
Note receivable	342,711		342,711	
Designated cash:				
Customer deposits				356,150
Property, plant, equipment replacement				223,025
Designated investments:				
Customer deposits				230,521
Property, plant, equipment replacement				4,883,554
Capital assets, net	<u>5,534,792</u>	<u>5,284,639</u>	<u>10,819,431</u>	<u>7,777,574</u>
Total Noncurrent Assets	<u>5,877,503</u>	<u>5,284,639</u>	<u>11,162,142</u>	<u>13,470,824</u>
Total Assets	<u>13,313,850</u>	<u>6,969,561</u>	<u>20,283,411</u>	<u>16,126,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension	<u>155,871</u>	<u>4,881</u>	<u>160,752</u>	<u>399,634</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Claims payable	173,044	101,753	274,797	545,011
Accrued payroll				38,732
Intergovernmental payable		240,101	240,101	42,156
Compensated absences payable	53,186	9,334	62,520	51,532
Current portion of long-term debt	<u>342,672</u>	<u>93,421</u>	<u>436,093</u>	
Total Current Liabilities	<u>568,902</u>	<u>444,609</u>	<u>1,013,511</u>	<u>677,431</u>
<b>Noncurrent Liabilities:</b>				
Customer deposits				586,671
Net pension liability	6,393,964	605,881	6,999,845	3,956,082
Long-term liabilities	<u>1,405,865</u>	<u>508,018</u>	<u>1,913,883</u>	
Total Noncurrent Liabilities	<u>7,799,829</u>	<u>1,113,899</u>	<u>8,913,728</u>	<u>4,542,753</u>
Total Liabilities	<u>8,368,731</u>	<u>1,558,508</u>	<u>9,927,239</u>	<u>5,220,184</u>

**(Continued)**

City of Kosciusko  
Statement of Net Position  
September 30, 2019

Exhibit 1

	Governmental Activities	Business-type Activities	Total	Component Unit Kosciusko Water and Light Plant
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	122,656	16,274	138,930	40,369
Property tax for future periods	1,157,000	122,000	1,279,000	
Total Deferred Inflows of Resources	1,279,656	138,274	1,417,930	40,369
<b>NET POSITION</b>				
Net investment in capital assets	3,786,255	4,683,200	8,469,455	7,777,574
Restricted for:				
Property, plant and equipment replacement				5,106,579
Customer deposits				586,671
Public safety	517,820		517,820	
Public works	1,595,190		1,595,190	
Capital projects	1,597,544		1,597,544	
Unrestricted	(3,675,475)	594,460	(3,081,015)	(2,204,770)
Total Net Position	\$ 3,821,334	5,277,660	9,098,994	11,266,054

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



**CITY OF KOSCIUSKO**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

**Exhibit 2**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							<b>Kosciusko Water and Light Plant</b>
Governmental Activities:							
General government	\$ 1,074,173				(1,074,173)		
Public safety	2,176,818	382,896	208,226	43,688	(1,542,008)		(1,074,173)
Public works	928,201		45,629	763,239	(119,333)		(1,542,008)
Health and welfare	361,080	44,771	451	105,578	(210,280)		(119,333)
Culture and recreation	601,544	18,640		204,192	(378,712)		(210,280)
Economic development and assistance	62,010				(62,010)		(378,712)
Interest on long-term debt	19,464				(19,464)		(62,010)
Total Governmental Activities	5,223,290	446,307	254,306	1,116,697	(3,405,980)	0	(19,464)
Business-type Activities:							
Waste water	654,127	693,517				39,390	
Solid waste	757,954	607,419				(150,535)	39,390
Total Business-type Activities	1,412,081	1,300,936	0	0	0	(111,145)	(150,535)
Total Primary Government	\$ 6,635,371	1,747,243	254,306	1,116,697	(3,405,980)	(111,145)	(111,145)
Component Unit:							
Kosciusko Water and Light Plant	\$ 7,353,485	7,442,765					89,280
Total Component Unit	\$ 7,353,485	7,442,765	0	0	0	0	89,280

**(Continued)**

**CITY OF KOSCIUSKO**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

**Exhibit 2**

	<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
General Revenues and Transfers				<b>Kosciusko Water and Light Plant</b>
Taxes:				
Property taxes	\$ 1,444,715	130,528	1,575,243	
Sales tax	2,224,217		2,224,217	
Franchise taxes	114,086		114,086	
Grants and contributions not otherwise restricted	10,580		10,580	
Unrestricted investment income	82,462	27,567	110,029	92,778
Miscellaneous	41,589	(159,972)	(118,383)	36,375
Transfers	272,400	120,000	392,400	(392,400)
Total General Revenues and Transfers	<u>4,190,049</u>	<u>118,123</u>	<u>4,308,172</u>	<u>(263,247)</u>
Change in Net Position	784,069	6,978	791,047	(173,967)
Net Position - Beginning	<u>3,037,265</u>	<u>5,270,682</u>	<u>8,307,947</u>	<u>11,440,021</u>
Net Position - Ending	<u>\$ 3,821,334</u>	<u>5,277,660</u>	<u>9,098,994</u>	<u>11,266,054</u>

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

**CITY OF KOSCIUSKO**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

**Exhibit 3**

	<b>Major Funds</b>							<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Historical Preservation Fund</b>	<b>Debt Service Fund</b>	<b>Construction Projects Fund</b>	<b>E911 Fund</b>	<b>S Huntington Projects Fund</b>	<b>Other Governmental Funds</b>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,817,727	965,369	(70,447)	300,151	222,891	750,000	1,346,336	5,332,027
Property tax receivable	952,000		205,000					1,157,000
Fines receivable, net	292,291							292,291
Intergovernmental receivables	623,335		2,416				7,952	633,703
Note receivable							342,711	342,711
Due from other funds	223,358			500,000			1,671	725,029
Other receivables	21,327							21,327
<b>Total Assets</b>	<b>\$ 3,930,038</b>	<b>965,369</b>	<b>136,969</b>	<b>800,151</b>	<b>222,891</b>	<b>750,000</b>	<b>1,698,670</b>	<b>8,504,088</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Claims payable	\$ 157,396		4,716		1,683		9,249	173,044
Due to other funds		500,000	9,433		108,195		107,401	725,029
<b>Total Liabilities</b>	<b>157,396</b>	<b>500,000</b>	<b>14,149</b>	<b>0</b>	<b>109,878</b>	<b>0</b>	<b>116,650</b>	<b>898,073</b>
<b>Deferred Inflows of Resources:</b>								
Property tax for future periods	952,000		205,000				0	1,157,000
<b>Total Deferred Inflows of Resources</b>	<b>952,000</b>	<b>0</b>	<b>205,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,157,000</b>

(Continued)

**CITY OF KOSCIUSKO**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

**Exhibit 3**

	<b>Major Funds</b>						<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Historical Preservation Fund</b>	<b>Debt Service Fund</b>	<b>Construction Projects Fund</b>	<b>E911 Fund</b>	<b>S Huntington Projects Fund</b>		
Fund Balances:								
Unassigned	2,820,642	465,369	(82,180)					3,203,831
Committed:								
Public works							202,920	202,920
Economic development							150,210	150,210
Restricted:								
Public safety					113,013		404,807	517,820
Public works				800,151		750,000	808,398	2,358,549
Culture & recreation							15,685	15,685
Total Fund Balances	<u>2,820,642</u>	<u>465,369</u>	<u>(82,180)</u>	<u>800,151</u>	<u>113,013</u>	<u>750,000</u>	<u>1,582,020</u>	<u>6,449,015</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,930,038</u>	<u>965,369</u>	<u>136,969</u>	<u>800,151</u>	<u>222,891</u>	<u>750,000</u>	<u>1,698,670</u>	<u>8,504,088</u>

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

**CITY OF KOSCIUSKO****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2019****Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds (Exhibit 3)	\$ 6,449,015
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities, are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.	5,534,792
Deferred outflows of resources - deferred outflows - pension	155,871
Deferred inflows of resources - deferred inflows - pension	(122,656)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(6,393,964)
Long-term liabilities	(1,748,538)
Compensated absences	<u>(53,186)</u>
Total Net Position - Governmental Activities (Exhibit 1)	\$ <u>3,821,334</u>

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

**CITY OF KOSCIUSKO**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**For the Year Ended September 30, 2019**

**Exhibit 4**

	<b>Major Funds</b>							<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Historical Preservation Fund</b>	<b>Debt Service Fund</b>	<b>Construction Projects Fund</b>	<b>Capital Projects Fund</b>	<b>E911 Fund</b>	<b>S Huntington Projects Fund</b>	<b>Other Governmental Funds</b>
<b>REVENUES</b>								
Property taxes	\$ 1,228,423		222,773					1,451,196
Franchise fees	114,086							114,086
Licenses and permits	30,651							30,651
Fines and forfeitures	238,470							238,470
Intergovernmental revenues	2,238,872	204,192				167,002	750,000	3,556,505
Charges for services	77,518					140,325		231,518
Interest income	33,988		1,094	255		4,344		82,462
Miscellaneous	40,493		56,598		0			104,875
Total Revenues	4,002,501	204,192	280,465	255	0	311,671	750,000	5,809,763
<b>EXPENDITURES</b>								
Current:								
General government	705,290							705,290
Public safety	1,885,749					430,824		2,331,324
Public works	440,799							776,300
Health and welfare	284,447							384,346
Culture and recreation	420,635	147,522						587,467
Urban and economic development	62,010							62,010
Debt service:								
Principal retirement			330,194					330,194
Interest and fiscal charges			31,393					31,393
Total Expenditures	3,798,930	147,522	361,587	0	0	430,824	0	5,208,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	203,571	56,670	(81,122)	255	0	(119,153)	750,000	601,439

**(Continued)**

**CITY OF KOSCIUSKO**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**For the Year Ended September 30, 2019**

**Exhibit 4**

	<b>Major Funds</b>								<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Historical Preservation Fund</b>	<b>Debt Service Fund</b>	<b>Construction Projects Fund</b>	<b>Capital Projects Fund</b>	<b>E911 Fund</b>	<b>S Huntington Projects Fund</b>	<b>Other Governmental Funds</b>	
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	272,400	893,469				36,291		75,000	1,277,160
Transfers out	(111,291)				(893,469)				(1,004,760)
<b>Total Other Financing Sources and Uses</b>	<u>161,109</u>	<u>893,469</u>	<u>0</u>	<u>0</u>	<u>(893,469)</u>	<u>36,291</u>	<u>0</u>	<u>75,000</u>	<u>272,400</u>
<b>Net Change in Fund Balances</b>	364,680	950,139	(81,122)	255	(893,469)	(82,862)	750,000	(133,782)	873,839
<b>Fund Balances - Beginning</b>	<u>2,455,962</u>	<u>(484,770)</u>	<u>(1,058)</u>	<u>799,896</u>	<u>893,469</u>	<u>195,875</u>		<u>1,715,802</u>	<u>5,575,176</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,820,642</u>	<u>465,369</u>	<u>(82,180)</u>	<u>800,151</u>	<u>0</u>	<u>113,013</u>	<u>750,000</u>	<u>1,582,020</u>	<u>6,449,015</u>

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

**CITY OF KOSCIUSKO****Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2019**

Net Changes in Fund Balances - Governmental Funds (Exhibit 4) \$ 873,839

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$307,876 exceeded capital outlays of \$171,236 in the current period. (136,640)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the basis of assets disposed. (74,799)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of \$330,194 and amortization of bond premium of \$9,989. 340,183

Items reported in the Statement of Activities relating to the implementation of GASB No. 68 are not reported in the governmental funds. These activities include:

Recognition of pension expense for the current year	(586,971)	
Recognition of contributions made subsequent to the measurement date	101,925	
Recognition of contributions made in the fiscal year prior to the measurement date	<u>261,737</u>	(223,309)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by the following item:

Change in compensated absences	<u>4,795</u>
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Change in Net Position of Governmental Activities (Exhibit 2) \$ 784,069

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



**CITY OF KOSCIUSKO**  
**Statement of Net Position**  
**Proprietary Funds and Discretely Presented Component Unit**  
**September 30, 2019**

**Exhibit 5**

				<b>Component Unit</b>
	<b>Waste Water</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Kosciusko Water and Light Plant</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,042,779	498,319	1,541,098	516,772
Property tax receivable		122,000	122,000	
Accounts receivable, net				1,708,256
Interest receivable				2,197
Intergovernmental receivable		21,824	21,824	
Inventory, at cost				376,125
Prepaid expenses				52,799
Total Current Assets	<u>1,042,779</u>	<u>642,143</u>	<u>1,684,922</u>	<u>2,656,149</u>
<b>Noncurrent Assets:</b>				
Designated cash:				
Customer deposits				356,150
Property, plant, equipment replacement				223,025
Designated investments:				
Customer deposits				230,521
Property, plant, equipment replacement				4,883,554
Capital assets, net	<u>5,207,788</u>	<u>76,851</u>	<u>5,284,639</u>	<u>7,777,574</u>
Total Noncurrent Assets	<u>5,207,788</u>	<u>76,851</u>	<u>5,284,639</u>	<u>13,470,824</u>
Total Assets	<u>6,250,567</u>	<u>718,994</u>	<u>6,969,561</u>	<u>16,126,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension	<u>(2,312)</u>	<u>7,193</u>	<u>4,881</u>	<u>399,634</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Claims payable	59,665	42,088	101,753	545,011
Accrued payroll				38,732
Intergovernmental payable	107,278	132,823	240,101	42,156
Compensated absences payable	7,179	2,155	9,334	51,532
Current portion of long-term debt	<u>93,421</u>		<u>93,421</u>	
Total Current Liabilities	<u>267,543</u>	<u>177,066</u>	<u>444,609</u>	<u>677,431</u>
<b>Noncurrent Liabilities:</b>				
Customer deposits				586,671
Net pension liability	330,174	275,707	605,881	3,956,082
Long-term liabilities	<u>508,018</u>		<u>508,018</u>	
Total Noncurrent Liabilities	<u>838,192</u>	<u>275,707</u>	<u>1,113,899</u>	<u>4,542,753</u>
Total Liabilities	<u>1,105,735</u>	<u>452,773</u>	<u>1,558,508</u>	<u>5,220,184</u>

(Continued)

**CITY OF KOSCIUSKO**  
**Statement of Net Position**  
**Proprietary Funds and Discretely Presented Component Unit**  
**September 30, 2019**

**Exhibit 5**

	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Component Unit Kosciusko Water and Light Plant</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax for future periods		122,000	122,000	
Deferred inflows - pension	9,139	7,135	16,274	40,369
Total Deferred Inflows of Resources	9,139	129,135	138,274	40,369
<b>NET POSITION</b>				
Net investment in capital assets	4,606,349	76,851	4,683,200	7,777,574
Restricted for:				
Property, plant and equipment replacement				5,106,579
Customer deposits				586,671
Unrestricted	527,032	67,428	594,460	(2,204,770)
Total Net Position	\$ 5,133,381	144,279	5,277,660	11,266,054

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

**CITY OF KOSCIUSKO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds and Discretely Presented Component Unit**  
**For the Year Ended September 30, 2019**

**Exhibit 6**

				<b>Component Unit</b>
	<b>Waste Water</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Kosciusko Water and Light Plant</b>
<b>OPERATING REVENUES</b>				
Water sales	\$			1,171,859
Electric sales				6,089,950
Sewer charges	691,002		691,002	
Other charges for services	2,515	607,419	609,934	204,956
Total Operating Revenues	693,517	607,419	1,300,936	7,466,765
<b>COST OF PRODUCTION</b>				
Water				660,662
Electric				4,613,602
Garbage collection fees		500,526	500,526	
Total Cost of Production	0	500,526	500,526	5,274,264
<b>OPERATING EXPENSES</b>				
Salaries and wages	178,532	147,000	325,532	405,958
Employee benefits	76,410	65,055	141,465	762,954
Supplies	(163,523)	(39,058)	(202,581)	27,396
General and administration	140,644	33,638	174,282	217,476
Depreciation expense	214,816	32,319	247,135	546,397
Maintenance and repairs	188,577	18,238	206,816	119,062
Total Operating Expenses	635,456	257,192	892,649	2,079,243
Operating Income (Loss)	58,061	(150,299)	(92,239)	113,258
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Tap fees				9,432
Interest income	18,612	8,955	27,567	92,778
Interest expense and fiscal fees	(18,671)		(18,671)	
Property taxes		130,528	130,528	
Gain on sale of assets				2,965
Miscellaneous	(160,208)			
Transfers in (out)	120,000		120,000	(392,400)
Total Nonoperating Revenue (Expenses)	(40,267)	139,483	259,424	(287,225)
Change in Net Position	17,794	(10,816)	167,185	(173,967)
Total Net Position - Beginning	5,115,587	155,095	5,270,682	11,440,021
Total Net Position - Ending	\$ 5,133,381	144,279	5,437,867	11,266,054

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

**CITY OF KOSCIUSKO**  
**Statement of Cash Flows**  
**Proprietary Funds and Discretely Presented Component Unit**  
**For the Year Ended September 30, 2019**

**Exhibit 7**

	<b>Waste Water</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Component Unit Kosciusko Water and Light Plant</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 693,517	607,419	1,300,936	7,325,413
Payments to suppliers	(79,130)	(429,983)	(509,113)	(6,070,385)
Payments to employees	(177,587)	(147,814)	(325,401)	(400,065)
Net Cash Provided (Used) by Operating Activities	<u>436,800</u>	<u>29,622</u>	<u>466,422</u>	<u>854,963</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund transactions	120,000		120,000	(392,400)
Property tax receipts		130,528	130,528	
Other receipts				9,432
Net Cash Provided (Used) by Noncapital Financing Activities	<u>120,000</u>	<u>130,528</u>	<u>250,528</u>	<u>(382,968)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(20,281)		(20,281)	(550,745)
Proceeds from loans	(160,208)		(160,208)	
Principal paid on long-term debt	(90,673)		(90,673)	
Gain (loss) on sale of assets				3,096
Interest expense paid	(18,671)		(18,671)	
Net Cash Provided (Used) by Capital Financing Activities	<u>(289,833)</u>	<u>0</u>	<u>(289,833)</u>	<u>(547,649)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Redemption of investments				(92,665)
Interest on investments	18,612	8,955	27,567	92,778
Net Cash Provided from Investing Activities	<u>18,612</u>	<u>8,955</u>	<u>27,567</u>	<u>113</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>285,579</u>	<u>169,105</u>	<u>454,684</u>	<u>(75,541)</u>
Restricted - customer deposits				345,515
Restricted - equipment replacement				102,933
Unrestricted	757,200	329,214	1,086,414	712,405
Cash and Cash Equivalents - Beginning of Year	<u>757,200</u>	<u>329,214</u>	<u>1,086,414</u>	<u>1,160,853</u>
Restricted - customer deposits				356,150
Restricted - equipment replacement				223,025
Unrestricted	<u>1,042,779</u>	<u>498,319</u>	<u>1,541,098</u>	<u>516,772</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,042,779</u>	<u>498,319</u>	<u>1,541,098</u>	<u>1,095,947</u>

**(Continued)**

**CITY OF KOSCIUSKO**  
**Statement of Cash Flows**  
**Proprietary Funds and Discretely Presented Component Unit**  
**For the Year Ended September 30, 2019**

**Exhibit 7**

	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Component Unit Kosciusko Water and Light Plant</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 58,061	(150,299)	(92,238)	113,259
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	214,816	32,319	247,135	546,397
Change in assets and liabilities:				
(Increase) decrease in accounts receivable				(141,352)
(Increase) decrease in deferred outflows	2,566	2,154	4,720	(127,090)
(Increase) decrease in inventory				8,470
(Increase) decrease in prepaid expenses				(16,793)
Increase (decrease) in claims payable	42,529	2,557	45,086	60,293
Increase (decrease) in compensated absences payable	945	(814)	131	5,893
Increase (decrease) in net pension liability	12,982	10,512	23,494	456,339
Increase (decrease) in deferred inflows	(2,377)	370	(2,007)	(50,453)
Increase (decrease) in intergovernmental payables	107,278	132,823	240,101	
Total adjustments	<u>378,739</u>	<u>179,921</u>	<u>558,660</u>	<u>741,704</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>436,800</u>	<u>29,622</u>	<u>466,422</u>	<u>854,963</u>

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

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 1. Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

The City of Kosciusko (City) was incorporated in 1834 under the laws of the State of Mississippi (State) and is located within the central region of the State. The City operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and sanitation, recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Kosciusko, Mississippi, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Based on these criteria, the following entities should be combined with the financial statements of the City:

##### Blended Component Units

The Kosciusko/Attala County Airport was established by an inter-local agreement between Attala County, Mississippi and the City of Kosciusko, Mississippi. Although the airport is a legally separate entity, the City of Kosciusko is responsible for the operation of the airport, which is thus included as a blended component unit. The E-911 Fund is also a blended component unit.

##### Discretely Presented Component Unit

Kosciusko Water and Light Plant – The utility operates under a municipal public utility commission established under Section 21-27-13 of the Mississippi Code. The commission is composed of five members appointed by the City's Board of Aldermen. The authority of the commission is defined in Section 21-27-17 of the Mississippi Code. The utility provides services to the citizens of the City.

##### B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position reports all of the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources as of September 30, 2019, with the difference reported as net position.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### 1. *Governmental Fund Types.*

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessment Funds and Trust Funds).

#### 2. *Proprietary Fund Types.*

Proprietary Funds are used to account for the City's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following is the City's Proprietary Fund Type:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenue and expenses for Proprietary Funds are those that result from providing services and producing and delivering goods and/or related services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

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

The government-wide and Proprietary Fund financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current year or soon enough after fiscal year-end to liquidate liabilities existing at the end of the fiscal year. The City considers revenues received within 60 days after fiscal year-end as available. Measurable means knowing or being able to reasonably estimate the amount. Significant revenue sources that are susceptible to accrual include property taxes, state appropriations, and federal awards. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures for goods and services are recognized upon receipt of said goods and services. Expenditures for debt service, compensated absences, and claims and judgments are recognized only when payment is due.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Historical Preservation Fund* is a capital project fund that accounts for construction of various projects.

The *Debt Service Fund* accounts for financial resources to be used for debt service.

The *Construction Projects Fund* is a capital project fund that accounts for construction of various projects.

The *Capital Projects Fund* is a capital project fund that accounts for construction of various projects.

The *S Huntington Fund* is a capital project fund that accounts for construction of various projects.

The *E911 Fund* is a fund that collects and spends specific money for E911.

The City reports the following major Proprietary Funds:

The *Waste Water Fund* accounts for the activities of the waste water system.

The *Solid Waste Fund* accounts for the activities of the solid waste system.

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 or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.



## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

#### **D. Assets, Liabilities and Net Position or Equity.**

##### *1. Deposits.*

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.

##### *2. Receivables.*

Receivables are reported net of allowances for uncollectible accounts, where applicable.

##### *3. Interfund Transactions and Balances.*

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between governmental funds have been eliminated.

##### *4. Restricted Assets.*

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

##### *5. Inventory.*

Inventory is valued at cost. The inventory in the Light and Water Enterprise Fund of \$376,125 consists of expendable supplies held for consumption. Governmental fund types, which had no material inventory at September 30, 2019, use the purchase method which expenses inventory when purchased.

##### *6. Capital Assets.*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. The City of Kosciusko meets this criteria and has so elected. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A half year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	1,000	5-10 years
Furniture and equipment	1,000	3-7 years

In the fund financial statements, capital assets are recorded as expenditures in the governmental type funds upon acquisition. Capital assets used in Proprietary Fund operations are accounted for the same as in government-wide statements.

#### 7. *Deferred Outflows/Inflows of Resources.*

##### Deferred Outflows.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the following item in this category:

Deferred outflows related to pensions - This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

#### Deferred Inflows.

In addition to liabilities, the Statement of Net Position and Balance Sheet - Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following items in this category:

#### Statement of Net Position:

Property tax for future periods - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred inflows related to pensions - This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates.

#### Balance Sheet - Governmental Funds:

Property tax for future periods - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

#### 8. *Compensated Absences.*

Employees receive vacation days annually on their anniversary dates of hire. The vacation days must be used before their next anniversary date or they are lost.

The compensated absences liability was computed using the specific identification method whereby the actual number of vacation hours and compensatory hours are multiplied by the employee's hourly rate at September 30, 2019.

#### 9. *Long-term Obligations.*

In the government-wide financial statements and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund type Statement of Net Position. Bond premiums and discounts, if any are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for Proprietary Fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### 10. *Pensions.*

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

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 11. *Equity Classifications.*

Government-wide Financial Statements:

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed and unassigned) resources are available and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**CITY OF KOSCIUSKO**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2019**

*12. Estimates.*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*13. Intergovernmental Revenues in Governmental Funds.*

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

**E. Stewardship, Compliance and Accountability.**

**Budgets**

Budgets are adopted on a basis prescribed by state law (cash basis).

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing these proposed expenditures.
2. Prior to October 1, the budget is legally enacted through passage of an order.
3. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
4. Formal budgetary integration is employed as a management control device during the year for the various funds, except for Debt Service Funds, because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Budgets for the various funds are adopted on a cash basis as required by state law.

It is the City's policy to prepare the budget on the cash basis for revenues and expenditures to the extent that they are paid within 30 days following year-end.

**Property Tax Revenues**

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

## **CITY OF KOSCIUSKO**

### **Notes to Financial Statements For the Year Ended September 30, 2019**

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Real and personal property tax revenues are recognized in the year for which they are levied in accordance with GAAP. However, because the revenues are not currently available, a deferred inflow of resources is recorded for this amount. Motor vehicle and mobile home taxes do not meet the GAAP measurability and collectibility criteria because the lien and due date cannot be established until the date of original purchase. Accordingly, no amount is accrued for these taxes in the financial statements.

Attala County collects the City's property taxes.

#### **2. Detailed Notes on all Funds.**

##### **A. Cash and Investments.**

At year-end, the City's carrying amount of cash and investments was \$6,873,125 and the bank balance was \$7,123,715. For the discretely-presented component unit, Kosciusko Water and Light Plant, the carrying amount of cash and investments at year-end was \$6,210,022 and the bank balance was \$5,786,466. Section 27-105-5, Miss. Code Ann. (1972), authorizes the State Treasurer to implement a statewide collateral pool program which secures all local public funds' deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

**Custodial Credit Risk** - Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. 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 Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

At September 30, 2019, all funds held as investments were in certificates of deposit with various financial institutions. The total of the certificates of deposit was \$5,337,100 at September 30, 2019. All of the certificates of deposits had a maturity of less than one year. The City does not have a written policy in regard to investments.

**CITY OF KOSCIUSKO**

**Notes to Financial Statements  
For the Year Ended September 30, 2019**

**B. Receivables.**

Receivables as of year-end for the City's individual major funds, Proprietary Funds and component units, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Proprietary Funds	Component Unit Kosciusko Water and Light Plant
	General	Debt Service	Other	Total		
Receivables:						
Property taxes	\$ 952,000	205,000		1,157,000	122,000	
Fines receivable	1,461,463			1,461,463		
Accounts						1,718,345
Sales tax	585,437			585,437		
Other governmental	37,897	2,416	7,952	48,265	21,824	
Interest						2,197
Other	21,327			21,327		
Note			342,711	342,711		
Gross receivables	3,058,124	207,416	350,663	3,616,203	143,824	1,720,542
Less: allowance for uncollectibles	(1,169,172)			(1,169,172)		(10,089)
Net total receivables	\$ <u>1,888,952</u>	<u>207,416</u>	<u>350,663</u>	<u>2,447,031</u>	<u>143,824</u>	<u>1,710,453</u>
						Sept. 30, 2019
Property taxes receivable:						
Governmental funds:						
General fund					\$ 952,000	
Debt service fund					<u>205,000</u>	
Total deferred revenue for governmental funds					\$ <u>1,157,000</u>	
Proprietary funds:						
Solid waste fund					\$ <u>122,000</u>	
Total deferred revenue for proprietary funds					\$ <u>122,000</u>	

**CITY OF KOSCIUSKO**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2019**

**C. Capital Assets.**

Capital assets activity for the year ended September 30, 2019, are as follows:

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,334,609				1,334,609
Total capital assets, not being depreciated	<u>1,334,609</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,334,609</u>
Capital assets, being depreciated:					
Buildings	2,916,963		(59,213)		2,857,750
Improvements other than buildings	4,004,958				4,004,958
Machinery and equipment	2,974,764	171,236	(198,717)	258,202	3,205,485
Equipment under capital lease	258,202			(258,202)	
Total capital assets being depreciated	<u>10,154,887</u>	<u>171,236</u>	<u>(257,930)</u>	<u>0</u>	<u>10,068,193</u>
Less: Accumulated depreciation for:					
Buildings	1,176,377	44,863	(1,184)		1,220,056
Improvements other than buildings	1,847,519	162,222			2,009,741
Machinery and equipment	2,466,680	100,791	(181,947)	252,689	2,638,213
Equipment under capital lease	252,689			(252,689)	
Total accumulated depreciation	<u>5,743,265</u>	<u>307,876</u>	<u>(183,131)</u>	<u>0</u>	<u>5,868,010</u>
Total capital assets, being depreciated, net	<u>4,411,622</u>	<u>(136,640)</u>	<u>(74,799)</u>	<u>0</u>	<u>4,200,183</u>
Governmental activities capital assets, net	<u>\$ 5,746,231</u>	<u>(136,640)</u>	<u>(74,799)</u>	<u>0</u>	<u>5,534,792</u>

Business-type Activities:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 626,930				626,930
Total capital assets, not being depreciated	<u>626,930</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>626,930</u>
Capital assets, being depreciated:					
Buildings	146,181				146,181
Machinery & equipment	1,298,065	20,281	(43,083)	74,950	1,350,213
Wastewater system	7,484,642		(12,322)		7,472,320
Under lease	235,158			(74,950)	160,208
Improvements other than buildings	9,947				9,947
Total capital assets, being depreciated	<u>9,173,993</u>	<u>20,281</u>	<u>(55,405)</u>	<u>0</u>	<u>9,138,869</u>

**(Continued)**



# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Less: Accumulated depreciation:					
Buildings	129,351	686			130,037
Machinery & equipment	1,104,394	81,563	(43,083)		1,142,874
Wastewater system	3,045,738	148,865	(12,322)		3,182,281
Under lease		16,021			16,021
Improvements other than buildings	9,947				9,947
Total accumulated depreciation	<u>4,289,430</u>	<u>247,135</u>	<u>(55,405)</u>	<u>0</u>	<u>4,481,160</u>
Total capital assets, being depreciated, net	4,884,563	(226,854)	0	0	4,657,709
Business-type activities capital assets, net	\$ <u>5,511,493</u>	<u>(226,854)</u>	<u>0</u>	<u>0</u>	<u>5,284,639</u>

### Discretely-presented component unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 36,944			36,944
Total capital assets, not being depreciated	<u>36,944</u>	<u>0</u>	<u>0</u>	<u>36,944</u>

### Capital assets, being depreciated:

Buildings	1,027,523			1,027,523
Machinery and equipment	3,568,401	359,445	(340)	3,927,506
Water and electric system	14,519,580	191,300		14,710,880
Total capital assets, being depreciated	<u>19,115,504</u>	<u>550,745</u>	<u>(340)</u>	<u>19,665,909</u>
Less: Accumulated depreciation	<u>11,379,080</u>	<u>546,397</u>	<u>(198)</u>	<u>11,925,279</u>
Total capital assets, being depreciated, net	<u>7,736,424</u>	<u>4,348</u>	<u>(142)</u>	<u>7,740,630</u>
Business-type activities capital assets, net	\$ <u>7,773,368</u>	<u>4,348</u>	<u>(142)</u>	<u>7,777,574</u>

Adjustments are made for equipment transferred when construction projects are completed.

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 22,538
Public safety	81,549
Public works	172,803
Health and welfare	129
Culture and recreation	<u>30,858</u>
Total depreciation expense - governmental activities	\$ <u>307,877</u>
Business-type activities:	
Waste water	\$ 214,816
Solid waste	<u>32,319</u>
Total depreciation expense - business-type activities	\$ <u>247,135</u>
Discretely-presented component unit:	
Water and electric system	\$ <u>546,397</u>
Total depreciation expense - business-type activities	\$ <u>546,397</u>

### D. Notes Receivable.

The City received a HOME grant that was approved as a loan to Kosciusko Apartments, LP, for construction of 12 three-bedroom apartments. A promissory note in the amount of \$307,050 has been signed by the entity. Interest will accrue at the rate of 1 percent per annum on the principal amount outstanding from November 1, 2008, until paid in full on or before November 30, 2046. Promisor shall make equal annual installments on the amount commencing October 31, 2008, equal to the lesser of one-half the net cash flow, after payment of expenses and senior indebtedness or the amount necessary to amortize principal over the remaining term of the promissory note in equal annual installments together with unpaid installments. The City will use repaid HOME funds for future housing projects. The City did not receive payments on this loan for the year ended September 30, 2019, because Kosciusko Apartments, LP, had negative cash flow for the year ended September 30, 2019. The note receivable balance at September 30, 2019, including accrued interest, is \$342,711.

### E. Interfund Transactions.

The following schedule as of September 30, 2019, represents interfund receivables and payables:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Construction projects fund	Historical preservation grant fund	\$ 500,000
General Fund	E911	108,195
General Fund	Other funds	107,401
General Fund	Debt service	7,762
Other funds	Debt service	<u>1,671</u>
Total		\$ <u>725,029</u>

Interfund payables are primarily related to grant activity.

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

The composition of interfund transfers as of September 30, 2019, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Discretely presented component unit	\$ 272,400
E911	General Fund	36,291
Home grant	General Fund	20,000
Charrette fund	General Fund	40,000
Construction projects fund	Historical preservation fund	893,469
Fire	General Fund	<u>15,000</u>
Total Governmental Funds		\$ <u>1,277,160</u>
Proprietary Funds:		
Waste water	Discretely presented component unit	\$ <u>120,000</u>
Total Proprietary Funds		\$ <u>120,000</u>
Discretely Presented Component Unit:		
Waste water	Discretely presented component unit	\$ 120,000
General Fund	Discretely presented component unit	<u>272,400</u>
Total Discretely Presented Component Unit		\$ <u>392,400</u>

The purpose of these transfers were routine allocations between funds, transfers for debt service and operating transfers from the component unit.

### F. Leases.

#### Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various equipment in both the governmental-type and business-type funds. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding Present Value</u>
Business Activities:				
Reliant Lagoon Master Aerator	\$ <u>160,208</u>	05/21/2018	3.73%	\$ <u>122,359</u>
Total Business Activities	\$ <u>160,208</u>			\$ <u>122,359</u>

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, are as follows:

<u>Year Ending September 30:</u>	<u>Business-type Activities</u>
2020	\$ 43,825
2021	43,825
2022	<u>43,955</u>
Total minimum lease payments	131,605
Less: Amount representing interest	<u>(9,246)</u>
Present value of minimum lease payments	\$ <u><u>122,359</u></u>

### G. Long-term Debt.

#### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities:		
\$2,630,000 bonds due in annual installments ranging from \$75,000 to \$315,000 through May, 2025, plus interest of 1.55 percent to 3.5 percent, payable on May 1 and November 1 of each year, beginning November 1, 2013	1.55% - 3.50%	\$ <u>1,410,000</u>
Total		\$ <u><u>1,410,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending September 30:</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 295,000	26,866
2021	295,000	22,294
2022	310,000	17,131
2023	315,000	10,931
2024	95,000	4,631
2025	<u>100,000</u>	<u>2,375</u>
Total	\$ <u><u>1,410,000</u></u>	<u><u>84,228</u></u>

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

### Loans Payable

The City has received several loans to finance various projects including building acquisition and waste water system improvements. Two of these loans are made under state programs. The loan from Mississippi Department of Environmental Quality has federal participation. There was one new loan made during the current year. Loans currently outstanding are as follows:

<u>Loan Type</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities:		
State of Mississippi Capital Improvement (CAP)	3.0%	\$ <u>365,785</u>
Total Governmental Activities		\$ <u><u>365,785</u></u>
Business-type Activities:		
State of Mississippi Department of Environmental Quality revolving loan	2.50	\$ <u>531,904</u>
Total Business-type Activities		\$ <u><u>531,904</u></u>

Loan debt service requirements to maturity are as follows:

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 43,936	8,926
2021	49,122	7,476
2022	50,616	5,982
2023	52,156	4,442
2024	53,742	2,856
2025-2026	<u>66,019</u>	<u>1,261</u>
Total	\$ <u><u>315,591</u></u>	<u><u>30,943</u></u>

<u>Year Ending September 30:</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 54,160	11,359
2021	55,529	9,990
2022	56,934	8,585
2023	58,374	7,145
2024	59,850	5,669
2025-2028	<u>194,233</u>	<u>7,785</u>
Total	\$ <u><u>479,080</u></u>	<u><u>50,533</u></u>

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 1,690,000		280,000	1,410,000	295,000
Other loans	365,785		50,194	315,591	47,672
	<u>2,055,785</u>	<u>0</u>	<u>330,194</u>	<u>1,725,591</u>	<u>342,672</u>
Add premium on refunded bond	32,935		9,989	22,946	
Total	<u>2,088,720</u>	<u>0</u>	<u>340,183</u>	<u>1,748,537</u>	<u>342,672</u>
Compensated absences	57,984		4,798	53,186	
Total	<u>\$ 2,146,704</u>	<u>0</u>	<u>344,981</u>	<u>1,801,723</u>	<u>342,672</u>
Business-type Activities:					
Compensated absences	\$ 9,205	129		9,334	
Capital leases	160,208		37,849	122,359	39,261
Loans payable	<u>531,904</u>		<u>52,824</u>	<u>479,080</u>	<u>54,160</u>
Total	<u>\$ 701,317</u>	<u>129</u>	<u>90,673</u>	<u>610,773</u>	<u>93,421</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Waste Water Fund and Solid Waste Fund.

### 3. Other Information.

#### A. Contingencies.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time; although the City expects such amounts, if any, to be immaterial.

The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the City with respect to the various proceedings; however, the City's legal counsel believes that any ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

The City of Kosciusko has entered into joint and several relationships with other public entities in the Mississippi Municipal Worker's Compensation Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefit of fund surplus in the form of dividends when applicable. The City was subject to assessment for the year ended September 30, 2014. No assessment was made or is probable for the year ended September 30, 2019.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

#### **B. Defined Benefit Pension Plan.**

##### General Information about the Pension Plan.

Plan Description – City of Kosciusko and Kosciusko Water & Light Plant are members of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the City. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

Benefits Provided – For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

Contributions – Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2019, member employees were required to contribute 9.00 percent of their annual pay, while the City's required contribution rate was 15.75 percent of annual covered payroll. The City's employer contributions to PERS for the years ended September 30, 2019, 2018 and 2017, were \$413,090, \$416,147 and \$405,505, respectively. The contributions for each year met the required contributions. Kosciusko Water & Light Plant's employer contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$236,073, \$222,404 and \$201,138, respectively. The contributions for each year met the required contributions.

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

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

At September 30, 2019, the City of Kosciusko reported a liability of \$6,999,846 for its proportionate share of the net pension liability. At September 30, 2019, Kosciusko Water & Light Plant reported a liability of \$3,956,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entities' proportion of the net pension liability was based on a projection of the entities' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportionate share was 0.039790 percent, which was a decrease of .001181 from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018. At June 30, 2019, Kosciusko Water & Light Plant's proportionate share was 0.022488 percent, which was an increase of 0.001447 from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the City of Kosciusko recognized pension expense of \$666,034. For the year ended September 30, 2019, Kosciusko Water & Light Plant recognized pension expense of \$514,871.

At September 30, 2019, the City of Kosciusko and Kosciusko Water & Light Plant reported as a component of pension expense, deferred outflows and deferred inflows of resources from the following sources:

### City of Kosciusko

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,264	7,563
Net difference between projected and actual earnings on pension plan investments		78,407
Changes of assumptions	68,631	
Changes in proportion and differences between entity contributions and proportionate share of contributions	73,892	
Entity contributions subsequent to the measurement date	<u>116,739</u>	<u>155,728</u>
Total	\$ <u>263,526</u>	<u>241,698</u>

**(Continued)**



# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

### Kosciusko Water & Light Plant

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,190	3,765
Net difference between projected and actual earnings on pension plan investments		36,604
Changes of assumptions	38,718	
Changes in proportion and differences between entity contributions and proportionate share of contributions	289,685	
Entity contributions subsequent to the measurement date	69,041	
Total	\$ 399,634	40,369

\$116,739 reported as deferred outflows of resources related to pensions resulting from the City of Kosciusko's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. \$69,041 reported as deferred outflows of resources related to pensions resulting from the Kosciusko Water & Light Plant's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### City of Kosciusko

<u>Year Ended September 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 63,196	48,731
2021	64,984	183,353
2022	18,607	41,571
2023		(31,958)
Total	\$ 146,787	241,697

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

### Kosciusko Water & Light Plant

<u>Year Ending September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 150,056	(773)
2021	121,932	61,526
2022	58,605	(2,323)
2023		(18,060)
Total	\$ <u>330,593</u>	<u>40,370</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, set forward one year for males.

The actuarial assumption used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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 rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class 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 %	4.90 %
International Equity	22.00	4.75
Fixed Income	20.00	1.50
Global Equity	12.00	5.00
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00 %</u>	

# CITY OF KOSCIUSKO

## Notes to Financial Statements For the Year Ended September 30, 2019

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). 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 Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following table presents City of Kosciusko's and Kosciusko Water & Light Plant's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the entities' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Kosciusko's proportionate share of the net pension liability	\$ 9,201,540	\$ 6,999,846	\$ 5,182,545
	1% Decrease (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Kosciusko Water & Light Plant's proportionate share of the net pension liability	\$ 5,200,408	\$ 3,956,083	\$ 2,929,004

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

### C. Risk Management.

The City classifies risks of loss in the following categories: torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss resulting from any of the above is mitigated through the purchase of commercial insurance.

The City is insured for health benefits for its employees for claims over \$5,000 per employee. For claims under \$5,000, the City is self-insured. The City accounts for its self-insurance related to its employees' health benefits in a medical benefits account. All claims handling procedures are performed by an independent claims administrator. Amounts are periodically paid into the fund and claims are disbursed from the fund. As of September 30, 2019, the account had a balance of \$276,276. Also, at September 30, 2019, the City had no unpaid insurance claims. There were no amounts due to the City by the re-insurance company.

There has been no significant reduction in insurance coverage from coverage in the prior year.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 4. Subsequent Events.

GAAP requires the City to evaluate events that occur subsequent to the date of the Statement of Net Position but before the financial statements are issued (subsequent events). Such events that provide additional evidence with respect to conditions that existed as of the Statement of Net Position date are recognized in the accompanying financial statements. However, subsequent events that provide evidence with respect to conditions that did not exist at the Statement of Net Position date but arose subsequently, and are of such a nature that their disclosure is essential to the user's understanding of the financial statements, are required to be disclosed herein. Management of the City of Kosciusko evaluated the City's activity and events that occurred through May 13, 2020, and determined that a potential lawsuit was settled in December, 2018 for \$92,000. No other subsequent events met the disclosure requirements.

#### 5. Change in Accounting Standard.

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard have been incorporated into the financial statements and notes.

#### 6. Effect of Deferred Amounts on Net Position.

The City of Kosciusko's unrestricted net position amount of (\$3,081,015) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$160,752 balance of deferred outflow of resources at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next three years.

The City of Kosciusko's unrestricted net position amount of (\$3,081,015) includes the effect of deferring the recognition of income resulting from a deferred inflow from pensions. The \$138,930 balance of deferred inflows of resources at September 30, 2019, will be recognized as income and will increase the unrestricted net position over the next four years.

Kosciusko Water & Light Plant's unrestricted net position amount of (\$2,204,770) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$399,634 balance of deferred outflow of resources at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next three years.

Kosciusko Water & Light Plant's unrestricted net position amount of (\$2,204,770) includes the effect of deferring the recognition of income resulting from a deferred inflow from pensions. The \$40,369 balance of deferred inflows of resources at September 30, 2019, will be recognized as income and will increase the unrestricted net position over the next four years.

#### 7. Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

## CITY OF KOSCIUSKO

### Notes to Financial Statements For the Year Ended September 30, 2019

The Kosciusko Board of Aldermen and the Attala County Board of Supervisors negotiates property tax abatements on an individual basis. The City has tax abatement agreements with two entities as of September 30, 2019.

<u>Category</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of retail facilities	66%	\$ 5,675

Each agreement was negotiated in accordance with Section 27-31-101, et. seq., Miss. Code (Ann.) 1972, which allows localities to abate property taxes for a variety of economic development purposes. The abatements may be granted for a period up to ten years and for up to 100% of annual property taxes through a direct reduction in the City's property tax bill.

The City has not made any commitments as part of the agreements other than to reduce taxes.

## **CITY OF KOSCIUSKO**

### **REQUIRED SUPPLEMENTARY INFORMATION**

**Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:**

**Budgetary Comparison Schedule – General Fund**

**Budgetary Comparison Schedule – E911 Fund**

**Schedule of Proportionate Share of the Net Pension Liability**

**Schedule of Pension Contributions**

**Notes to the Required Supplementary Information**

**CITY OF KOSCIUSKO**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2019 - UNAUDITED**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,162,500	1,162,500	1,228,423	65,923
Franchise fees	92,500	92,500	104,923	12,423
Licenses and permits	28,000	28,000	30,651	2,651
Fines and forfeitures	150,000	150,000	246,212	96,212
Intergovernmental revenues	1,944,500	1,944,500	2,248,612	304,112
Charges for services	23,000	23,000	77,518	54,518
Interest earned	5,500	5,500	33,988	28,488
Miscellaneous revenues	421,400	421,400	40,493	(380,907)
Total Revenues	<u>3,827,400</u>	<u>3,827,400</u>	<u>4,010,820</u>	<u>183,420</u>
<b>EXPENDITURES</b>				
General government	797,399	797,399	714,483	82,916
Public safety	1,946,062	1,946,062	1,911,846	34,216
Public works	475,659	475,659	448,275	27,384
Health and welfare	264,742	264,742	286,384	(21,642)
Culture and recreation	404,109	404,109	422,764	(18,655)
Urban and economic development	283,890	283,890	62,010	221,880
Total Expenditures	<u>4,171,861</u>	<u>4,171,861</u>	<u>3,845,762</u>	<u>326,099</u>
Excess of Revenues Over (Under) Expenditures	<u>(344,461)</u>	<u>(344,461)</u>	<u>165,058</u>	<u>509,519</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000	5,000	272,400	267,400
Transfers out	(396,587)	(396,587)	(111,291)	285,296
Total Other Financing Sources and Uses	<u>(391,587)</u>	<u>(391,587)</u>	<u>161,109</u>	<u>552,696</u>
Net Change in Fund Balance	<u>(736,048)</u>	<u>(736,048)</u>	<u>326,167</u>	<u>1,062,215</u>
Fund Balances - Beginning	<u>(2,418,707)</u>	<u>(2,469,646)</u>	<u>2,049,407</u>	<u>834,901</u>
Fund Balances - Ending	<u>\$ (3,154,755)</u>	<u>(3,205,694)</u>	<u>2,375,574</u>	<u>1,897,116</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**CITY OF KOSCIUSKO**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**E911 Fund**  
**For the Year Ended September 30, 2019 - UNAUDITED**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 160,000	160,000	167,002	7,002
Charges for services	145,000	145,000	140,325	(4,675)
Interest earned	15,000	15,000	4,344	(10,656)
Total Revenues	<u>320,000</u>	<u>320,000</u>	<u>311,671</u>	<u>(8,329)</u>
<b>EXPENDITURES</b>				
Public safety	425,351	425,351	432,987	(7,636)
Total Expenditures	<u>425,351</u>	<u>425,351</u>	<u>432,987</u>	<u>(7,636)</u>
Excess of Revenues Over (Under) Expenditures	<u>(105,351)</u>	<u>(105,351)</u>	<u>(121,316)</u>	<u>(15,965)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	160,000	160,000	36,291	(123,709)
Total Other Financing Sources and Uses	<u>160,000</u>	<u>160,000</u>	<u>36,291</u>	<u>(123,709)</u>
Net Change in Fund Balance	54,649	54,649	(85,025)	(139,674)
Fund Balances - Beginning	<u>195,875</u>	<u>195,875</u>	<u>198,038</u>	
Fund Balances - Ending	\$ <u>250,524</u>	<u>250,524</u>	<u>113,013</u>	<u>(139,674)</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.



**CITY OF KOSCIUSKO**

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years \* - UNAUDIED  
PERS**

**For the Year Ended September 30, 2019**

	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.039790 %	0.040971	0.039938 %	0.040293 %	0.039101 %	0.039900 %
City's proportionate share of the net pension liability (asset)	\$ 6,999,846	6,814,695	6,639,051	7,197,336	6,044,244	4,843,129
City's covered payroll	\$ 2,552,507	2,642,203	2,562,038	2,577,651	2,442,825	2,417,795
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	266.8850851	257.9171623	259.1316366	279.220732 %	247.428449 %	200.311813 %
Plan fiduciary net position as a percentage of the total pension liability	61.59 %	62.54 %	61.49 %	57.467727 %	61.703983 %	67.207687 %

**COMPONENT UNIT - KOSCIUSKO WATER & LIGHT PLANT**

	2019	2018	2017	2016	2015	2014
Entity's proportion of the net pension liability (asset)	0.022488 %	0.021041 %	0.024508 %	0.018721 %	0.02012 %	0.020173 %
Entity's proportionate share of the net pension liability (asset)	\$ 3,956,083	3,499,743	4,074,061	3,344,038	3,110,155	2,448,633
Entity's covered payroll	\$ 1,457,308	1,412,089	1,275,556	1,197,606	1,256,978	1,232,114
Entity's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	271.4651261	247.8415312	319.3949148	279.226891 %	247.43114 %	198.7342892 %
Plan fiduciary net position as a percentage of the total pension liability	61.59 %	62.54 %	61.49 %	57.467727 %	61.703983 %	67.207687 %

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the entities have only presented information for the years in which information was available.

The notes to the required supplementary information are an integral part of this schedule.

**CITY OF KOSCIUSKO**  
**Schedule of the City's Contributions**  
**Last 10 Fiscal Years\* - UNAUDIED**  
**PERS**  
**For the Year Ended September 30, 2019**

	2019	2018	2017	2016	2015
Contractually required contribution					
Contributions in relation to the contractually required contribution	\$ 416,517	416,248	405,488	393,729	386,839
	416,517	416,248	405,488	393,729	386,839
Contribution deficiency (excess)	\$ 0	0	0	0	0
City employee covered payroll	\$ 2,572,202	2,642,203	2,574,527	2,473,359	2,456,612
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%
	17.40% **				

**COMPONENT UNIT – KOSCIUSKO WATER & LIGHT PLANT**

	2019	2018	2017	2016	2015
Contractually required contribution					
Contributions in relation to the contractually required contribution	\$ 236,073	222,404	246,929	247,026	198,366
	236,073	222,404	246,929	247,026	198,366
Contribution deficiency (excess)	\$ 0	0	0	0	0
Entity's employee covered payroll	\$ 1,457,308	1,412,089	1,567,803	1,568,419	1,259,467
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%
	17.40% **				

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the entities have only presented information for the years in which information was available.

\*\* 17.40% started July 2019

The notes to the required supplementary information are an integral part of this schedule.

## CITY OF KOSCIUSKO

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

#### A. Budgetary Information.

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data and proposed budgets submitted by the various department managers for their respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

#### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

#### C. Budget/GAAP Reconciliation.

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

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the E911 Fund:

	Governmental Fund Types	
	General Fund	E911 Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 326,167	(85,025)
Increase (decrease):		
Net adjustments for revenue accruals	(8,319)	
Net adjustments for expenditure accruals	46,832	2,163
Net Change in Fund Balance GAAP Basis	\$ <u>364,680</u>	<u>(82,862)</u>

## CITY OF KOSCIUSKO

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

#### **D. Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of the City's Contributions.**

Changes in 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.

Changes of Assumptions.

##### 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.

##### 2016

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

##### 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 and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

## CITY OF KOSCIUSKO

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

#### 2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.  
For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.  
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.  
For females, 115% of female rates at all ages.  
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

#### Methods and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year-end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**CITY OF KOSCIUSKO**

**OTHER INFORMATION**

**CITY OF KOSCIUSKO**  
**Schedule of Surety Bonds for Municipal Officials - UNAUDITED**  
**For the Year Ended September 30, 2019**

<u>Name</u>	<u>Position</u>	<u>Surety Agency</u>	<u>Bond Amount</u>
Marvin R. Lawrence	Alderman	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Henry G. Daniel	Alderman	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Timothy C. Kyle	Alderman	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Robert M. Ellis	Alderman	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Jeffery Woods	Alderman	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Jimmy Cockroft	Mayor	Tyler, King & Ryder/St Paul Travelers	\$ 100,000
Michelle Quesnot	City Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Sherlene M. Robertson	Deputy City Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Trish Miller	Deputy City Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Risa Dubard	Court Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Melodie Philley	Court Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Dawn Clanton	Court Clerk	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
R. J. Adams	Chief of Police	Tyler, King & Ryder/Western Surety	\$ 75,000
Elizabeth T. Peteet	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Debra Gates Elmore	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Jasmine Sharkey	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Latoya R. Thompson	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Tammy Veasy	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Stephanie Mitchell	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Charlene Miller Nash	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Shannon Delon Mitchell	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Linda Hargrove	E911 Dispatcher	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Brent Busbea	Building Inspector	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Lawrence Routt	Tourism	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Darren Milner	Tourism	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Ronnie Ables	Tourism	Tyler, King & Ryder/St Paul Travelers	\$ 50,000
Semone Olive	Tourism	Tyler, King & Ryder/St Paul Travelers	\$ 50,000

**Discretely-Presented Component Unit:**

**Kosciusko Water and Light Plant**

Morris A. Massey, Jr.	Commissioner	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Donnie R. Gladney	Commissioner	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Sandras A. Anderson	Commissioner	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
William A. Tolleson	Commissioner	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
James R. Ables	Commissioner	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
David L. Clark	General Manager	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Jason Chad Kyle	Assistant General Manager	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Melissa D. Steen	Accounting Clerk	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Debra R. Jones	Clerk	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Jessica Grubbs	Clerk	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000
Ashley B. Box	Clerk	Tyler, King & Ryder/St. Paul Travelers	\$ 50,000

**CITY OF KOSCIUSKO**

**SPECIAL REPORTS**



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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American Institute of CPAs  
Mississippi Society of CPAs

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

Honorable Mayor and  
Members of the Board of Aldermen  
City of Kosciusko, Mississippi

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Kosciusko, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 13, 2020.

#### **Internal Control Over Financial Reporting**

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

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

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

# Windham and Lacey, PLLC

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Mississippi Society of CPAs

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

Honorable Mayor and  
Members of the Board of Aldermen  
City of Kosciusko, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Kosciusko, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated May 13, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the primary government financial statements disclosed no instances of noncompliance with state laws and regulations.

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



Windham and Lacey, PLLC  
May 13, 2020

**CITY OF KOSCIUSKO**

**SCHEDULE OF FINDINGS AND RESPONSES**

## CITY OF KOSCIUSKO

### Schedule of Findings and Responses For the Year Ended September 30, 2019

#### Section 1: Summary of Auditor's Results

##### *Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements:                           | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

#### Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.