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**CITY OF BATESVILLE, MISSISSIPPI**

**BASIC FINANCIAL STATEMENTS**  
**AND ACCOMPANYING INFORMATION**

**SEPTEMBER 30, 2020**

**Jones & Jones**  
**Certified Public Accountants**  
**of Booneville, P.A.**  
**Booneville, MS 38829-0250**

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**Basic Financial Statements**  
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**JONES & JONES**  
CERTIFIED PUBLIC ACCOUNTANTS  
OF BOONEVILLE, P.A.

**Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.**

**Independent Auditors' Report**

To the Mayor and Board of Alderpersons  
City of Batesville, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2020, 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 opinions 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 the standards applicable to financial audits contained in *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 opinions.

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## ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Tourism Fund	Unmodified
Water and Sewer Fund	Qualified
Gas Fund	Qualified
Civic Center Fund	Qualified
Agregate Remaining Fund Information	Unmodified

### ***Basis for Qualified Opinion on Governmental Activities and the Business-Type Activities***

Because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued, we were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2020 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

### ***Basis for Qualified Opinion on Water and Sewer Fund, Gas Fund, and Civic Center Fund***

Because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued, we were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2020 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expense is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.

### ***Qualified Opinions***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, Water and Sewer Fund, Gas Fund, and Civic Center Fund paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Gas Fund, and Civic Center Fund of the City of Batesville, Mississippi, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the tourism fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 80, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 81, and budgetary comparison information (Schedules 3 and 4) on pages 82 through 87, and Notes to required supplementary information on pages 88 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Batesville, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements (Schedules 5 and 6) and the schedule of surety bonds for municipal officials and employees (Schedule 7), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements (Schedules 5 and 6) and the schedule of surety bonds for municipal officials and employees (Schedule 7) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements (Schedules 5 and 6) and the schedule of surety bonds for municipal officials and employees (Schedule 7) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of the City of Batesville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Batesville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Batesville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", written over the printed name.

Jones & Jones  
Certified Public Accountants  
of Booneville, P.A.  
Booneville Mississippi

September 27, 2021

**CITY OF BATESVILLE, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended September 30, 2020**

As management of the City of Batesville, Mississippi, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

**Financial Highlights**

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,371,091 (net position).

The government's total net position decreased by \$763,392 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,850,421, an increase of \$7,996,259 during the current fiscal year. The City reported an unassigned fund balance of \$253,252.

At the end of the current fiscal year, unassigned fund balance for the general fund had a balance of \$253,252 or 2.3 percent of total general fund expenditures.

The City had fixed asset net additions of \$3,051,714 during the current year. Of this amount \$1,442,028 occurred in the governmental activities and \$1,609,686 occurred in the business-type activities.

The City's total debt increased by \$16,476,014 during the current fiscal year. This change resulted from new debt issued of \$17,349,073 and debt repayments net of amortization of bond premium \$873,059.

During the current fiscal year, the City's operating grants and contributions increased \$3,404 (5.45 percent) mainly due to normal variance in grants received; capital grants and contributions decreased \$180,332 (48.70 percent) mainly due to completion of prior year grants; property taxes increased \$822,912 (22.18 percent) mainly due to an increase in assessed valuation; charges for services increased \$168,983 (2.04 percent) mainly due to an increase in water and sewer sales of \$404,703 due to rate increases, and a decrease in natural gas sales of \$152,865 due to a warmer winter; and total expenses increased \$1,822,814 (8.96 percent) mainly due to overall increases in expenditures from new bank issues.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include water and sewer operations, natural gas operations, and solid waste collection operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also four legally separate authorities—the Batesville Licensing Commission, the Batesville Planning Commission, the Batesville Public Improvement Corporation, and the Batesville Election Commission Board. These component units, although legally separate, do not have any financial statements. Any expenses of these boards are paid by the City and are included in the City's financial statements.

The government-wide financial statements can be found on pages 19 – 21 of this report.

## **Overview of the Financial Statements – continued**

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the tourism fund, and the capital project series 2019 fund which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison schedules for the general fund and the tourism fund has been provided in the financial statements on pages 82 – 87 to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 22 – 26 of this report.

### **Proprietary funds**

The City maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, natural gas operations, civic center operations, and its waste collection operations.



## Overview of the Financial Statements – continued

### Proprietary funds - continued

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, the natural gas operations, the civic center operation, and the waste collection operations. The water and sewer fund, gas system fund, and the civic center fund are considered to be major funds of the City. The waste collection fund is considered to be a nonmajor fund of the City.

The basic proprietary fund financial statements can be found on pages 27 – 32 of this report.

### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City does not operate any fiduciary funds.

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 – 78 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the schedule of City's proportionate share of the net pension liability, schedule of City's contributions to public employee retirement system of Mississippi, and budgetary comparison schedules for certain governmental funds referred to earlier. Required supplementary information can be found on pages 79 – 90 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 91 – 93 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Batesville, Mississippi, assets and deferred outflows of resources less liabilities and deferred inflows of resources netted to \$37,371,091 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 84.9 percent or \$31,742,682) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 34.3 percent or \$12,831,792) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position deficit is approximately 19.3 percent or \$7,203,383.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in governmental activities of \$17,929,880 while all other categories of net position reported positive balances both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position decreased by \$763,392 during the current fiscal year. This decrease was mainly due to the decrease in net position from the governmental activities of \$882,227 and the increase in business-type activities of \$118,835 as detailed on the City of Batesville, Mississippi's changes in net position presented on the following pages. See other detailed changes on the following pages.

Government-wide Financial Analysis - continued

City of Batesville, Mississippi's Net Position

	Governmental Activities			Business-Type Activities			Total	
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Current and other assets	\$ 22,496,123	\$ 14,098,109	\$ 8,398,014	59.6%	\$ 23,417,288	\$ 15,041,575	\$ 8,375,713	55.7%
Capital assets	14,706,698	14,785,518	(78,820)	-0.5%	22,467,551	22,185,549	282,002	1.3%
Total assets	37,202,821	28,883,627	8,319,194	28.8%	45,884,839	37,227,124	8,657,715	23.3%
Deferred outflows of resources	1,498,688	684,717	813,971	118.9%	626,101	238,844	387,257	162.1%
Long-term liabilities outstanding	24,558,404	14,412,615	10,145,789	70.4%	15,488,315	6,755,874	8,712,441	129.0%
Other liabilities	1,121,774	977,224	144,550	14.8%	1,273,464	1,041,931	231,533	22.2%
Total liabilities	25,680,178	15,389,839	10,290,339	66.9%	16,741,779	7,797,805	8,943,974	114.7%
Deferred inflows of resources	4,956,053	5,231,000	(274,947)	-5.3%	483,348	481,185	(17,837)	-3.7%
Net position	13,163,366	14,367,449	(1,204,083)	-8.4%	18,579,316	19,513,713	(934,397)	-4.8%
Restricted	12,831,792	5,681,992	7,149,800	125.8%	-	-	-	0.0%
Unrestricted	(17,929,890)	(11,101,936)	(6,827,944)	61.5%	10,726,497	9,675,265	1,053,232	10.9%
Total Net Position	\$ 8,065,278	\$ 8,947,505	\$ (882,227)	-9.9%	\$ 29,305,813	\$ 29,186,978	\$ 118,835	0.4%
					\$ 37,371,091	\$ 38,134,483	\$ (763,392)	-2.0%

City of Batesville, Mississippi's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total	
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Revenue	\$ 445,311	\$ 515,320	\$ (70,009)	-13.6%	\$ 8,022,785	\$ 7,783,793	\$ 238,992	3.1%
Program Revenues								
Charges for services	65,893	62,489	3,404	5.4%	-	-	-	0.0%
Operating grants and contributions	189,945	370,277	(180,332)	-48.7%	-	-	-	0.0%
Capital grants and contributions								
General Revenues								
Taxes								
Property taxes and late fees	4,285,564	3,467,051	818,513	23.6%	248,333	243,934	4,399	1.8%
Road and bridge taxes	583,673	479,693	103,980	21.7%	-	-	-	0.0%
Sales, use, and tourism tax	6,411,270	5,832,724	578,546	9.9%	-	-	-	0.0%
Franchise tax	299,430	319,422	(19,992)	-6.3%	-	-	-	0.0%
In lieu taxes	308,921	308,743	178	0.1%	-	-	-	0.0%
Other taxes and state shared revenues	180,325	195,587	(15,262)	-7.8%	-	-	-	0.0%
Investment income	121,567	108,526	13,041	12.0%	180,109	262,870	(82,761)	-31.5%
Unrestricted grants and contributions	-	1,000	(1,000)	-100.0%	-	-	-	0.0%
Other	46,314	50,105	(3,791)	-7.6%	-	-	-	0.0%
Total revenue	\$12,938,213	\$11,710,937	\$ 1,227,276	10.5%	\$ 8,451,227	\$ 8,298,734	\$ 152,493	1.8%
					\$ 8,468,096	\$ 8,299,113	\$ 168,983	2.0%
					65,893	62,489	3,404	5.4%
					189,945	370,277	(180,332)	-48.7%
					4,533,897	3,710,985	822,912	22.2%
					583,673	479,693	103,980	21.7%
					6,411,270	5,832,724	578,546	9.9%
					299,430	319,422	(19,992)	-6.3%
					308,921	308,743	178	0.1%
					180,325	203,724	(23,399)	-11.5%
					301,676	371,396	(69,720)	-18.8%
					-	1,000	(1,000)	-100.0%
					46,314	50,105	(3,791)	-7.6%
					\$21,389,440	\$ 20,009,671	\$ 1,379,769	6.9%

Government-wide Financial Analysis - continued

City of Batesville, Mississippi's Changes in Net Position

	Governmental Activities				Business-Type Activities				Total			
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Expenses:												
General government	\$ 1,436,817	\$ 1,193,125	\$ 243,692	20.4%	\$ -	\$ -	\$ -	0.0%	\$ 1,436,817	\$ 1,193,125	\$ 243,692	20.4%
Public safety	7,180,820	7,072,146	108,674	1.5%	-	-	-	0.0%	7,180,820	7,072,146	108,674	1.5%
Streets	2,683,966	2,722,377	(38,411)	-1.4%	-	-	-	0.0%	2,683,966	2,722,377	(38,411)	-1.4%
Other	2,785,939	1,817,948	967,991	53.2%	-	-	-	0.0%	2,785,939	1,817,948	967,991	53.2%
Interest	237,432	19,564	217,868	1113.6%	-	-	-	0.0%	237,432	19,564	217,868	1113.6%
Water and Sewer	-	-	-	0.0%	4,121,236	3,565,782	555,454	15.6%	4,121,236	3,565,782	555,454	15.6%
Natural Gas	-	-	-	0.0%	2,391,103	2,645,598	(254,495)	-9.6%	2,391,103	2,645,598	(254,495)	-9.6%
Civic Center	-	-	-	0.0%	961,864	931,869	29,995	3.2%	961,864	931,869	29,995	3.2%
Sanitation	-	-	-	0.0%	374,962	382,916	(7,954)	-2.1%	374,962	382,916	(7,954)	-2.1%
Total expenses	14,324,974	12,825,160	1,499,814	11.7%	7,849,165	7,526,165	323,000	4.3%	22,174,139	20,351,325	1,822,814	9.0%
Increase (decrease) in net assets before contributions and transfers	(1,386,761)	(1,114,223)	(272,538)	24.5%	602,062	772,569	(170,507)	-22.1%	(784,699)	(341,654)	(443,045)	129.7%
Gain (loss) on disposition of capital assets	4,534	(9,295)	13,829	-148.8%	16,773	(6,401)	23,174	-362.0%	21,307	(15,696)	37,003	-235.7%
Transfers	500,000	1,419,761	(919,761)	-64.8%	(500,000)	(1,419,761)	919,761	-64.8%	-	-	-	0.0%
Increase (decrease) in net position	(882,227)	296,243	(1,178,470)	-397.8%	118,835	(653,593)	772,428	-118.2%	(763,392)	(357,350)	(406,042)	113.6%
Net position--beginning of year	8,947,505	8,651,262	296,243	3.4%	29,186,978	29,840,567	(653,589)	-2.2%	38,134,483	38,491,829	(357,346)	-0.9%
Rounding	-	-	-	0.0%	-	4	(4)	-100.0%	-	4	(4)	-100.0%
Net position--end of year	\$ 8,065,278	\$ 8,947,505	\$ (882,227)	-9.9%	\$ 29,305,813	\$ 29,186,978	\$ 118,835	0.4%	\$ 37,371,091	\$ 38,134,483	\$ (763,392)	-2.0%

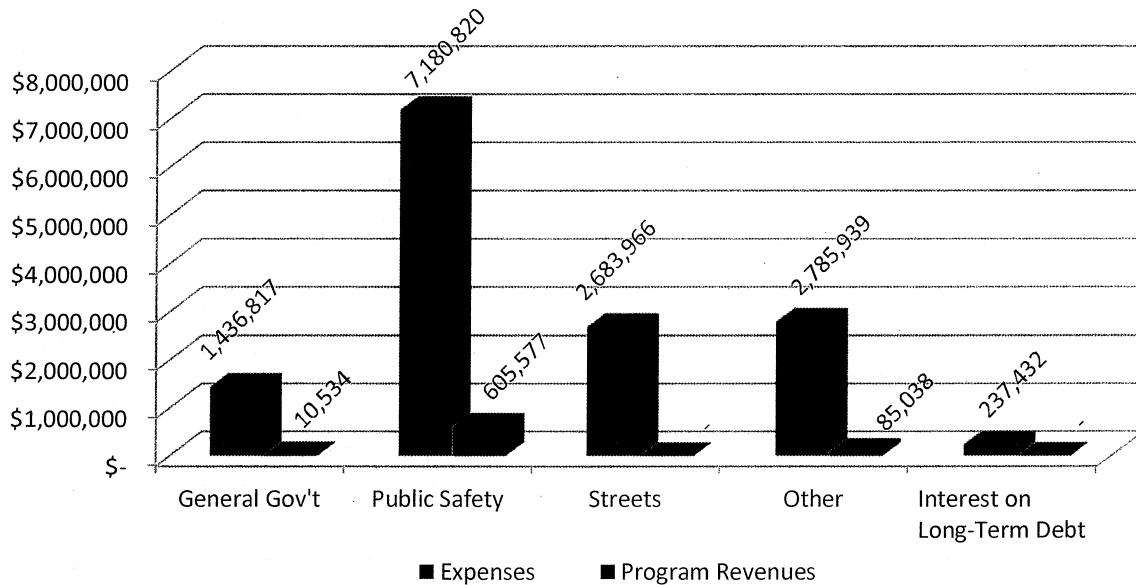
Governmental activities

Governmental activities, including transfers, decreased the City's net position by \$882,227 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$296,243. Key elements of the changes are detailed above.

## Government-wide Financial Analysis - continued

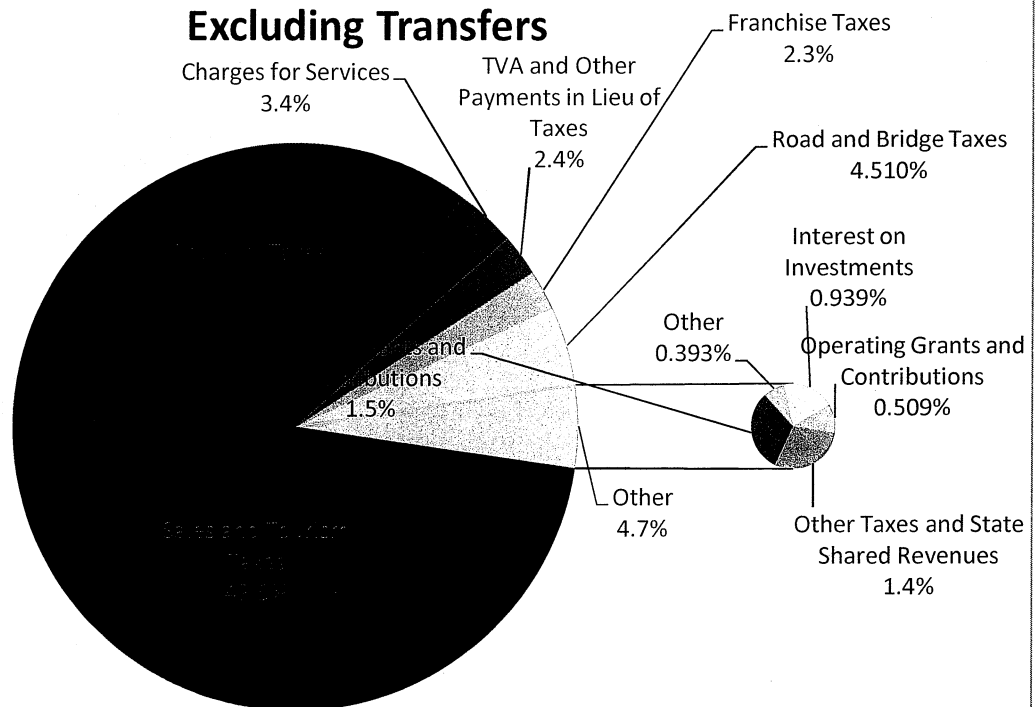
### Governmental activities - continued

#### Expense and Program Revenues - Governmental Activities



#### Revenues by Source - Governmental Activities

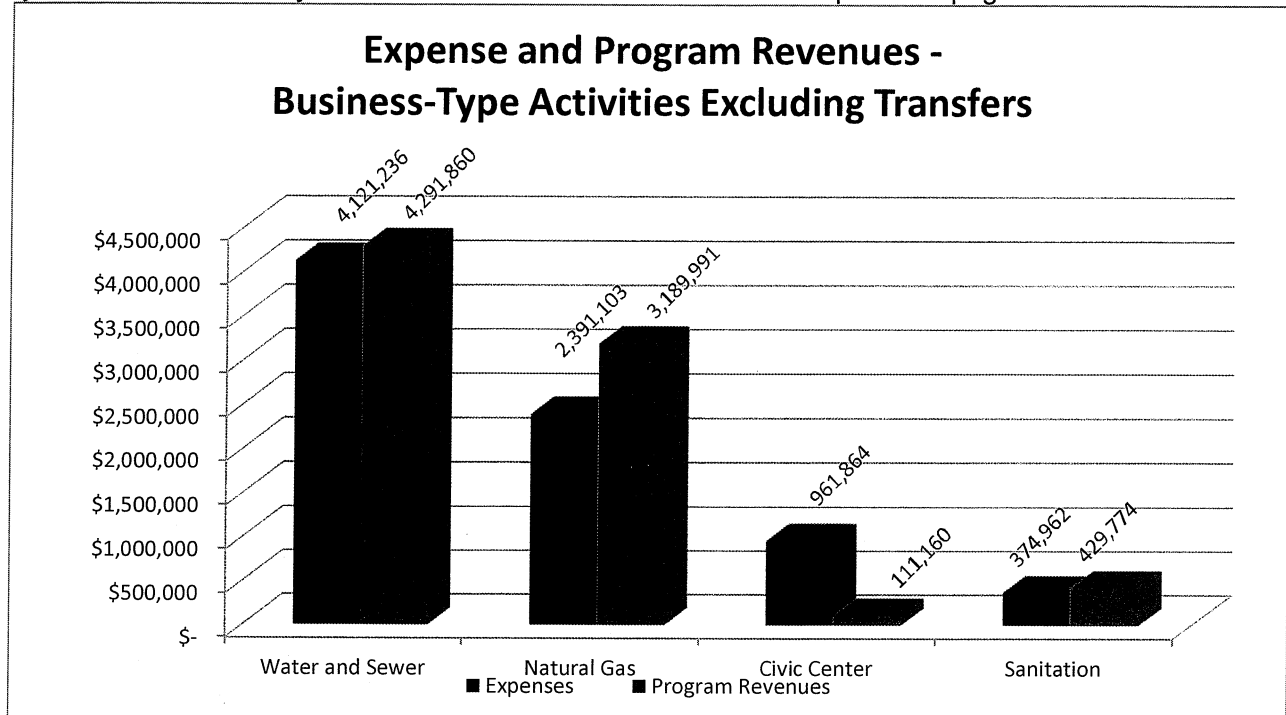
##### Excluding Transfers



## Government-wide Financial Analysis - continued

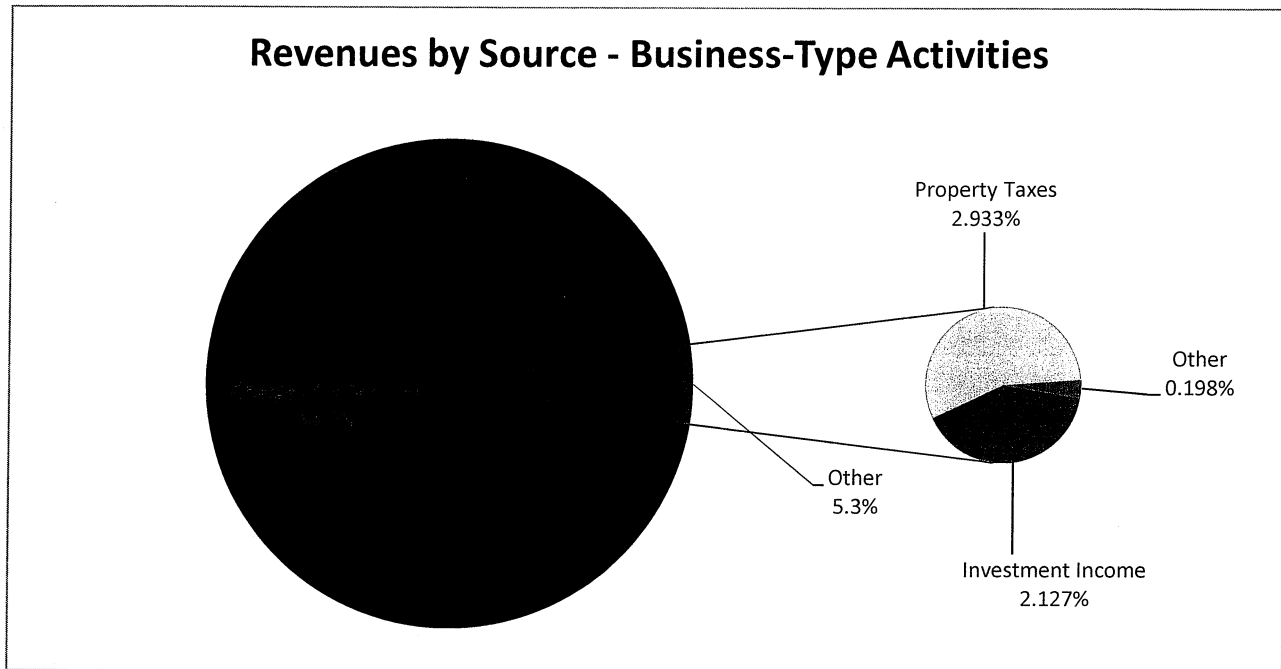
### Business-type activities

Business-type activities reported an increase in the City's net position by \$118,835 during the current year. By comparison, business-type activities reported a decrease in net position the previous fiscal year of \$653,593. Key elements of this increase are detailed on previous pages.



## Government-wide Financial Analysis - continued

### Business-type activities - continued



### **Financial Analysis of the Government's Funds**

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

#### Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,850,421, an increase of \$7,996,259 compared to the prior year. The City reported a balance of \$253,252 in unassigned fund balance.

The remainder of fund balance \$15,597,169 is either nonspendable, restricted by laws, regulations or by donor, committed by the Board of Alderpersons, or assigned by the Mayor, to indicate that it is not available for new spending or it can be spent only for specific items.

## **Financial Analysis of the Government's Funds - continued**

### Governmental funds - continued

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$253,252, while total fund balance was \$4,207,779. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 2.3 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$651,202 during the current fiscal year.

### Proprietary funds

The City's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer system, gas system, civic center, and waste collection funds at the end of the year amounted to \$3,796,970, \$6,981,625, \$(142,334), and \$90,236, respectively. The water and sewer fund had an increase in net position for the year of \$257,897, the gas fund had a decrease in net position for the year of \$91,865, the civic center fund had a decrease in net position for the year of \$102,009, and the waste collection fund had an increase in net position for the year of \$54,812.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

## **General Fund and Tourism Fund Budgetary Highlights**

The City made the following amendments to its original budget: Expenditures - public safety fire - personnel services \$53,296, public safety - fire - other services and charges \$(53,296), street - supplies \$9,350, street - other services and charges \$(9,350), library - personnel services \$10,867, library - capital \$(10,867).

During the year, general fund revenues were less than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$4,022,921.

During the year, tourism fund revenues were less than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$946,959.



## Capital Asset and Debt Administration

### Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to \$37,174,249 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, infrastructure, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges, and other infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was approximately 0.5 percent (an approximate 0.5 percent decrease for governmental activities and an approximate 1.3 percent increase for business-type activities).

Major capital asset additions are as follows:

Court automotive, furniture and equipment	\$	1,200
COFB automotive, furniture and equipment		9,000
Fire automotive, furniture and equipment		33,242
Library buildings and improvements		8,900
Park and recreation equipment		8,169
Park buildings and improvements		19,880
Police automotive, furniture and equipment		187,212
Police buildings and improvements		317,343
Street automotive, furniture and equipment		37,633
Street paving		361,341
Supervision and finance automotive, furniture and equipment		1,200
Construction in progress		456,908
Gas automotive, furniture and equipment		71,573
Gas distribution system		14,236
Water and sewer automotive, furniture and equipment		969,213
Water and sewer construction in progress		159,363
Water and sewer distribution system		383,812
Civic center automotive, furniture and equipment		11,489

### City of Batesville, Mississippi's Capital Assets - Net

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,953,710	\$ 438,500	\$ 2,392,210
Construction in progress	456,908	159,363	616,271
Infrastructure	7,112,031	-	7,112,031
Building and improvements	3,368,708	6,830,162	10,198,870
Natural gas system	-	1,206,932	1,206,932
Water and sewer system	-	12,497,542	12,497,542
Automotive, equipment and furnishings	1,815,341	1,335,052	3,150,393
<b>Total</b>	<b>\$ 14,706,698</b>	<b>\$ 22,467,551</b>	<b>\$ 37,174,249</b>

## Capital Asset and Debt Administration - continued

### Capital assets - continued

Additional information on the City's capital assets can be found in Note F on pages 54 - 58 of this report and in the long-term debt section below.

### Long-term debt

At the end of the current fiscal year, the City had total debt outstanding of \$19,565,917. Of this amount, \$9,626,020 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

#### **City of Batesville, Mississippi's Outstanding Debt** General Obligation and Revenue Bonds

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General obligation bonds	\$ 8,541,020	\$ 1,085,000	\$ 9,626,020
Lease agreements	212,531	-	212,531
Revenue bonds	-	9,727,366	9,727,366
<b>Total</b>	<b>\$ 8,753,551</b>	<b>\$ 10,812,366</b>	<b>\$ 19,565,917</b>

The City's total debt increased by \$16,476,012 (approximately 533.2 percent) during the current fiscal year. There were new revenue bonds and general obligation debt obligations and bond premiums received totaling \$17,349,073 issued during the year.

Not included above but reported as long-term debt in the financial statements is the accumulated leave time that would be paid as employees take leave or retire. Under GAAP reporting, this liability must be reported as compensated absence at year end, due to the contract language to the effect that the employee has "earned" this compensation. Also not included above is the City's proportionate share of the net pension liability of the Public Employee Retirement System of Mississippi (PERS) that is now required to be reported.

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$10,457,946. Additional information on the City's long-term debt can be found in Note H on pages 65 - 70 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2021 fiscal year:

The City tax millage rate was 36.37 for the current year compared to 36.37 for the subsequent year.

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, there was an unassigned fund balance in the general fund of \$253,252.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk at 103 College Street, Batesville, MS 38606.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,744,946	\$ 20,913,697	\$ 23,658,643
Restricted cash and cash equivalents	12,488,667	816,265	13,304,932
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$68,813)	4,875,758	253,974	5,129,732
Police fines (net of allowances of \$1,595,943)	204,865	-	204,865
Accounts (net of allowances of \$545,035)	-	776,708	776,708
Franchise fees (net of allowances of \$0)	96,514	-	96,514
Accrued interest (net of allowances of \$0)	1,056	-	1,056
Leases and loans receivable (net of allowances of \$501,251)	466,424	-	466,424
Prepaid items	193,471	166,210	359,681
Inventory	-	347,041	347,041
Due from other governments	1,567,815	-	1,567,815
Due (to) from other funds	(143,393)	143,393	-
Land and construction in progress	2,410,618	597,863	3,008,481
Other capital assets (net of accumulated depreciation)	<u>12,296,080</u>	<u>21,869,688</u>	<u>34,165,768</u>
 Total Assets	 <u>37,202,821</u>	 <u>45,884,839</u>	 <u>83,087,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows pertaining to pensions	<u>1,498,688</u>	<u>626,101</u>	<u>2,124,789</u>
 Total Deferred Outflows of Resources	 <u>\$ 1,498,688</u>	 <u>\$ 626,101</u>	 <u>\$ 2,124,789</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable - operations	\$ 464,644	\$ 309,409	\$ 774,053
Accounts payable - capital assets	30,109	195,529	225,638
Accrued interest	25,230	35,517	60,747
Accrued liabilities	573,709	171,831	745,540
Customer deposits	-	561,178	561,178
Liabilities payable from restricted assets:			
Accounts payable - operations	19,377	-	19,377
Builders compliance bonds and seized funds held	8,705	-	8,705
Long-term debt and capital leases			
Bonds and notes payable due within one year	155,000	629,360	784,360
Obligations under capital lease due within one year	212,531	-	212,531
Compensated absence due within one year	49,244	16,117	65,361
Net pension liability due in more than one year	15,403,541	4,476,824	19,880,365
Bonds and notes payable due in more than one year	8,386,020	10,183,006	18,569,026
Compensated absense due in more than one year	352,068	163,008	515,076
<b>Total Liabilities</b>	<b>25,680,178</b>	<b>16,741,779</b>	<b>42,421,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows pertaining to pensions	204,214	207,080	411,294
Deferred inflows pertaining to unavailable revenue	4,751,839	256,268	5,008,107
<b>Total Deferred Inflows of Resources</b>	<b>4,956,053</b>	<b>463,348</b>	<b>5,419,401</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,163,366	18,579,316	31,742,682
Restricted for:			
Debt service - expendable	236,964	-	236,964
Library operations - expendable	999,237	-	999,237
Bond cushion, depreciation and contingency - expendable	-	-	-
Capital improvements	5,496,313	-	5,496,313
Economic development	3,451,085	-	3,451,085
Other - expendable	141,386	-	141,386
Tourism development - expendable	2,444,728	-	2,444,728
Unemployment	62,079	-	62,079
Unrestricted (deficit)	(17,929,880)	10,726,497	(7,203,383)
<b>TOTAL NET POSITION</b>	<b>\$ 8,065,278</b>	<b>\$ 29,305,813</b>	<b>\$ 37,371,091</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Statement of Activities**  
**For the fiscal year ended September 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fines and Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General government	\$ 1,436,817	\$ 4,932	\$ 5,602	\$ -	\$ (1,426,283)	\$ -
City court	211,994	1,303	-	-	(210,691)	-
Police	4,731,630	346,051	15,268	3,735	(4,366,576)	-
Fire	2,449,190	9,290	45,023	186,210	(2,208,667)	-
Streets	2,683,966	-	-	-	(2,683,966)	-
Public health and sanitation	400,972	10,046	-	-	(390,926)	-
Library	311,161	-	-	-	(311,161)	-
Parks and recreation	364,926	16,908	-	-	(348,018)	-
Code	359,299	56,756	-	-	(302,543)	-
Economic development	1,137,587	25	-	-	(1,137,562)	-
Interest on long term debt	237,432	-	-	-	(237,432)	-
Total Governmental Activities	14,324,974	445,311	65,893	189,945	(13,623,825)	-
Business-Type Activities:						
Water	1,768,405	2,257,996	-	-	-	489,591
Sewer	2,352,831	2,033,864	-	-	-	(318,967)
Gas	2,391,103	3,189,991	-	-	-	798,888
Civic center	961,864	111,160	-	-	-	(850,704)
Sanitation	374,962	429,774	-	-	-	54,812
Total Business-Type Activities	7,849,165	8,022,785	-	-	-	173,620
TOTAL PRIMARY GOVERNMENT	\$ 22,174,139	\$ 8,468,096	\$ 65,893	\$ 189,945	(13,623,825)	\$ 173,620
General Revenues						
Taxes						
Property taxes and late fees					4,285,564	248,333
Road and bridge taxes					583,673	-
Sales, modernization use tax and tourism tax					6,411,270	-
Homestead					128,695	-
Franchise tax					299,430	-
TVA and other payments in lieu of taxes					308,921	-
Other taxes					41,412	-
Municipal aid and gasoline tax					10,218	-
Investment income					121,567	180,109
Reduction for uncollectable loans					(1,489)	-
Other					47,803	-
Gain (loss) on sale or retirement of capital assets					4,534	16,773
Transfers					500,000	(500,000)
Total					12,741,598	(54,785)
Change in Net Position					(882,227)	118,835
NET POSITION--BEGINNING					8,947,505	29,186,978
NET POSITION--ENDING					\$ 8,065,278	\$ 29,305,813
						\$ 37,371,091

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2020**

	General Fund	Tourism Fund	Capital Project Series 2019 Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,744,945	\$ 1	\$ -	\$ -	\$ 2,744,946
Restricted cash and cash equivalents	1,419,397	2,233,283	5,190,950	3,645,037	12,488,667
Taxes	4,479,786	-	-	395,973	4,875,759
Police fines	204,865	-	-	-	204,865
Interest	-	-	-	1,056	1,056
Franchise fees	96,514	-	-	-	96,514
Due from other funds	229,482	-	153,942	443,724	827,148
Due from other governments	1,227,899	214,945	-	124,971	1,567,815
Lease and loans receivable - net	13,487	-	-	452,937	466,424
Total assets	<u>\$ 10,416,375</u>	<u>\$ 2,448,229</u>	<u>\$ 5,344,892</u>	<u>\$ 5,063,698</u>	<u>\$ 23,273,194</u>
<b>LIABILITIES</b>					
Accounts payable - operations	\$ 243,844	\$ 3,501	\$ -	\$ 217,299	\$ 464,644
Accounts payable - fixed assets	30,109	-	-	-	30,109
Accrued liabilities	573,709	-	-	-	573,709
Compensated absences	49,244	-	-	-	49,244
Due to other funds	503,401	-	89,775	377,364	970,540
Accounts payable	16,627	-	-	2,750	19,377
Builders compliance bonds and seized funds held	4,799	-	-	3,906	8,705
Total liabilities	<u>1,421,733</u>	<u>3,501</u>	<u>89,775</u>	<u>601,319</u>	<u>2,116,328</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>4,786,863</u>	<u>-</u>	<u>-</u>	<u>519,582</u>	<u>5,306,445</u>
Total deferred inflows of resources	<u>4,786,863</u>	<u>-</u>	<u>-</u>	<u>519,582</u>	<u>5,306,445</u>
<b>FUND BALANCES</b>					
Nonspendable	13,488	-	-	-	13,488
Restricted	1,061,316	2,444,728	5,255,117	3,942,797	12,703,958
Committed	30,000	-	-	-	30,000
Assigned	2,849,723	-	-	-	2,849,723
Unassigned	253,252	-	-	-	253,252
Total fund balance	<u>4,207,779</u>	<u>2,444,728</u>	<u>5,255,117</u>	<u>3,942,797</u>	<u>15,850,421</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,416,375</u>	<u>\$ 2,448,229</u>	<u>\$ 5,344,892</u>	<u>\$ 5,063,698</u>	<u>\$ 23,273,194</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Reconciliation of Fund Balances of Governmental Funds to the**  
**Governmental Activities in the Statement of Net Position**  
**September 30, 2020**

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 15,850,421
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, were not reported in the governmental funds. The capital assets were adjusted as follows:	
Land improvements and construction in progress	2,410,618
Other capital assets	42,923,563
Less accumulated depreciation	(30,627,483)
Some of the City's revenues will be collected after year end but will not be available soon enough to pay for the current period's expenditures and; therefore, are deferred in the governmental funds. The deferred revenues were adjusted as follows:	
Revenues - police fines	107,273
Revenues - modernization use tax	124,971
Revenues - payments in lieu of tax	204,495
Revenues - municipal aid	3,272
Revenues - property taxes	24,999
Revenues - grants	4,325
Revenues - rent	3,333
Revenues - franchise fees	81,938
The City's policy is to not recognize prepaid items as assets at the fund level; therefore they are not reported in the funds.	193,470
Interest payable on long-term debt did not require current financial resources; therefore, interest payable was not reported as a liability in the governmental funds.	(25,231)
Long-term liabilities, including bonds payable, capital leases and compensated absences not due and payable in the current period and; therefore, are not reported in the governmental funds. The long-term liabilities were adjusted as follows:	
General obligation bonds	(8,541,020)
Capital leases	(212,531)
Compensated absences	(352,068)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements.	(15,403,541)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the governmental fund financial statements.	
Deferred outflows pertaining to pensions	1,498,688
Deferred inflows related to pensions	(204,214)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 8,065,278

The accompanying notes are an integral part of this financial statement.



**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2020**

	<u>General</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Advalorem taxes, penalties and interest	\$ 3,885,431	\$ -	\$ -	\$ 386,060	\$ 4,271,491
Road and bridge taxes	583,673	-	-	-	583,673
In lieu of taxes - General Electric	104,425	-	-	-	104,425
License, permits, and fees	75,813	-	-	-	75,813
Federal grants	200,893	-	-	-	200,893
Sales tax	4,969,168	-	-	116,211	5,085,379
Liquor privilege tax	10,800	-	-	-	10,800
Fire protection	45,023	-	-	-	45,023
Police academy training	7,200	-	-	-	7,200
Gasoline tax and municipal aid	6,946	-	-	-	6,946
Homestead reimbursement	128,695	-	-	-	128,695
In lieu of taxes - TVA	199,737	-	-	-	199,737
Tourism tax	-	1,235,862	-	-	1,235,862
Franchise taxes	217,495	-	-	-	217,495
Municipal court fines and bond fees	123,497	-	-	15,608	139,105
Cops in school charges	188,718	-	-	-	188,718
Parks and recreation	20,722	-	-	-	20,722
Fire department revenue - local	9,290	-	-	-	9,290
Interest income	25,072	11,036	41,239	44,219	121,566
Rents	43,267	-	-	-	43,267
Contributions and donations	150	-	-	-	150
Reduction for uncollectable loans	-	-	-	(1,489)	(1,489)
Other	27,610	-	-	919	28,529
Total revenues	<u>10,873,625</u>	<u>1,246,898</u>	<u>41,239</u>	<u>561,528</u>	<u>12,723,290</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	958,257	128,734	-	16,867	1,103,858
City court	193,884	-	-	-	193,884
Police	4,127,899	-	-	-	4,127,899
Fire	2,094,821	-	-	-	2,094,821
Streets	1,625,885	-	-	-	1,625,885
Public health and sanitation	368,869	-	-	-	368,869
Library	277,911	-	-	-	277,911
Parks and recreation	266,262	-	-	-	266,262
Code	308,887	-	-	-	308,887
Economic development	-	3,500	-	1,008,853	1,012,353
Capital outlay	733,783	200,000	283,758	357,259	1,574,800
Principal retirement - capital lease	205,538	-	-	-	205,538
Interest and paying agent	85,447	-	-	147,882	233,329
Total expenditures	<u>11,247,443</u>	<u>332,234</u>	<u>283,758</u>	<u>1,530,861</u>	<u>13,394,296</u>
Excess (deficit) of revenues over (under) expenditures	\$ (373,818)	\$ 914,664	\$ (242,519)	\$ (969,333)	\$ (671,006)

The accompanying notes are an integral part of this financial statement.

CITY OF BATESVILLE, STATE OF MISSISSIPPI  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the fiscal year ended September 30, 2020

	General	Tourism Fund	Capital Project Series 2019 Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds from disposition of fixed assets	\$ 25,020	\$ -	\$ -	\$ -	\$ 25,020
Proceeds from bond sales	-	-	5,400,000	2,600,000	8,000,000
Proceeds from bond premium proceeds	-	-	378,990	182,343	561,333
Bond and loan issuance cost	-	-	(273,998)	(145,090)	(419,088)
Operating transfers in	1,000,000	-	-	8,150	1,008,150
Operating transfers out	-	(500,000)	(7,356)	(794)	(508,150)
Total other financing sources (uses)	<u>1,025,020</u>	<u>(500,000)</u>	<u>5,497,636</u>	<u>2,644,609</u>	<u>8,667,265</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	651,202	414,664	5,255,117	1,675,276	7,996,259
Fund balance - beginning	<u>3,556,577</u>	<u>2,030,064</u>	<u>-</u>	<u>2,267,521</u>	<u>7,854,162</u>
Fund balance - end of year	<u>\$ 4,207,779</u>	<u>\$ 2,444,728</u>	<u>\$ 5,255,117</u>	<u>\$ 3,942,797</u>	<u>\$ 15,850,421</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Governmental Activities in the Statement of Activities**  
**For the fiscal year ended September 30, 2020**

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ 7,996,259

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, assets with an individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which items capitalized exceeded depreciation in the current period.

Capital outlay	1,442,028
Basis of assets disposed of	(20,486)
Depreciation expense	(1,500,362)

The repayment of long-term debt is reported as an expenditure when due in governmental funds, but as a reduction of principal outstanding in the statement of activities.	205,538
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The proceeds from a bond sale is reported as revenue when issued in governmental funds, but as an increase in bond debt outstanding in the statement of activities.	(8,561,333)
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The payment of insurance, operating leases and maintenance agreements are reported as an expenditure in the governmental funds, but reported on the consumption basis in the statement of activities.	17,675
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Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	14,068
Municipal aid	3,272
Franchise tax	81,938
Municipal court fines	17,932
Payment in lieu of taxes	4,759
Modernization use tax	3,333
Rent	90,028
Operating grants and contributions	4,325

Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.

They are as follows:

GASB 68 pension expense	(676,195)
Compensated absences	(902)
Interest expense	(4,103)
	(882,226)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (882,226)
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The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2020**

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 5,790,111	\$ 7,751,999	\$ 417,808	\$ 29,647	\$ 13,989,565
Cash and cash equivalents - restricted	7,463,189	277,207	-	-	7,740,396
Receivables (net of allowance for uncollectibles)					
Accounts	470,087	295,874	6,780	3,967	776,708
Property and franchise tax	-	-	253,974	-	253,974
Inventory	88,314	258,728	-	-	347,042
Due from other funds	261,732	131,724	23,513	87,154	504,123
Prepaid items	94,798	35,196	36,216	-	166,210
Total current assets	14,168,231	8,750,728	738,291	120,768	23,778,018
Noncurrent Assets					
Restricted Assets					
Nondepreciable land, improvements and construction in progress	397,863	15,000	185,000	-	597,863
Depreciable capital assets, net of accumulated depreciation	13,714,311	1,375,512	6,779,865	-	21,869,688
Total noncurrent assets	14,112,174	1,390,512	6,964,865	-	22,467,551
Total assets	28,280,405	10,141,240	7,703,156	120,768	46,245,569
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows pertaining to pensions	258,667	308,623	58,811	-	626,101
Total deferred outflows of resources	\$ 258,667	\$ 308,623	\$ 58,811	\$ -	\$ 626,101

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2020**

	<b>Business-Type Activities--Enterprise Fund</b>				
	<b>Water and Sewer Fund</b>	<b>Gas Fund</b>	<b>Civic Center Fund</b>	<b>Nonmajor Fund Waste Collection Fund</b>	<b>Total Business-Type Funds</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable - operations	\$ 131,875	\$ 115,915	\$ 31,087	\$ 30,532	\$ 309,409
Accounts payable - fixed assets	188,743	6,786	-	-	195,529
Accrued interest	27,290	-	8,227	-	35,517
Accrued liabilities	104,413	51,114	16,304	-	171,831
Customer deposits payable from restricted assets	283,971	277,207	-	-	561,178
Compensated absences	14,275	-	1,842	-	16,117
Due to other funds	213,234	147,496	-	-	360,730
Current portion of long-term debt payable	94,360	-	535,000	-	629,360
Total current liabilities	<u>1,058,161</u>	<u>598,518</u>	<u>592,460</u>	<u>30,532</u>	<u>2,279,671</u>
Noncurrent Liabilities					
Net pension liability	2,530,799	1,396,836	549,189	-	4,476,824
Compensated absences	85,856	58,713	18,439	-	163,008
Long-term debt, net of current maturities	9,633,006	-	550,000	-	10,183,006
Total noncurrent liabilities	<u>12,249,661</u>	<u>1,455,549</u>	<u>1,117,628</u>	<u>-</u>	<u>14,822,838</u>
Total liabilities	<u>13,307,822</u>	<u>2,054,067</u>	<u>1,710,088</u>	<u>30,532</u>	<u>17,102,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	256,268	-	256,268
Deferred inflows pertaining to pensions	125,341	23,659	58,080	-	207,080
Total deferred inflows of resources	<u>125,341</u>	<u>23,659</u>	<u>314,348</u>	<u>-</u>	<u>463,348</u>
<b>NET POSITION</b>					
Net investment in capital assets	11,308,939	1,390,512	5,879,865	-	18,579,316
Unrestricted	3,796,970	6,981,625	(142,334)	90,236	10,726,497
Total net position	<u>\$ 15,105,909</u>	<u>\$ 8,372,137</u>	<u>\$ 5,737,531</u>	<u>\$ 90,236</u>	<u>\$ 29,305,813</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the fiscal year ended September 30, 2020**

	Business-Type Activities--Enterprise Fund				
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund	Total Business-Type Funds
<b><u>OPERATING REVENUES</u></b>					
Charges for sales and services					
Water sales	\$ 2,162,170	\$ -	\$ -	\$ -	\$ 2,162,170
Sewer sales	1,977,538	-	-	-	1,977,538
Gas sales	-	3,017,981	-	-	3,017,981
Facility fees	-	-	110,801	-	110,801
Sanitation fees	-	-	-	420,389	420,389
Service charges and other	224,020	80,176	359	9,385	313,940
Total operating revenues	4,363,728	3,098,157	111,160	429,774	8,002,819
<b><u>OPERATING EXPENSES</u></b>					
Personnel services	1,259,732	740,359	300,202	-	2,300,293
Professional services	319,253	77,434	43,751	374,963	815,401
Supplies	269,660	39,916	22,485	-	332,061
Repairs	63,063	14,447	68,672	-	146,182
Operational	696,979	127,555	248,390	-	1,072,924
Purchase of gas for resale	-	1,177,879	-	-	1,177,879
Depreciation and amortization	971,072	96,564	233,824	-	1,301,460
Total operating expenses	3,579,759	2,274,154	917,324	374,963	7,146,200
Operating income (loss)	783,969	824,003	(806,164)	54,811	856,620
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>					
Property taxes	-	-	248,333	-	248,333
Interest revenue	98,594	81,153	362	1	180,110
Interest expense and fiscal charges	(253,607)	-	(44,540)	-	(298,147)
Bond issuance cost	(359,739)	-	-	-	(359,739)
Gain (loss) on sale of fixed assets	773	(9,115)	-	-	(8,342)
Total nonoperating revenues and expenses	(513,979)	72,038	204,155	1	(237,785)
Income (loss) before operating transfers and contributions	269,990	896,041	(602,009)	54,812	618,835
Operating transfers in	-	12,094	500,000	-	512,094
Operating transfers out	(12,094)	(1,000,000)	-	-	(1,012,094)
Changes in net position	257,896	(91,865)	(102,009)	54,812	118,835
Net position - beginning	14,848,013	8,464,002	5,839,540	35,424	29,186,979
Net position - ending	\$ 15,105,909	\$ 8,372,137	\$ 5,737,531	\$ 90,236	\$ 29,305,813

The accompanying notes are an integral part of this financial statement.

## CITY OF BATESVILLE, MISSISSIPPI

## Proprietary Fund

## Statement of Cash Flows

For the fiscal year ended September 30, 2020

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 4,370,463	\$ 3,103,682	\$ 112,680	\$ 432,220	\$	8,019,045
Payments to employees including fringe benefits	(1,189,826)	(645,193)	(267,726)	-	-	(2,102,745)
Payments to suppliers for goods and services	(1,330,038)	(1,475,153)	(409,288)	(375,532)		(3,590,011)
Net cash provided by operating activities	1,850,599	983,336	(564,334)	56,688		2,326,289
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Operating transfers in	-	-	500,000	-		500,000
Operating transfers out	-	(1,000,000)	-	-		(1,000,000)
Net changes in due from other funds	(55,048)	(121,581)	4,058	(39,267)		(211,838)
Net changes in due to other funds	165,348	(26,233)	-	(8,494)		130,621
Net cash provided (used) by non-capital financing activities	110,300	(1,147,814)	504,058	(47,761)		(581,217)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from revenue bonds	8,787,740	-	-	-		8,787,740
Bond issuance cost	(359,739)	-	-	-		(359,739)
Proceeds from disposition of fixed assets	-	16,000	-	-		16,000
Taxes levied for debt services	-	-	248,333	-		248,333
Principal payments - revenue bonds	(132,210)	-	(515,000)	-		(647,210)
Payment on payables used to acquire fixed assets	(29,111)	-	(4,955)	-		(34,066)
Acquisition and construction of capital assets	(1,323,645)	(79,022)	(11,489)	-		(1,414,156)
Interest and fiscal charges paid	(225,886)	-	(48,445)	-		(274,331)
Net cash provided (used) by capital and related financing activities	6,717,149	(63,022)	(331,556)	-		6,322,571

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Cash Flows**  
**For the fiscal year ended September 30, 2020**

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	\$ 98,594	\$ 81,153	\$ 364	\$ 1	\$ 180,112	
Net cash provided (used) by investing activities	98,594	81,153	364	1	180,112	
<b>NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION</b>						
Acquisition of fixed assets on account and capital lease	(188,743)	(6,786)	-	-	(195,529)	
Transfers of fixed assets to gas fund	(12,094)	12,094	-	-	195,529	
Borrowing from suppliers on account	188,743	6,786	-	-	-	
Fixed assets contributed (from) to other funds	12,094	(12,094)	-	-	-	
Net effect of non cash transactions	-	-	-	-	-	
Net increase (decrease) in cash and cash equivalents	8,776,642	(146,347)	(391,468)	8,928	8,247,755	
Cash and cash equivalents, beginning of year	4,476,658	8,175,553	809,276	20,719	13,482,206	
Cash and cash equivalents, end of year	\$ 13,253,300	\$ 8,029,206	\$ 417,808	\$ 29,647	\$ 21,729,961	

The accompanying notes are an integral part of this financial statement.



**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Cash Flows**

For the fiscal year ended September 30, 2020

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 783,970	\$ 824,003	\$ (806,164)	\$ 54,811	\$	856,620
Adjustments to reconcile net income to net cash from operating activities:						
Depreciation	971,072	96,564	233,824	-	-	1,301,460
(Increase) decrease in accounts receivable	38,780	344	(5,175)	2,447	-	36,396
(Increase) decrease in inventory	3,847	(9,727)	-	-	-	(5,880)
(Increase) decrease in deferred outflows pertaining to pensions	(145,390)	(240,379)	(1,488)	-	-	(387,257)
(Increase) decrease in prepaid items	(52,335)	(10,457)	(14,468)	-	-	(77,260)
Increase (decrease) in accounts payable - operations	(4,484)	(17,738)	(11,522)	(570)	-	(34,294)
Increase (decrease) in accrued liabilities - payroll and benefits	24,834	15,344	(2,752)	-	-	37,426
Increase (decrease) in compensated absences	18,107	10,060	247	-	-	28,414
Increase (decrease) in pension liability	166,803	366,152	10,542	-	-	543,497
Increase (decrease) in deferred inflows pertaining to pensions	5,552	(56,011)	25,927	-	-	(24,532)
Increase (decrease) in unavailable revenue operations	-	-	6,695	-	-	6,695
Increase (decrease) in customer deposits	39,823	5,181	-	-	-	45,004
Total adjustments	1,066,629	159,333	241,830	1,877	-	1,469,669
Net cash provided (used) by operating activities	\$ 1,850,599	\$ 983,336	\$ (564,334)	\$ 56,688	\$	2,326,289

The accompanying notes are an integral part of this financial statement.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Batesville, Mississippi, ("the City") was incorporated in 1866 under the provisions of the State of Mississippi. The City operates under a Mayor - Board of Alderman form of government and provides the following services to the citizens of the City as authorized by its charter--general administration, water, sewer, gas, garbage disposal, police and fire protection, economic development, public works, health and social services, culture, recreation, public improvements, public health, and planning and zoning.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. For the government-wide financial statements and proprietary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting and reporting policies and practices used by the City are described below.

**1. Reporting Entity**

The City is governed by an elected mayor and five-member board of alderpersons. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable.

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

Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Blended Component Unit

The Batesville Library Commission, Batesville Licensing Commission, Batesville Planning Commission, and the Batesville Election Commission meet the criteria listed for inclusion as a component unit. However, these boards do not have any financial activity; therefore, there are no separate financial statements for these component units. Any expenses of these boards are paid by the City and are blended in the City's financial statements. The Batesville Library Commission is 100 percent appointed by the City Board and provides library oversight services to the City. The Batesville Licensing Commission is 100 percent appointed by the City Board and provides licensing oversight to the City. The Batesville Planning Commission is 100 percent appointed by the City Board and provides planning commission services to the City. The Batesville Election Commission is 100 percent appointed by the City Board and handles all municipal elections.

The Batesville Public Improvement Corporation is a non-profit organization formed in 1991 to construct and finance the new Batesville library. The Corporation issued \$610,000 in "certificates of participation" which was used, along with a \$200,000 library grant obtained by the City, to construct and furnish a new library facility. The City's Mayor and Board of Alderpersons also serve as the Corporation's Board of Directors, and the City was the Corporation's designated agent responsible for all phases of construction. For financial reporting purposes, the Corporation is reported as a blended component as if it were part of the City's operations. The Corporation has no assets, liabilities, or income; therefore, no separate financial statements are presented.

**2. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) 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. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable. On the reporting model, as defined by GASB Statement No. 34, the focus is either the City as a whole or major individual funds (within the fund financial statements).

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Government-Wide and Fund Financial Statements - continued

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.). When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, tourism fund, and the capital project series 2019 fund. The major business type funds are the water and sewer system fund, the gas system fund, and the civic center fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statement. The costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc. of the governmental activities and Water and Sewer, Gas, and Sanitation of the business-type activities). The City does not have any internal service funds.

The City's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The City does not have any fiduciary funds.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Government-Wide and Fund Financial Statements - continued

The government-wide focus is more of the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and business-type categories as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus and Basis of Accounting

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

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

Ad valorem taxes, franchise taxes, licenses, fines, interest revenues, and charges for services are recognized under the susceptible to accrual concept. Advalorem taxes prior to October 1, 2015 are not susceptible to accrual because the City cannot measure them until received in cash. Net advalorem tax receivable for the periods prior to October 1, 2015 are not expected to be material. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. All other revenue items are considered to be measurable and available only when cash is received by the City. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is met.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Measurement Focus and Basis of Accounting - continued

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas fund, combined water and sewer fund, and waste collection fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the City:

**Governmental Funds:**

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

General Fund accounts for several of the City's primary services (General Government, Public Safety, Public Works, and Culture and Recreation, etc.) and is the primary operating unit of the City. This fund is used to account for all financial resources not reported in other funds.

Tourism Fund accounts for the collection and use of the City's tourism tax on motels and restaurants. The assets of the fund are used for the promotion of the City of Batesville, Mississippi.

Capital Project Series 2019 Fund accounts for the collection of general obligation debt and related capital expenditures for construction of buildings and other improvements.

The City additionally reports other governmental funds which is a summary of all the nonmajor governmental funds.

**Proprietary Funds:**

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

- a. Gas System Fund accounts for the operation of the City's natural gas utility. Activities of the fund include administration, operation and maintenance of the natural gas system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and payment of, long term debt principal and interest on revenue bonds and obligations under capital leases when due during the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Measurement Focus and Basis of Accounting - continued

**Proprietary Funds - continued:**

- b. Water and Sewer System Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and payment of, long term debt principal and interest on revenue bonds and obligations under capital leases when due during the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.
- c. Civic Center Fund accounts for the operating activities of the City's multipurpose building. This facility is used to promote the City and local business enterprises, and provide a place for civic and cultural events.
- d. The City additionally reports nonmajor funds consisting of the Waste Collection Fund, which accounts for the operation of the City's waste collection. Customers are billed monthly at a rate to cover the cost of providing such service.

**Non-Current Governmental Assets/Liabilities:**

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

4. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased to be cash equivalents. Certificates of deposit with a maturity of more than 90 days when purchased are not considered to be cash equivalents. All investments, if any, are in certificates of deposit that are valued at cost, which approximates fair value.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Statement of Cash Flows - continued

Cash and cash equivalents, as shown on Statement 7, include the following Proprietary Fund cash balances as shown on Statement 5:

	Water and Sewer	Gas	Civic Center
Cash and cash equivalents	\$ 5,790,111	\$ 7,751,999	\$ 417,808
Restricted cash and cash equivalents	<u>7,463,189</u>	<u>277,207</u>	<u>-</u>
	<u>\$ 13,253,300</u>	<u>\$ 8,029,206</u>	<u>\$ 417,808</u>

	Waste Collection	Total
Cash and cash equivalents	\$ 29,647	\$ 13,989,565
Restricted cash and cash equivalents	<u>-</u>	<u>7,740,396</u>
	<u>\$ 29,647</u>	<u>\$ 21,729,961</u>

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, if any, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.



**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**6. Inventories and Prepaid Items**

Inventories of the enterprise funds are maintained on the consumption method and are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of enterprise fund expendable supplies held for consumption and natural gas held for resale. The governmental funds record inventories under the purchase method; therefore, items are recorded as expenses when purchased. The City governmental funds do not maintain material inventories; therefore, the accompanying fund and government-wide financial statements do not reflect governmental fund or governmental activities inventory.

Prepaid items record payments to vendors that benefit future reporting periods and are reported on the consumption basis for the government-wide and enterprise fund financial statements. Payments made to vendors for services that will benefit periods beyond the date of these financial statements are recognized in the period of acquisition for governmental fund statements.

**7. Capital Assets**

Property, plant and equipment purchased or acquired is recorded at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The City capitalizes paving costs on existing roads.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 to 50
Vehicles, equipment and fixtures	5 to 10
Water and sewerage plant	20 to 50
Gas distribution	10 to 40

It is at least reasonably possible that management's estimate of useful lives could change in the near term.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

8. Capitalization of Interest

In conformity with Financial Accounting Standards No. 34, Capitalization of Interest Cost, the City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. Total interest, fiscal charges, and amortization of loan discount and deferred amount of refunding incurred in the enterprise funds was \$298,147. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$298,147 were charged to expense. Interest costs, net of interest earned of \$0 were capitalized as fixed assets in the enterprise funds.

9. Compensated Absences

The City's employees earn vacation leave for each month of work performed. The accrual rate increases with years of service up to a maximum of 25 hours per month for full-time firefighters and 20 hours per month for other full-time employees with over 30 years of service. Accrued vacation is paid to the employees upon termination of employment up to a maximum of 30 days.

The City accrues compensated absences when vested. Only the current portion of the compensated absences payable is accrued in the governmental funds financial statements. Both the current and non current portions of the compensated absences payable are recorded in the government-wide and enterprise fund financial statements.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

10. Long-Term Obligations

The City has issued debt under Section 17-21-51, 17-21-53, 21-33-301, 37-29-265, and 57-64-1 et seq (the REDA Act) of the Mississippi Code. These code sections provide for the prompt payment of notes or certificates of indebtedness at maturity, both principal and interest, of which the full faith credit and resources of the City are pledged. If the City does not have available funds in an amount sufficient to provide for the payment of principal and interest according to the terms of such notes or certificates of indebtedness, then the City is required to annually levy a special tax upon all of its taxable property at a rate, the avails of which will be, sufficient to provide such payments. Funds derived from any such tax shall be paid into a sinking fund and used exclusively for the payment of principal and interest on the notes or certificates of indebtedness.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Long-Term Obligations - continued**

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 financial statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are chargeable to the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**11. Payable from Restricted Assets**

Certain assets of the business-type activities have been restricted for debt service, construction, and customer deposits. These assets consist of cash and short-term investments and accrued interest restricted as follows:

	Water and Sewer	Gas
Customer deposits	\$ 283,971	\$ 277,207
Accounts payable- fixed assets	188,743	6,786

**12. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that meets this criterion, pensions which includes contributions made to the pension plan after the pension liability measurement date, its proportionate share of Mississippi Public Employee Retirement System (PERS) changes in actuarial assumptions, and the City's change in pension proportion from the prior year.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**12. Deferred Outflows/Inflows of Resources - continued**

In addition to liabilities, the statement of net position will sometimes report separate inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items for reporting in this category. They are pensions which consist of (1) the difference between projected and actual earnings on pension plan investments, the City's change in pension proportion from the prior year, and (2) the unavailable revenue reported in the government-wide statement of net position and the governmental and enterprise funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

**13. Fund Equity/Net Position**

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderpersons, the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderpersons removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Fund Equity/Net Position - continued

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for a specific purpose, but are neither restricted nor committed. The Board of Alderpersons and Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

The constraints on fund balances as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balance are detailed according to balance classification and fund.

	<u>General Fund</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Loans receivable - net	\$ 13,488	\$ -	\$ -	\$ -
<b>Total - Nonspendable</b>	<u>\$ 13,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Library operations	\$ 999,237	\$ -	\$ -	\$ -
Tourism	-	2,444,728	-	-
COFB confiscated	-	-	-	51,543
Fire protection	-	-	-	1
Economic development	-	-	-	1,803,704
Capital improvements	-	-	5,255,117	1,763,606
Debt service	-	-	-	234,129
Risk reduction	-	-	-	15,265
Federal asset forfeiture	-	-	-	74,549
Unemployment	62,079	-	-	-
<b>Total Restricted</b>	<u>\$ 1,061,316</u>	<u>\$ 2,444,728</u>	<u>\$ 5,255,117</u>	<u>\$ 3,942,797</u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Fund Equity/Net Position - continued

	<u>General Fund</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Governmental Funds</u>
Committed:				
Resurfacing roads	\$ 30,000	\$ -	\$ -	\$ -
Total Committed	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:				
Subsequent year budget shortfall	\$ 2,849,723	\$ -	\$ -	\$ -
Total Assigned	<u>\$ 2,849,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

When restricted, committed, assigned and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then committed, assigned, and unassigned in that order as needed.

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

*Net investment in capital assets*—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.

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

*Unrestricted net position*—All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Sales Tax

The City follows the procedure of netting sales taxes collected on utilities against revenue.

16. Pensions

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

17. Changes in Presentation

Certain items in the financial statements may be presented differently from the prior year to conform to the current year financial statement presentation.

18. Subsequent Events

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements are available to be issued.

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Batesville, Mississippi. The original General Fund budget expenditures were amended by increasing certain revenues by \$0 increasing certain expense categories by \$73,513, and decreasing certain expense categories by \$73,513 during the year ended September 30, 2020. There was no change to the major special revenue Tourism fund original budget revenue or expenditures.

A comparison of the General Fund budget and the Tourism Fund budget with statements of budgetary basis revenues and expenditures are included in required supplementary information as Schedule 3 and Schedule 4. This budgetary comparison schedule reflects no General Fund or Tourism Fund expenditures exceeding budgets. See Schedule 3 and Schedule 4 for General Fund and Tourism Funds expenditures compared to budgets.

The notes to required supplementary information budgetary reporting on pages 88 - 91 also provides additional budgetary information.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE C - DEPOSITS AND INVESTMENTS**

At September 30, 2020, cash and investments included the following:

<u>Account Balances</u>		<u>Ownership of Funds</u>	
Petty cash/cash on hand	\$ 4,300	Governmental Funds	\$ 15,233,613
Demand deposits	<u>36,959,275</u>	Enterprise Funds	<u>21,729,962</u>
	<u>\$ 36,963,575</u>		<u>\$ 36,963,575</u>

Deposits

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The pooled collateral is held in the pooled participant's name by The First American National Bank (Category 2 - Collateralized with securities held by the pledging financial institution's agent in the State Treasurer's name). The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the pooling method, the potential exists for undercollateralization, and the risk may increase in periods of high cash flows. However, the State Treasurer for Mississippi enforces strict standards of financial stability for each depository that collateralizes under the Statewide Collateral Pool Program.

At September 30, 2020, the demand deposits held with various local financial institutions had carrying amounts totaling \$36,959,275 and bank balances totaling \$37,185,740 of which \$1,001,196 was covered by federal depository insurance and \$36,184,544 was covered by the Statewide Collateral Pool Program.

The City has designated First Security Bank, Renasant Bank, BancorpSouth Bank, and Guaranty Bank as its official depositories.



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED**

Investments

Mississippi laws address the investment of surplus money by municipalities and the investment of proceeds separately. The investment of surplus money is limited to bonds or other direct obligations of the United States of America or the State of Mississippi or any county or municipality of the state or any school district or obligation issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository or time certificate of deposits in qualified depositories. The City of Batesville's policy is to advertise for the qualified depository that will offer the highest interest rate on all of its deposits.

The City had no investments as of or during the year ended September 30, 2020.

Interest Rate Risk

The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for increasing interest rates. The City had no investments during the year and limited its demand deposits during the year to federal depository insured accounts with First Security Bank, Renasant Bank, BancorpSouth Bank, and Guaranty Bank.

Credit Risk

State law limits investments to 1) financial institutions insured by FDIC that are members of the Statewide Collateral Pool Program, 2) bonds or other direct obligations of the United States of America or the State of Mississippi or any county or municipality of this State or any school district or obligation issued or guaranteed in full as to principal and interest by the United States of America. The City has no investment policy that would limit its investment choices.

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2020.

Concentration of Credit Risks

The City of Batesville had no investments at September 30, 2020, but had demand deposits with more than 5% of the total in First South Bank, Renasant Bank, and BancorpSouth Bank. These demand deposits represented approximately 81%, 12%, and 6%, respectively, of total demand deposits.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE D - PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 of the following year and are due and payable at that time. All unpaid taxes levied January 1 become delinquent February 1. Property taxes for automotive and mobile homes are collected and remitted to the City by Panola County, Mississippi.

Appraised values are established by Panola County, Mississippi at 100 percent of estimated market values. The City is required to adopt county tax rolls. The 2019 taxes are collected in December, 2019 and January, 2020. The 2019 taxes are levied to fund the 2019-2020 budget year. The assessed value upon which the 2019 taxes were based was \$124,629,390.

City property tax revenue is recorded in governmental funds and Civic Center Fund as receivables and unavailable revenues at the time the tax attaches as an enforceable lien which includes the 2020 taxes intended to fund the 2020-2021 budget year of \$4,589,892. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

The 2020 taxes of \$4,589,892 are also included in unavailable revenue and not in current revenues in governmental activities and the Civic Center Fund because they are levied to fund the 2020-2021 budget year.

The City assessed a tax rate of 36.37 mills for both the 2019 and 2020 taxes.

**NOTE E - RECEIVABLES**

Receivables at September 30, 2020 for the government's individual major funds and nonmajor funds, internal service, business-type funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE E - RECEIVABLES - CONTINUED**

	General	Tourism	Capital Project Series 2019	Water and Sewer System	Gas System	Civic Center	Nonmajor Funds	Total
Receivables:								
Taxes	\$ 4,544,395	\$ -	\$ -	\$ -	\$ -	\$ 258,178	\$ 395,973	\$ 5,198,546
Police fines	1,800,808	-	-	-	-	-	-	1,800,808
Accounts	-	-	-	665,591	634,776	7,599	13,777	1,321,743
Franchise fees	96,514	-	-	-	-	-	-	96,514
Accrued interest	-	-	-	-	-	-	1,056	1,056
Gross receivables	6,441,717	-	-	665,591	634,776	265,777	410,806	8,418,667
Less: Allowance for uncollectables	(1,660,552)	-	-	(195,504)	(338,902)	(5,023)	(9,810)	(2,209,791)
Net receivables	\$ 4,781,165	\$ -	\$ -	\$ 470,087	\$ 295,874	\$ 260,754	\$ 400,996	\$ 6,208,876

It is at least reasonably possible that management's estimate of allowance for uncollectables could change in the near term.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE E - RECEIVABLES - CONTINUED**

Lease and Loan Receivable

**Home loans:** The City received grant money to be used to upgrade certain citizens homes. By the terms of the agreements, the annual payment on the loan is forgiven as long as the recipient lives in the home. Summaries of the loans at September 30, 2020 are:

	Loan Balance
Loan #1	\$ 13,342
Loan #2	18,837
Loan #3	<u>10,151</u>
	42,330
Less allowance for uncollectable	<u>(28,843)</u>
	<u><u>\$ 13,487</u></u>

The estimated home loan receivables are due or expected to be forgiven as follows:

Years ending Sept 30

2021	\$ 2,505
2022	2,505
2023	2,505
2024	2,505
2025	2,505
Thereafter	<u>29,805</u>
	<u><u>\$ 42,330</u></u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE E - RECEIVABLES - CONTINUED**

Lease and Loan Receivable - continued

**Economic development loans:** The grant proceeds of previous CDBG programs are being used to promote industrial growth by making loans to local concerns. All loan repayments will continue to be restricted to the Economic Development Program. Summaries of the loans at September 30, 2020 are:

	Original <u>Term</u>	<u>Due Date</u>	Interest <u>Rate</u>	Loan <u>Balance</u>
Loan #2	5 years	2012	3.00%	\$ 41,129
Loan #3	10 years	2019	3.00%	414,591
Loan #4	10 years	2022	3.00%	15,200
Loan #5	10 years	2022	3.00%	110,469
Loan #8	1 year	2017	1.00%	1,489
Loan #9	10 years	2030	3.00%	<u>342,467</u>
				\$ 925,345
Less allowance for uncollectable loans				<u>(472,408)</u>
				<u>\$ 452,937</u>

The estimated loans receivable are due as follows:

Years ending Sept 30

Delinquent	\$ 472,408
2020	62,576
2021	64,479
2022	66,442
2023	45,495
2024	34,611
Thereafter	<u>179,334</u>
	<u>\$ 925,345</u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE E - RECEIVABLES - CONTINUED**

Lease and Loan Receivable - continued

**Economic development loans - continued:**

Management monitors the adequacy of the allowance for loan losses in order to maintain it at a level deemed adequate to absorb potential losses. Management's determination of the allowance is based on the evaluation of the loan portfolio, past experience, current economic conditions, and other relevant factors. Additions to the allowance account are charged against earnings. Loans which, in the opinion of management, are uncollectable are charged to the allowance account.

The following is a summary of information pertaining to impaired loans at September 30, 2020:

Impaired loans without a valuation allowance	\$ -
Impaired loans with a valuation allowance	<u>472,408</u>
Total impaired loans	<u>\$ 472,408</u>
Average investment in impaired loans	<u>\$ 505,652</u>
Interest income recognized on impaired loans	<u>\$ 251</u>

No additional funds are committed to be advanced in connection with impaired loans.

Changes in the allowance for loan losses were as follows:

	Home Loans	Economic Development Loans
Balance at beginning of year	\$ 30,784	\$ 470,919
Reserve for loan loss	-	1,489
Adjustments for home loans	<u>(1,941)</u>	<u>-</u>
Balance at end of year	<u>\$ 28,843</u>	<u>\$ 472,408</u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated					
Land	\$ 1,953,710	\$ -	\$ -	\$ -	\$ 1,953,710
Construction in progress	248,591	456,908	-	(248,591)	456,908
Total capital assets not being depreciated	2,202,301	456,908	-	(248,591)	2,410,618
Capital assets being depreciated					
Building and improvements	6,950,676	346,123	-	245,772	7,542,571
Automotive, equipment and fixtures	7,882,839	277,656	(282,582)	-	7,877,913
Infrastructure	27,322,702	361,341	(183,783)	2,819	27,503,079
Total capital assets being depreciated	42,156,217	985,120	(466,365)	248,591	42,923,563
Less accumulated depreciation for					
Buildings	3,983,197	190,666	-	-	4,173,863
Automotive, equipment and fixtures	5,926,407	410,184	(274,019)	-	6,062,572
Infrastructure	19,663,396	899,513	(171,861)	-	20,391,048
Total accumulated depreciation	29,573,000	1,500,363	(445,880)	-	30,627,483
Total capital assets being depreciated, net	12,583,217	(515,243)	(20,485)	248,591	12,296,080
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 14,785,518</b>	<b>\$ (58,335)</b>	<b>\$ (20,485)</b>	<b>\$ -</b>	<b>\$ 14,706,698</b>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE F - CAPITAL ASSETS - CONTINUED**

**BUSINESS-TYPE ACTIVITIES**

**WATER AND SEWER SYSTEM**

Capital assets not being depreciated

Land

Construction in progress

Total capital assets not being depreciated

Capital assets being depreciated

Building

Automotive, equipment and fixtures

Water and sewer system

Total capital assets being depreciated

Less accumulated depreciation for

Buildings

Automotive, equipment and fixtures

Water and sewer system

Total accumulated depreciation

Total capital assets being depreciated, net

**WATER AND SEWER SYSTEM CAPITAL ASSETS, NET**

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
\$ 238,500	\$ -	\$ -	\$ -	\$ -	\$ 238,500
-	159,363	-	-	-	159,363
<u>238,500</u>	<u>159,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,863</u>
281,268	-	-	-	-	281,268
1,767,197	969,213	(85,666)	(17,314)	-	2,633,430
31,513,775	383,812	(30,201)	-	-	31,867,386
<u>33,562,240</u>	<u>1,353,025</u>	<u>(115,867)</u>	<u>(17,314)</u>	<u>-</u>	<u>34,782,084</u>
191,157	7,369	-	-	-	198,526
1,477,593	111,587	(84,557)	(5,220)	-	1,499,403
18,547,929	852,116	(30,201)	-	-	19,369,844
<u>20,216,679</u>	<u>971,072</u>	<u>(114,758)</u>	<u>(5,220)</u>	<u>-</u>	<u>21,067,773</u>
<u>13,345,561</u>	<u>381,953</u>	<u>(1,109)</u>	<u>(12,094)</u>	<u>-</u>	<u>13,714,311</u>
\$ 13,584,061	\$ 541,316	\$ (1,109)	\$ (12,094)	\$ -	\$ 14,112,174



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE F - CAPITAL ASSETS - CONTINUED**

**BUSINESS-TYPE ACTIVITIES - CONTINUED**

**GAS SYSTEM**

Capital assets not being depreciated

Land

Construction in progress

Total capital assets not being depreciated

Capital assets being depreciated

Building

Automotive, equipment and fixtures

Gas system

Total capital assets being depreciated

Less accumulated depreciation for

Buildings

Automotive, equipment and fixtures

Gas system

Total accumulated depreciation

Total capital assets being depreciated, net

**GAS SYSTEM CAPITAL ASSETS, NET**

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
\$	15,000	\$ -	\$ -	\$ -	\$ 15,000
	<u>15,000</u>				<u>15,000</u>
	98,695				
	547,169	71,573	(916)	-	97,779
	3,153,043	14,236	(126,026)	17,314	510,030
	<u>3,798,907</u>	<u>85,809</u>	<u>(126,942)</u>	<u>17,314</u>	<u>3,167,279</u>
	54,293	3,306	(916)	-	56,683
	412,459	65,778	(100,911)	5,220	382,546
	1,932,867	27,480	-	-	1,960,347
	<u>2,399,619</u>	<u>96,564</u>	<u>(101,827)</u>	<u>5,220</u>	<u>2,399,576</u>
	<u>1,399,288</u>	<u>(10,755)</u>	<u>(25,115)</u>	<u>12,094</u>	<u>1,375,512</u>
\$	1,414,288	\$ (10,755)	\$ (25,115)	\$ 12,094	\$ 1,390,512

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE F - CAPITAL ASSETS - CONTINUED**

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>CIVIC CENTER</b>					
Capital assets not being depreciated					
Land	\$ 185,000	\$ -	\$ -	\$ -	\$ 185,000
Total capital assets not being depreciated	185,000	-	-	-	185,000
Capital assets being depreciated					
Building	10,588,848	-	-	-	10,588,848
Automotive, equipment and fixtures	618,636	11,489	-	-	630,125
Total capital assets being depreciated	11,207,484	11,489	-	-	11,218,973
Less accumulated depreciation for					
Buildings	3,661,948	220,576	-	-	3,882,524
Automotive, equipment and fixtures	543,336	13,248	-	-	556,584
Total accumulated depreciation	4,205,284	233,824	-	-	4,439,108
Total capital assets being depreciated, net	7,002,200	(222,335)	-	-	6,779,865
<b>CIVIC CENTER CAPITAL ASSETS, NET</b>	<b>\$ 7,187,200</b>	<b>\$ (222,335)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,964,865</b>
<b>BUSINESS-TYPE CAPITAL ASSETS - NET</b>	<b>\$ 22,185,549</b>	<b>\$ 308,226</b>	<b>\$ (26,224)</b>	<b>\$ -</b>	<b>\$ 22,467,551</b>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE F - CAPITAL ASSETS - CONTINUED**

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

Governmental Activities

General government	\$ 45,715
City court	5,240
Police	217,973
Fire	163,359
Streets	931,641
Public health and sanitation	5,454
Library	31,970
Parks and recreation	76,905
Code	<u>22,105</u>

Total Depreciation Expense - Governmental Activities \$ 1,500,362

Business-Type Activities

Water and sewer	\$ 971,072
Gas	96,564
Civic center	<u>233,824</u>

Total Depreciation Expense - Business-Type Activities \$ 1,301,460

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND 125 CAFETERIA PLAN**

Other Postemployment Benefits

The City allows retired employees who have completed 25 years of service with the City of Batesville and are age 55 or older to remain on the City's health care insurance coverage until the former employee becomes eligible for Medicare. All other terminated or retired employees are allowed under COBRA to continue on the City's health care insurance coverage for a period of 18 months (36 months if on Medicare). This continuation of coverage is paid entirely by the retired employee. At September 30, 2020, the City had 5 retired employees participating in their health care insurance coverage.

The future effect of this other postemployment benefit on the cost of health care insurance has not been estimated; therefore, the City has not accrued postemployment benefits in the accompanying financial statements.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan

**General Information about the Pension Plan**

*Plan description.* Employees of the City of Batesville, Mississippi are provided a pension through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.4 percent for employers and 9.00 percent for members. PERS employers contributed \$1,171.8 million and members contributed \$594.7 million for fiscal year 2020 statewide.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership services (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.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

**General Information about the Pension Plan - continued**

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 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 3.0 percent compounded for each fiscal year thereafter.

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. 25-11-1 et seq, (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees Retirement System available at [www.PERS.ms.gov](http://www.PERS.ms.gov).

*Contributions.* PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The rate prior to June 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. City of Batesville, Mississippi contributions (employer share only) to PERS for the years ended September 30, 2020, 2019, and 2018 were \$1,194,005, \$1,067,460, and \$971,814, respectively, equal 100% of the required contributions for each year.

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

At September 30, 2020, the City reported a liability of \$19,880,365 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participation entities actuarially determined. At June 30, 2020, the City's proportion was 0.102694%, which was an increase of 0.003092%, from its proportion measured as of June 30, 2019.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

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

For the year ended September 30, 2020, the City recognized pension expense of \$2,001,908. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 172,564	\$ -
Net difference between projected and actual earnings on pension plan investments	816,609	-
Changes of assumptions	111,211	-
Changes in proportion and differences between City contributions and proportionate share of contributions	750,195	411,294
City contributions subsequent to the measurement date	<u>274,210</u>	<u>-</u>
	<u>\$ 2,124,789</u>	<u>\$ 411,294</u>

\$274,210 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense ) as follows:

Year ended Sept 30	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
2021	\$ 396,190	\$ (304,815)	\$ 91,375
2022	669,276	(69,932)	599,344
2023	521,973	(36,547)	485,426
2024	<u>263,140</u>	<u>-</u>	<u>263,140</u>
	<u>\$ 1,850,579</u>	<u>\$ (411,294)</u>	<u>\$ 1,439,285</u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

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

*Actuarial assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	0.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	<u>1.00%</u>	0.00%
Total	<u>100.00%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the City's proportionate share of the net pension liability of the cost sharing plan, calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 25,732,690	\$ 19,880,365	\$ 15,049,846



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND  
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

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

It is at least reasonably possible that the City's estimate of its pension plan liability, deferred outflows of resources, or deferred inflows of resources could change in the near term.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued 2020 PERS Comprehensive Annual Report on the PERS website, [www.PERS.ms.gov](http://www.PERS.ms.gov), for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

**Changes of Assumptions**

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members.

**Payables to the Pension Plan**

At September 30, 2020, the City reported a payable of \$138,928 for the outstanding amount of employer and employee contributions to the pension plan for the required amount due for the month ended September 30, 2020,

Section 125 Cafeteria Reduction Plan and Deferred Compensation

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$150,303.

The Mississippi Deferred Compensation Plan & Trust (MDCPT), offered through the Mississippi Public Employees' Retirement System (PERS), is a supplemental retirement savings plan authorized under Section 457 of the Internal Revenue Code and enacted by the Mississippi State Legislature.

Deferred compensation for employees included in the accompanying financial statements totaled \$133,739.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE H - LONG-TERM AND SHORT-TERM DEBT**

General Long-Term Debt

The City's long-term debt is made up of general obligation bonds, revenue bonds, and notes payable. General obligation bonds are direct obligations, and pledge the full faith and credit of the City. Revenue debt is payable solely from the revenues of the underlying facilities. The City also incurs debt in the form of various notes which are to be repaid through daily operations.

The City is subject to a general statutory debt limit under which no city in the state may incur general obligation bonded indebtedness in the amount which will exceed 15 percent of the assessed value of the taxable property within such city according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidence of indebtedness issued for school, water and sewage systems, gas, and light and power purposes and for construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a city's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a city contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such city.

In arriving at the limitation set forth above, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipality owned utility, general obligation industrial bonds issued under the provisions of Sections 57-1-1 to 57-1-51, Mississippi Code of 1975, Annotated, Revised 1989, and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for additional debt under the above debt limits as of September 30, 2020 is approximately:

Current Total Assessed Valuation	\$ 130,286,304	
	<u>15% Limit</u>	<u>20% Limit</u>
Total Capacity	\$ 19,542,946	\$ 26,057,261
Outstanding Debt	<u>9,085,000</u>	<u>18,052,607</u>
Remaining Debt Capacity	<u>\$ 10,457,946</u>	<u>\$ 8,004,654</u>

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE H - LONG-TERM AND SHORT-TERM DEBT- CONTINUED**

General long-term debt balances and transactions for the year ended September 30, 2020 are as follows:

**GOVERNMENTAL ACTIVITIES**

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2019	Additions	Repayments	Ending Balance 9/30/2020	Amounts Due Within One Year
<b>Notes From Direct Borrowings and Direct Placements:</b>							
General Obligation Bonds		3.00% to					
Series 2019	3/1/2050	4.00%	\$ -	\$ 5,400,000	\$ -	\$ 5,400,000	\$ 105,000
Series 2019A	3/1/2050	3.00% to	-	2,600,000	-	2,600,000	50,000
Unamortized Premium			-	561,333	20,313	541,020	-
Total general obligation debt			-	8,561,333	20,313	8,541,020	155,000
Lease Obligations Payable							
BancorpSouth Equipment Finance	8/1/2021	3.35%	\$ 418,069	\$ -	\$ 205,538	\$ 212,531	\$ 212,531
Total lease obligations payable			418,069	-	205,538	212,531	212,531
Net Pension Liability	---	---	13,588,630	1,814,911	-	15,403,541	-
Compensated Absences	---	---	405,916	-	4,604	401,312	49,244
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			<b>\$ 14,412,615</b>	<b>\$ 10,376,244</b>	<b>\$ 230,455</b>	<b>\$ 24,558,404</b>	<b>\$ 416,775</b>

The BancorpSouth Equipment Finance capital lease is collateralized by 121 Motorola APX radios and 2 Motorola MCC7500 radio dispatch consoles.

**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED**

GOVERNMENTAL ACTIVITIES - continued

The principal and interest requirements of the above general obligation debt and other debt payable at September 30, 2020 are as follows:

Years Ending Sept. 30,	General Obligation Payable			Lease Obligations Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 155,000	\$ 302,225	\$ 457,225	\$ 212,531	\$ 7,230	\$ 219,761
2022	155,000	297,575	452,575	-	-	-
2023	160,000	292,850	452,850	-	-	-
2024	165,000	287,975	452,975	-	-	-
2025	170,000	282,950	452,950	-	-	-
2026 - 2030	940,000	1,332,300	2,272,300			
2031 - 2035	1,130,000	1,142,000	2,272,000			
2036 - 2040	1,375,000	892,100	2,267,100			
2041 - 2045	1,685,000	586,900	2,271,900			
2046 - 2050	2,065,000	213,100	2,278,100	-	-	-
Total	<u>\$ 8,000,000</u>	<u>\$ 5,629,975</u>	<u>\$ 13,629,975</u>	<u>\$ 212,531</u>	<u>\$ 7,230</u>	<u>\$ 219,761</u>

Specific years for payment of compensated absences and net pension liabilities are not determinable and are not included in the table above.

The ordinances authorizing the issuance of general obligation bonds creates an interest and sinking fund (General Debt Service Fund). If funds are not available from other sources, the ordinances require the City to ascertain a rate and amount of ad valorem tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City levies taxes for governmental debt service. All governmental activity debt is paid by the General Fund.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED**

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2019	Additions	Repayments	Ending Balance 9/30/2020	Amounts Due Within One Year
<u>Water and Sewer Fund:</u>							
Notes From Direct Borrowings and Direct Placements:		3.00% to					
Revenue Bonds series 2019	3/1/2050	5.00%	\$ -	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -
Unamortized Premium			-	787,740	27,979	759,761	-
Total revenue bonds			-	8,787,740	27,979	8,759,761	-
<u>Other Debt</u>							
State of Mississippi	3/1/2020	3.00%	11,760	-	11,760	-	-
State of Mississippi	3/1/2022	3.00%	31,087	-	12,561	18,526	12,931
State of Mississippi	5/1/2023	2.00%	62,405	-	16,821	45,584	17,147
SRF loan - auto meters	3/1/2034	1.95%	673,035	-	40,562	632,473	41,360
SRF loan GF/Covenant Crossing	8/1/2027	1.75%	293,549	-	22,525	271,024	22,922
Total other debt			1,071,836	-	104,229	967,607	94,360
Net Pension Liability	---	---	2,363,996	166,803	-	2,530,799	-
Compensated Absences	---	---	82,024	18,107	-	100,131	14,275
Total water and sewer fund			3,517,856	8,972,650	132,208	12,358,298	108,635
<u>Gas Fund</u>							
Net Pension Liability	---	---	1,030,684	366,152	-	1,396,836	-
Compensated Absences	---	---	48,653	10,060	-	58,713	-
Total gas fund			\$ 1,079,337	\$ 376,212	\$ -	\$ 1,455,549	\$ -

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED**

BUSINESS-TYPE ACTIVITIES - Continued

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2019	Additions	Repayments	Ending Balance 9/30/2020	Amounts Due Within One Year
<u>Civic Center Fund</u>							
Notes From Direct Borrowings and Direct Placements:							
General Obligation Bonds - Series 2010	7/1/2022	3.00%	\$ 1,600,000	\$ -	\$ 515,000	\$ 1,085,000	\$ 535,000
Total general obligation debt			1,600,000	-	515,000	1,085,000	535,000
Net Pension Liability	---	---	538,647	10,542	-	549,189	-
Compensated Absences	---	---	20,034	247	-	20,281	1,842
Total civic center fund			2,158,681	10,789	515,000	1,654,470	536,842
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>			<b>\$ 6,755,874</b>	<b>\$ 9,359,651</b>	<b>\$ 647,208</b>	<b>\$ 15,468,317</b>	<b>\$ 645,477</b>

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED**

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above revenue bonds and lease obligations payable at September 30, 2020 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 535,000	\$ 32,550	\$ 567,550	\$ 94,360	\$ 17,659	\$ 112,019
2022	550,000	16,500	566,500	88,590	15,758	104,348
2023	-	-	-	77,685	14,142	91,827
2024	-	-	-	68,006	12,800	80,806
2025	-	-	-	69,295	11,511	80,806
2026 - 2030	-	-	-	366,683	37,349	404,032
2031 - 2035	-	-	-	202,988	6,550	209,538
2036 - 2040	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-
Total	<u>\$ 1,085,000</u>	<u>\$ 49,050</u>	<u>\$ 1,134,050</u>	<u>\$ 967,607</u>	<u>\$ 115,769</u>	<u>\$ 1,083,376</u>

Years Ending Sept. 30	Revenue Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 326,400	\$ 326,400	\$ 629,360	\$ 376,609	\$ 1,005,969
2022	160,000	324,000	484,000	798,590	356,258	1,154,848
2023	165,000	319,125	484,125	242,685	333,267	575,952
2024	170,000	314,100	484,100	238,006	326,900	564,906
2025	175,000	308,925	483,925	244,295	320,436	564,731
2026 - 2030	960,000	1,460,425	2,420,425	1,326,683	1,497,774	2,824,457
2031 - 2035	1,145,000	1,279,200	2,424,200	1,347,988	1,285,750	2,633,738
2036 - 2040	1,385,000	1,036,850	2,421,850	1,385,000	1,036,850	2,421,850
2041 - 2045	1,695,000	728,200	2,423,200	1,695,000	728,200	2,423,200
2046 - 2050	2,145,000	279,375	2,424,375	2,145,000	279,375	2,424,375
Total	<u>\$ 8,000,000</u>	<u>\$ 6,376,600</u>	<u>\$ 14,376,600</u>	<u>\$ 10,052,607</u>	<u>\$ 6,541,419</u>	<u>\$ 16,594,026</u>

Specific years for payment of compensated absences and net pension liability are not determinable and are not included in the table above. All Enterprise Fund debt is paid by the fund incurring the debt. The State of Mississippi debt is secured by the sales tax revenue and/or homestead exemption. The general obligation debt is secured by the full faith and credit of the City. The City has assessed 2 mills for retirement of the Civic Center debt.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE I - COMPONENTS OF RESTRICTED CASH**

	<u>General Fund Cash</u>	<u>Sewer System Fund Cash</u>	<u>Gas System Fund Cash</u>	<u>Other Funds Cash</u>	<u>Total</u>
Customer deposits	\$ -	\$ 283,971	\$ 277,207	\$ -	\$ 561,178
Police capital additions	-	-	-	130,000	130,000
Library operations	999,237	-	-	-	999,237
Building compliance bond	4,799	-	-	-	4,799
Unemployment	62,078	-	-	-	62,078
Debt service	-	255,087	-	8,150	263,237
Excess tax collection and other	16,656	-	-	15,265	31,921
Tourism	-	-	-	2,233,283	2,233,283
Fire truck	336,627	-	-	-	336,627
Capital projects	-	6,924,131	-	7,210,219	14,134,350
Street capital projects	-	-	-	119,892	119,892
Economic development	-	-	-	1,352,461	1,352,461
<b>Total</b>	<b>\$ 1,419,397</b>	<b>\$ 7,463,189</b>	<b>\$ 277,207</b>	<b>\$ 11,069,270</b>	<b>\$ 20,229,063</b>

**NOTE J - INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisition, or maintaining debt service on a routine basis. The excess funds in the gas fund of \$1,000,000 were transferred to the general fund. Tourism funds totaling \$500,000 were transferred to the civic center fund to fund operations. Bond issuance cost allowance in excess of cost incurred of \$7,356 for the capital project series 2019 fund and \$794 for the nonmajor capital project fund series 2019A were transferred to the nonmajor debt service fund. The general fund paid \$229,482 of expenditures chargeable to the nonmajor capital project series 2019A fund. Gas system funds of \$10,143, water and sewer funds of \$24,461, and civic center funds of \$23,513 were general fund expenditures paid from wrong account. The debt service fund was owed \$372,499 by the general fund for unremitted taxes collected. The general fund reflects a due to the nonmajor capital project series 2019A fund of \$71,225 and the capital project series 2019 fund of \$1,560 for expenditures paid from the wrong fund. Solid waste and gas system fund was owed \$87,154 and \$121,581 from the water and sewer fund for unremitted billings collected. The gas fund owed the water and sewer fund \$147,497 for excess billings transferred. The debt service fund owed the capital project series 2019 fund \$147,882 for bond payments made from the wrong fund. The capital project series 2019 fund owed the water and sewer fund \$89,775 for expenditures paid from the wrong account. The water and sewer fund owed the capital project series 2019 fund \$4,500 for expenditures paid from the wrong account. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.



CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE J - INTERFUND TRANSACTIONS - CONTINUED**

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 229,482	\$ 503,401
Capital Project Fund - Series 2019	153,942	89,775
Nonmajor Funds - Other Governmental Funds	443,724	377,364
Water and Sewer System Fund	261,732	213,234
Gas System Fund	131,724	147,497
Civic Center Fund	23,513	-
Nonmajor Business-Type Funds	87,154	-
	<u>\$ 1,331,271</u>	<u>\$ 1,331,271</u>

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
Major Governmental Funds:		
General Fund	\$ 1,000,000	\$ -
Capital Project Series 2019 Fund	-	7,356
Tourism Fund	-	500,000
	<u>1,000,000</u>	<u>507,356</u>
Total Major Governmental Funds	<u>1,000,000</u>	<u>507,356</u>
Major Enterprise Funds		
Water and Sewer System Fund	\$ -	\$ 12,094
Gas System Fund	12,094	1,000,000
Civic Center Fund	500,000	-
	<u>512,094</u>	<u>1,012,094</u>
Total Major Enterprise Funds	<u>512,094</u>	<u>1,012,094</u>
Nonmajor Governmental Funds	<u>\$ 8,150</u>	<u>\$ 794</u>
Total all funds	<u>\$ 1,520,244</u>	<u>\$ 1,520,244</u>

The government wide statement of activities eliminates transfers as reported within the segregated governmental and business type activities columns. Only transfers between the two columns appear in this statement.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE K - LEASES**

Capital Leases

The City has entered into various capital lease agreements for capital assets under which they will become the property of the City when all terms of the lease agreement are met. The following schedules present the future minimum lease payments as of September 30, 2020.

**Governmental Activities**

	121 Motorola APX radios and 2 Motorola MCC7500 radio dispatch consoles
Minimum lease payments	
Year Ending September 30,	
2021	\$ 219,761
	219,761
Less: amounts representing interest	(7,230)
Present value of minimum lease payments	\$ 212,531

See Note H for interest rates used to compute amounts representing interest and other information pertaining to capital lease transactions.

Capital assets and related accumulated amortization under capital leases are as follows:

	121 Motorola APX radios and 2 Motorola MCC7500 radio dispatch consoles
Capital asset discounted cost	\$ 616,846
Less: accumulated amortization	(132,015)
Total	\$ 484,831

Amortization of leased equipment under capital assets is included with depreciation.

Operating Lease

The City periodically leases various equipment on monthly, annual, or as needed basis. Rental expenses for the year ended September 30, 2020, was as follows:

General Fund	\$ 67,247
Water and Sewer Fund	3,702
Gas Fund	3,702
	\$ 74,651

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE L - NON COMPLIANCE WITH STATE LAW REVENUE BOND REQUIREMENTS AND GRANT REQUIREMENTS**

The City did not comply with all the requirements of the State Department of Audit or grant and loan requirements as set forth in the Municipal Compliance Questionnaire and grant and loan contracts. The results of our tests disclosed the instances of noncompliance listed in the schedule of findings and responses on pages 100 - 108. The ultimate resolution of these findings cannot presently be determined. Accordingly, no provision for any liability, if any, that may result has been recognized in the accompanying financial statements.

**NOTE M - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Certain segmented information for the individual Enterprise Funds is included on Statement 5, Statement 6, and Statement 7. The capital asset activity for each individual Enterprise Fund is included in Note F. The Schedule of Changes in Long - Term Debt for each individual Enterprise Fund is included in Note H.

The individual Enterprise Funds have the following types of goods or services:

Gas System - Provide natural gas to its citizens and surrounding areas.

Water and Sewer System - Provide water and sewer services to its citizens.

Waste Collection System - Provide waste collection services to its citizens.

Civic Center Fund - Promotes the City of Batesville including local businesses.

The individual Enterprise Funds have the following net working capital (deficit) (current assets less current liabilities) at September 30, 2020:

Water and Sewer System	\$ 13,110,070
Gas System	8,152,210
Civic Center	145,831
Waste Collection System	<u>90,236</u>
Total	<u>\$ 21,498,347</u>

Enterprise Funds operate in the City of Batesville, Mississippi geographic area. Their revenues are subject to the economic conditions of Batesville, Mississippi. At September 30, 2020, the Gas System Fund had extended credit to customers totaling \$295,874 and to others totaling \$0. Gas System Fund receivables are secured by customer deposits totaling \$277,207. No other collateral has been obtained.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE M - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED**

At September 30, 2020, the Combined Water and Sewer System Fund had extended credit to customers totaling \$470,087 and to others totaling \$0. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$283,971. No other collateral has been obtained.

At September 30, 2020, the Civic Center Fund had extended credit to customers totaling \$6,780. The Civic Center Fund receivables are not secured.

At September 30, 2020, the Nonmajor Enterprise Fund had extended credit to customers totaling \$3,967. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$73,401 for natural gas purchases and \$11,632 for professional fees. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$20,730 for repairs and supplies, \$35,546 for professional fees, and \$14,556 for insurance and electricity. The Civic Center Fund accounts payable operations consist mainly of \$11,973 for professional fees and \$7,161 for utilities. The Nonmajor Enterprise Fund accounts payable - operations consist mainly of \$30,532 for contract waste collection.

**NOTE N - RELATED PARTY TRANSACTIONS**

The City purchased \$3,020 in supplies from a company owned by a relative of an Alderman. The City received a Mississippi ethics opinion 19-015-E that says it is not a violation of Section 25-4-105(2) as long as the Alderman recuses himself and leaves the room during discussion and voting.

**NOTE O - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES**

Litigation

The City has outstanding lawsuits against its liability insurance. The amount of liability, if any, associated with these claims is covered by insurance of \$500,000 each but the liability to the City, if any, is presently unknown; therefore, the accompanying financial statements do not include any liabilities associated with these claims. Management does not expect any claims to exceed its insurance coverage. It is at least reasonably possible that the City's estimate of claims liability could change in the near term.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE O - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED**

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal or state agencies for expenditures disallowed under the terms and conditions of the appropriate agency.

The amount of any disallowance of grant expenditures, if any, is unknown; therefore, the accompanying financial statements do not include any liability for such disallowances. In the opinion of City management, such disallowances, if any, will not be significant.

Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple employers. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the City expects this matter to negatively impact its ability to generate certain revenues. However, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE P - ECONOMIC DEPENDENCE**

The City purchases natural gas and stores this natural gas for use when prices are higher. If the City were unable to store this natural gas, gas purchased during the winter months could cost considerably more, which would substantially decrease profits. The City is subject to variance in the cost of natural gas. If the City does not increase natural gas rates comparable to increases in the cost of natural gas, there would be a substantial reduction in Proprietary Fund revenues.

**NOTE Q - RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

Significant losses are covered by commercial insurance for all major programs except unemployment. The City has segregated cash and reserved \$62,079 for potential future unemployment. There were no material claims or unemployment charges to these funds during the current year or the three previous years. It is at least reasonably possible that management's estimate of no liability in excess of insurance coverage or unemployment reserve could change in the near term.

**NOTE R - NET POSITION**

The government-wide statement of net position reports \$12,831,792 of restricted net position, of which \$0 is restricted by enabling legislation.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE S - NET INVESTMENT IN CAPITAL ASSETS**

Net investments in capital assets in the net position section of the accompanying statement of net position for the government-wide financial statements consist of the following:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and construction in progress	\$ 2,410,618	\$ 597,863
Other capital assets (net of accumulated depreciation)	12,296,080	21,869,688
Portion of debt related to unspent bond proceeds	7,210,219	6,924,131
Less bonds and notes payable	(8,541,020)	(10,812,366)
Less obligations under capital leases payable	<u>(212,531)</u>	<u>-</u>
Net investment in capital asset	<u>\$ 13,163,366</u>	<u>\$ 18,579,316</u>

**NOTE T - TAX ABATEMENTS**

The City of Batesville enters into property tax abatements with local businesses under Section 27-31-101, Miss. Code (Ann.) 1972. Under the act, any person, firm or corporation who owns or operates a manufacturing or other enterprise of public utility as enumerated in Section 27-31-101, Miss. Code (Ann.) 1972 and who makes additions to or expansions of the facilities or properties or replaces equipment used in connection with or necessary to the operation of such enterprise, may be granted an exemption from ad valorem taxation, except state ad valorem taxation, upon each addition to or expansion of the facility or property or replacement of equipment, within the discretion of the county board of supervisors and municipal authorities; however, such governing authorities shall not exempt ad valorem taxes for school district purposes on such additions or expansions of the facility or property, or replacement of equipment.

For the year ended September 30, 2020, the City abated property taxes totaling \$682,879 under this program to induce companies to add additional production facilities or by acquiring equipment to be used in its facilities and thereby inducing the company to remain in operation at the facility located in the City of Batesville. These tax abatements include the following agreements that each exceed 10% of the total amount abated:

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2013, with a cost or value of \$21,250,762 beginning for the 2013 tax roll for 10 years. The abatement amounted to \$115,934 during the year ended September 30, 2020.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012, with a cost or value of \$20,226,409 beginning for the 2012 tax roll for 10 years. The abatement amounted to \$110,345 during the year ended September 30, 2020.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE U - EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The governmental activities' unrestricted (deficit) net positions amount of (\$17,929,880) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$212,375 resulted from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$1,286,313 balance of deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$204,214 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next four years.

The business type activities' unrestricted net positions amount of \$10,726,497 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$61,835 resulted from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$564,266 balance of deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$207,080 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next four years.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedules of Required Supplementary Information**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**Public Employee Retirement System of Mississippi**  
**Last 10 Fiscal Years\***  
**For the fiscal year ended September 30, 2020**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.089505%	0.086490%	0.009563%	0.010338%	0.097540%	0.099602%	0.102694%
City's proportionate share of the net pension liability (asset)	\$ 10,864,268	\$ 13,369,648	\$ 17,081,906	\$ 17,185,431	\$ 16,223,801	\$ 17,521,957	\$ 19,880,365
City's covered payroll	\$ 5,439,789	\$ 5,641,028	\$ 6,201,078	\$ 6,468,355	\$ 6,170,247	\$ 6,616,524	\$ 6,862,093
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	199.72%	237.01%	275.47%	265.68%	262.94%	264.82%	289.71%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%	61.59%	59.97%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30, prior to the fiscal year presented. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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



**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedules of Required Supplementary Information**

**Schedule of City's Contributions to  
Public Employee Retirement System of Mississippi**

**Last 10 Fiscal Years\***  
**For the fiscal year ended September 30, 2020**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contribution	\$ 856,768	\$ 888,463	\$ 976,670	\$ 1,018,766	\$ 971,814	\$ 1,067,460	\$ 1,194,005
Contributions in relation to the statutorily required contribution	(856,768)	(888,463)	(976,670)	(1,018,766)	(971,814)	(1,067,460)	(1,194,005)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 5,439,789	\$ 5,641,028	\$ 6,201,078	\$ 6,468,355	\$ 6,170,247	\$ 6,616,524	\$ 6,862,093
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	16.13%	17.40%

\* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

## Schedule 3

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**

**General Fund**

**For the fiscal year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<b>REVENUES</b>					
Ad valorem taxes, penalties and interest	\$ 3,805,000	\$ 3,805,000	\$ 3,885,431	\$ (23,557)	\$ 56,874
Road and bridge taxes	547,000	547,000	583,673	(4,772)	31,901
In lieu of taxes - General Electric	-	-	104,425	-	104,425
License, permits, and fees	92,700	92,700	75,813	-	(16,887)
Intergovernmental revenues:					
Federal grants	97,500	97,500	200,893	(173,214)	(69,821)
State shared revenues:					
Sales tax	4,200,000	4,200,000	4,969,168	(104,088)	665,080
Liquor privilege tax	-	-	10,800	225	11,025
Fire protection	-	-	45,023	-	45,023
Police academy training	-	-	7,200	-	7,200
Gasoline tax and municipal aid	10,000	10,000	6,946	3,722	688
Homestead reimbursement	123,000	123,000	128,695	-	5,695
In lieu of taxes - TVA	302,000	302,000	199,737	-	(102,263)
Franchise taxes	309,000	309,000	217,492	88,999	(2,509)
Municipal court fines and bond fees	248,500	248,500	123,497	2,584	(122,419)
Cops in school charges	-	-	188,718	(2,616)	186,102
Parks and recreation	10,000	10,000	20,722	-	10,722
Fire department revenue - local	42,000	42,000	9,290	-	(32,710)
Interest income	37,000	37,000	25,072	(675)	(12,603)
Rents	241,400	241,400	43,267	-	(198,133)
Contributions and donations	-	-	150	-	150
Other	70,750	70,750	27,610	(490)	(43,630)
Total revenues	\$ 10,135,850	\$ 10,135,850	\$ 10,873,622	\$ (213,882)	\$ 523,890

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**

**General Fund**

**For the fiscal year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<b>EXPENDITURES</b>						
<b>General Government</b>						
Personnel services	\$ 610,000	\$ 610,000	\$ 475,957	\$ -	\$ 475,957	\$ 134,043
Supplies	21,500	21,500	10,261	(376)	9,885	11,615
Other services and charges	575,000	575,000	472,039	16,724	488,763	86,237
Capital outlay	2,625,000	2,625,000	6,613	-	6,613	2,618,387
Debt Service	181,000	181,000	-	-	-	181,000
<b>Total</b>	<b>4,012,500</b>	<b>4,012,500</b>	<b>984,870</b>	<b>16,348</b>	<b>981,218</b>	<b>3,031,282</b>
<b>City Court</b>						
Personnel services	165,277	165,277	139,239	-	139,239	26,038
Supplies	6,600	6,600	1,598	(558)	1,040	5,560
Other services and charges	80,700	80,700	53,047	7,143	60,190	20,510
Capital outlay	14,500	14,500	2,020	-	2,020	12,480
<b>Total</b>	<b>267,077</b>	<b>267,077</b>	<b>195,904</b>	<b>6,585</b>	<b>202,489</b>	<b>64,588</b>
<b>Public Safety - Police</b>						
Personnel services	3,800,000	3,800,000	3,516,156	3,781	3,519,937	280,063
Supplies	210,200	210,200	128,041	(1,270)	126,771	83,429
Other services and charges	1,000,000	1,000,000	483,702	51,268	534,970	465,030
Capital outlay	958,730	958,730	551,266	137,207	688,473	270,257
Debt service	2,655,000	2,655,000	145,493	(109,881)	35,612	2,619,388
<b>Total</b>	<b>\$ 8,623,930</b>	<b>\$ 8,623,930</b>	<b>\$ 4,824,658</b>	<b>\$ 81,105</b>	<b>\$ 4,905,763</b>	<b>\$ 3,718,167</b>

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

## Schedule 3

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**

For the fiscal year ended September 30, 2020

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
EXPENDITURES - continued					
Public Safety - Fire					
Personnel services	\$ 1,800,000	\$ 1,853,296	\$ 1,783,676	\$ (4,595)	\$ 1,779,081
Supplies	51,000	51,000	32,703	(904)	31,799
Other services and charges	401,150	347,854	278,442	26,612	305,054
Capital outlay	3,216,000	3,216,000	58,794	93,481	152,275
Debt service	2,655,000	2,655,000	145,493	(109,881)	35,612
Total	8,123,150	8,123,150	2,299,108	4,713	2,303,821
Street					
Personnel services	950,300	950,300	912,765	2,308	915,073
Supplies	117,500	126,850	125,799	(90)	125,709
Other services and charges	638,100	628,750	587,321	20,421	607,742
Capital outlay	-	-	69,055	(17,432)	51,623
Total	1,705,900	1,705,900	1,694,940	5,207	1,700,147
Public Health and Sanitation					
Personnel services	260,000	260,000	246,506	-	246,506
Supplies	55,000	55,000	42,006	(4,690)	37,316
Other services and charges	93,600	93,600	80,357	3,734	84,091
Capital outlay	11,500	11,500	1,839	-	1,839
Total	\$ 420,100	\$ 420,100	\$ 370,708	\$ (956)	\$ 369,752
					\$ 50,348

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**

**General Fund**

**For the fiscal year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<b>EXPENDITURES - continued</b>						
<b>Library</b>						
Personnel services	\$ 130,400	\$ 141,267	\$ 130,400	\$ -	\$ 130,400	\$ 10,867
Supplies	6,000	6,000	2,426	11	2,437	3,563
Other services and charges	165,800	165,800	145,085	1,974	147,059	18,741
Capital outlay	20,000	9,133	8,900	-	8,900	233
<b>Total</b>	<b>322,200</b>	<b>322,200</b>	<b>286,811</b>	<b>1,985</b>	<b>288,796</b>	<b>33,404</b>
<b>Park and Recreation</b>						
Personnel services	207,000	207,000	176,986	-	176,986	30,014
Supplies	38,700	38,700	17,736	6,927	24,663	14,037
Other services and charges	132,600	132,600	71,540	5,682	77,222	55,378
Capital outlay	215,000	215,000	34,612	34,319	68,931	146,069
<b>Total</b>	<b>593,300</b>	<b>593,300</b>	<b>300,874</b>	<b>46,928</b>	<b>347,802</b>	<b>245,498</b>
<b>Code</b>						
Personnel services	311,500	311,500	245,938	4,012	249,950	61,550
Supplies	10,000	10,000	4,536	25	4,561	5,439
Other services and charges	88,300	88,300	58,413	6,950	65,363	22,937
Capital outlay	40,000	40,000	684	-	684	39,316
<b>Total</b>	<b>449,800</b>	<b>449,800</b>	<b>309,571</b>	<b>10,987</b>	<b>320,558</b>	<b>129,242</b>

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**

**General Fund**

**For the fiscal year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<b><u>EXPENDITURES - continued</u></b>					
Total expenditures	\$ 24,517,957	\$ 24,517,957	\$ 11,247,443	\$ 172,903	\$ 13,097,611
Excess (deficit) of revenues over (under) expenditures	(14,382,107)	(14,382,107)	(373,821)	(386,785)	13,621,501
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds from other loans	8,000,000	8,000,000	-	-	(8,000,000)
Non-revenue receipts	1,000	1,000	25,020	-	24,020
Operating transfers in	2,622,600	2,622,600	1,000,000	-	(1,622,600)
Total other financing sources (uses)	10,623,600	10,623,600	1,025,020	-	(9,598,580)
Excess (deficit) of revenues and other financing sources over (under) expenditures and sources over (under) expenditures and other uses	(3,758,507)	(3,758,507)	651,199	(386,785)	4,022,921
Fund balances - beginning of year	3,556,577	3,556,577	3,556,577	-	-
Fund balances - end of year	\$ (201,930)	\$ (201,930)	\$ 4,207,776	\$ (386,785)	\$ 4,022,921

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**

**Tourism Fund**

**For the fiscal year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<b><u>REVENUES</u></b>						
Tourism tax	\$ 1,300,000	\$ 1,300,000	\$ 1,235,863	\$ (4,713)	\$ 1,231,150	\$ (68,850)
Interest income	10,000	10,000	11,036	-	11,036	1,036
Total revenues	1,310,000	1,310,000	1,246,899	(4,713)	1,242,186	(67,814)
<b><u>EXPENDITURES</u></b>						
Other services and charges	140,000	140,000	132,234	2,028	134,262	5,738
Capital outlay	5,000	5,000	200,000	-	200,000	(195,000)
Total expenditures	145,000	145,000	332,234	2,028	334,262	(189,262)
Excess (deficit) of revenues over (under) expenditures	1,165,000	1,165,000	914,665	(6,741)	907,924	(257,076)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Operating transfers out	(1,704,035)	(1,704,035)	(500,000)	-	(500,000)	1,204,035
Total other financing sources (uses)	(1,704,035)	(1,704,035)	(500,000)	-	(500,000)	1,204,035
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(539,035)	(539,035)	414,665	(6,741)	407,924	946,959
Fund balances - beginning of year	2,030,064	2,030,064	2,030,064	-	2,030,064	-
Fund balances - end of year	\$ 1,491,029	\$ 1,491,029	\$ 2,444,729	\$ (6,741)	\$ 2,437,988	\$ 946,959

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2020**

**NOTE 1 - PENSION SCHEDULES**

- A. *Changes in benefit provisions.* 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.
- B. *Changes in assumptions.* Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

In 2015, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015; (2) the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; (4) the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and (5) the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

In 2017, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016. Small adjustments were also made to the Mortality Table for disabled lives; (2) the wage inflation assumption was reduced from 3.75% to 3.25%; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; and (4) the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

In 2019, the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; (2) for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and (3) projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

In 2019, the expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: (1) for males, 137% of male rates at all ages; (2) for females, 115% of female rates at all ages; and (3) projection scale MP-2018 will be used to project future improvements in life expectancy generationally.



**CITY OF BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2020**

**B. *Changes of Assumptions - continued***

In 2019, the price inflation assumption was reduced from 3.00% to 2.75%.

In 2019, the wage inflation assumption was reduced from 3.25% to 3.00%.

In 2019, withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

In 2019, the percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

**C. *Changes in size or composition of the population covered by the benefit terms.*** None were identified during the periods presented in the required supplementary information.

**D. *Method 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, 2018 valuation for the June 30, 2020 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 percentages of payroll, open
Remaining amortization period	30.9 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 BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2020**

**NOTE 2 - BUDGETARY INFORMATION**

- A. *Budgetary Information.* The City is legally subject to the budgetary control requirements of the State of Mississippi. The City follows the following procedures in establishing the budgetary comparison schedule:
- 1 Prior to September 1, the City Clerk submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The State of Mississippi requires at a minimum expenditures be adopted in four categories (personnel services, supplies, other services and charges, and capital outlay).
  - 2 Public hearings are conducted to obtain taxpayer comments.
  - 3 Prior to September 15, the budget is legally enacted through passage of an ordinance.
  - 4 The budget must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
  - 5 The budget must be amended when necessary.
  - 6 Debt cannot be entered into unless permitted by law.
  - 7 Expenditures, except for capital outlay, cannot exceed budget appropriations.
  - 8 Expenditures cannot be made unless authorized in the budget.
  - 9 Appropriations lapse at the end of each fiscal year.
- B. *Basis of Presentation.* Budgets are adopted on a modified cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires the budgetary comparison schedule be prepared according to budgetary laws, which is the modified cash basis (GAAP).

**CITY OF BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2020**

**NOTE 2 - BUDGETARY INFORMATION - CONTINUED**

- C. The following provides details for General Fund and Tourism Fund adjustments to budgetary basis from actual:

<b>Revenues</b>	<u>General Fund</u>	<u>Tourism Fund</u>
Deferred revenues	\$ 182,343	\$ -
Receivables	(412,231)	(4,713)
Payables	<u>16,006</u>	<u>-</u>
Total	<u>(213,882)</u>	<u>(4,713)</u>
 <b>Expenditures</b>		
Accounts payable paid after 30 days	167,397	2,028
Vacation accrual paid after 30 days	5,506	-
Debt service for capital lease budgeted in capital outlay	(219,762)	-
Capital lease budgeted in capital outlay	<u>219,762</u>	<u>-</u>
Total	<u>172,903</u>	<u>2,028</u>
 <b>Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>
 <b>Net difference in budgetary basis and actual</b>	<u>\$ (386,785)</u>	<u>\$ (6,741)</u>

- D. The General Fund budgetary comparison schedule has a deficit of revenues over expenditures of \$760,606 and the Tourism Fund has an excess of revenues over expenditures of \$407,924.

CITY OF BATESVILLE, MISSISSIPPI  
Nonmajor Governmental Funds  
Combining Balance Sheets  
September 30, 2020

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	Modern- ization Use Tax Fund	Debt Service Fund	SB 2002 Street Capital Project Fund	Capital Project Series 2019A Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Restricted cash and cash equivalents	\$ 55,449	\$ 1	\$ 1,352,461	\$ 15,265	\$ 74,550	\$ 116,225	\$ 8,150	\$ 3,667	\$ 2,019,269	\$ 3,645,037
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	395,973	-	-	395,973
Interest	-	-	1,056	-	-	-	-	-	-	1,056
Due (to) from other governmental funds	-	-	-	-	-	-	372,499	-	71,225	443,724
Due from other governments	-	-	-	-	-	124,971	-	-	-	124,971
Notes and loans receivable - net	-	-	452,937	-	-	-	-	-	-	452,937
Total assets	\$ 55,449	\$ 1	\$ 1,806,454	\$ 15,265	\$ 74,550	\$ 241,196	\$ 776,622	\$ 3,667	\$ 2,090,494	\$ 5,063,698
<b>LIABILITIES</b>										
Accounts payable - operations	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 3,667	\$ 213,631	\$ 217,299
Due to other funds	-	-	-	-	-	-	147,882	-	229,482	377,364
Accounts payable	-	-	2,750	-	-	-	-	-	-	2,750
Builders compliance bonds and seized funds held	3,906	-	-	-	-	-	-	-	-	3,906
Total liabilities	3,906	-	2,750	-	1	-	147,882	3,667	443,113	601,319
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	124,971	394,611	-	-	519,582
Total deferred inflows of resources	-	-	-	-	-	124,971	394,611	-	-	519,582
<b>FUND BALANCES</b>										
Restricted	51,543	1	1,803,704	15,265	74,549	116,225	234,129	-	1,647,381	3,942,797
Total fund balance	51,543	1	1,803,704	15,265	74,549	116,225	234,129	-	1,647,381	3,942,797
Total liabilities and fund balances	\$ 55,449	\$ 1	\$ 1,806,454	\$ 15,265	\$ 74,550	\$ 241,196	\$ 776,622	\$ 3,667	\$ 2,090,494	\$ 5,063,698

**CITY OF BATESVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2020**

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	Modern- ization Use Tax Fund	Debt Service Fund	SB 2002 Street Capital Project Fund	Capital Project Series 2019 A Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>										
Advalorem taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,060	\$ -	\$ -	\$ 386,060
Intergovernmental revenues:										
State shared revenues:										
Sales and modernization tax	-	-	-	-	-	116,211	-	-	-	116,211
Municipal court fines and bond fees	-	-	-	-	15,608	-	-	-	-	15,608
Interest income	25	-	24,368	5	33	14	-	-	19,775	44,220
Reduction for uncollectable loans	-	-	(1,489)	-	-	-	-	-	-	(1,489)
Other	-	-	919	-	-	-	-	-	-	919
Total revenues	25	-	23,798	5	15,641	116,225	386,060	-	19,775	561,529
<b>EXPENDITURES</b>										
Current										
General government	-	-	4,668	-	-	-	12,199	-	-	16,867
Economic development	-	-	-	-	-	-	-	-	1,008,853	1,008,853
Capital outlay	10,078	-	-	-	-	-	-	347,181	-	357,259
Interest and paying agent	-	-	-	-	-	-	147,882	-	-	147,882
Total expenditures	10,078	-	4,668	-	-	-	160,081	347,181	1,008,853	1,530,861
Excess (deficit) of revenues over (under) expenditures	(10,053)	-	19,130	5	15,641	116,225	225,979	(347,181)	(989,078)	(969,332)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from bond sales	-	-	-	-	-	-	-	-	2,600,000	2,600,000
Proceeds from bond premium proceeds	-	-	-	-	-	-	-	-	182,343	182,343
Bond and loan issuance	-	-	-	-	-	-	-	-	(145,090)	(145,090)
Operating transfers in	-	-	-	-	-	-	8,150	-	-	8,150
Operating transfers out	-	-	-	-	-	-	-	-	(794)	(794)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,150	\$ -	\$ 2,636,459	\$ 2,644,609

CITY OF BATESVILLE, MISSISSIPPI  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the fiscal year ended September 30, 2020

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	Modern- ization Use Tax Fund	Debt Service Fund	SB 2002 Street Capital Project Fund	Capital Project Series 2019 A Fund	Total Nonmajor Governmental Funds
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	\$ (10,053)	\$ -	\$ 19,130	\$ 5	\$ 15,641	\$ 116,225	\$ 234,129	\$ (347,181)	\$ 1,647,381	\$ 1,675,277
Fund balance - beginning	61,596	1	1,784,574	15,260	58,908	-	-	347,181	-	2,267,520
Fund balance - end of year	\$ 51,543	\$ 1	\$ 1,803,704	\$ 15,265	\$ 74,549	\$ 116,225	\$ 234,129	\$ -	\$ 1,647,381	\$ 3,942,797

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees**  
**September 30, 2020**

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Jerry Autrey	Mayor	\$ 50,000	Liberty Mutual	7/1/2021
Teddy Morrow	Alderman at large	100,000	Liberty Mutual	7/1/2021
Bill Dugger	Alderman	100,000	Liberty Mutual	7/1/2021
Bobby Walton Jr	Alderman	100,000	Liberty Mutual	7/1/2021
Stan Harrison	Alderman	100,000	Liberty Mutual	7/1/2021
Dennis Land	Alderman	100,000	Liberty Mutual	7/1/2021
James McCloud	Chief of Police	50,000	Liberty Mutual	2/7/2021
Susan Berryhill	City Clerk	50,000	Liberty Mutual	7/1/2021
Shonna Weaver	Assistant City Clerk	50,000	Liberty Mutual	5/15/2022
Angela Austin	Administrative assistant	50,000	Liberty Mutual	5/15/2022
Martha G Holland	Ticket sales	50,000	Liberty Mutual	5/15/2022
Miranda Gail Lance	Bookkeeper	50,000	Liberty Mutual	5/15/2021
Employee theft each employee	Various	50,000	Travelers	5/9/2021

**JONES & JONES**  
CERTIFIED PUBLIC ACCOUNTANTS  
OF BOONEVILLE, P.A.

*Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.*

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

To the Mayor and Board of Alderpersons  
City of Batesville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated September 27, 2021.

The report on Governmental Activities and Business-Type Activities was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2020 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

The report on Water and Sewer Fund, Gas Fund, and Civic Center Fund was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2020 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expense is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expense and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.



Except as discussed in the preceding paragraphs, we conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are labeled as items 2020-001, 2020-002, and 2020-003.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. They are labeled as items 2020-004, 2020-005, and 2020-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Batesville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-013.

We noted certain other matters that we reported to management of City of Batesville, Mississippi, in a separate letter dated September 27, 2021.

### **City of Batesville, Mississippi's Response to Findings**

City of Batesville, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Batesville, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Sincerely yours,



JONES & JONES  
Certified Public Accountants  
of Booneville, PA  
Booneville, Mississippi

September 27, 2021

**JONES & JONES**  
CERTIFIED PUBLIC ACCOUNTANTS  
OF BOONEVILLE, P.A.

*Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.*

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

Honorable Mayor and Board of Alderpersons  
City of Batesville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2020, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated September 27, 2021.

The report on Governmental Activities and Business-Type Activities was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2020 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

The report on Water and Sewer Fund, Gas Fund, and Civic Center Fund was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2020 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.

## **Compliance**

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

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which is described in the accompanying schedule of findings and responses as items 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, and 2019-013.

The instances of noncompliance of the prior year have been corrected by management as discussed in the accompanying schedule of results of prior year findings or otherwise included in the above noted findings and responses.

### **City of Batesville, Mississippi's Response to Findings**

City of Batesville, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Batesville, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

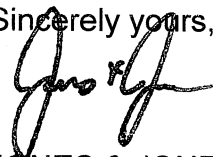
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with state laws and regulations, and not to express an opinion on the entity's compliance.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

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

Sincerely yours,



JONES & JONES  
Certified Public Accountants  
of Booneville, P.A.  
Booneville, Mississippi

September 27, 2021

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**Material Weaknesses**

2020-001. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

Condition: Management outsources financial statements and related notes, and supplementary information preparation.

Criteria: Part of effective internal control over financial reporting is the ability to adequately produce financial statements in accordance with generally accepted accounting principles.

Cause: As is normal for governments of this type and size, the City's staff and management do not have the required technical expertise to meet the above criteria.

Effect: The City must incur the expense of outsourcing the preparation of the financial statements and related notes, and supplementary information.

Recommendation: Due to the size of the City and the cost of hiring additional staff, no change is recommended.

Response: We agree with the finding, but feel the City is best served by continuing to outsource the preparation of the financial statements and related notes, and supplementary information. This is less costly than hiring additional staff to perform these tasks.

2020-002. Segregation of Duties

Condition: The City does not have an adequate segregation of duties among accounting functions.

Criteria: Internal controls should be in place to require a segregation of duties among accounting functions.

Cause: The City does not have enough personnel to have an adequate segregation of duties.

Effect: The City has employees who maintain general ledgers, collect cash, write and/or sign checks. The City has a court clerk who handles court fine billings, receivables and collections. The City has a collection clerk that is allowed to pick up and balance collection drop-offs prior to other staff reporting to work. This lack of segregation of duties could result in misappropriation of funds that would not be timely discovered.

Recommendation: The City should have a segregation of duties among accounting functions; however, we recognize the expense of acquiring the additional employees might be prohibitive. The Mayor and Board of Alderpersons should periodically review accounting functions to compensate for a lack of segregation of duties.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Material Weaknesses - continued**

2020-002. Segregation of Duties - continued

Response: We concur with the recommendation.

2020-003. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-013, there were violations of State of Mississippi laws and regulations.

Criteria: Controls should be in effect and functioning to detect and prevent violations of State of Mississippi laws and regulations.

Cause: See cause in finding numbers 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-013.

Effect: The City did not comply with certain requirements. See additional information in finding numbers 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-013.

Recommendation: See recommendation in finding numbers 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-013. Controls should be in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

**Significant Deficiencies**

2020-004. Unaccounted for Natural Gas

Condition: Tennessee Gas Pipeline Company metered natural gas to the City of 379,937 MCF. The City's records reflect gas sold of 359,188 MCF. This is a difference of 20,749 MCF or 5.461%.

Criteria: Internal controls should be in place to require comparison of the volume of natural gas sold to the volume of natural gas purchased and investigate differences.

Cause: The City had not fully established such a policy.

Effect: The City could have significant undetected leaks in its natural gas lines or the meters could be reading incorrectly. The City had unaccounted for natural gas of 5.461%.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Significant Deficiencies - continued**

2020-004. Unaccounted for Natural Gas and Water - continued

Recommendation: We recommend the City establish a policy to maintain formal records of natural gas volume sold compared to natural gas volume purchased and water pumped and water sold and investigate unaccounted differences. The City should require a review of all zero read meters when it is determined there should have been usage.

Response: Our new natural gas department head is now monitoring this and there has been improvement compared to the prior year. We are now reviewing zero read meters to determine if there is a reason for a zero read.

2020-005. Notes Receivable Collection Effort

Condition: Two notes matured in the year ended September 30, 2019 and was not paid off or renewed. The City has not instigated any collection efforts.

Criteria: The City has certain collateral and/or personal guarantees that the City should attach for nonpayment of the notes receivable.

Cause: The City has not followed up on these notes since they matured.

Effect: No payments were received on these notes receivable during the year ended September 30, 2020. One of the notes receivable matured December 8, 2018 and still owes \$15,200. The second matured on October 27, 2018 and still owes \$1,487. Management has not entered legal action for collateral or personal guarantee on either of these loans.

Recommendation: We recommend the City consult with its attorney and make a claim on the collateral.

Response: We will consult with our attorney and pursue collection efforts if deemed economically feasible.

2020-006. Utility Bill Adjustment Approval Process

Condition: Utility bill adjustment approval was not always documented.

Criteria: The City requires all utility bill adjustments to be properly documented and approved.

Cause: Adjustments were made without obtaining approval.

Effect: In our test of 13 utility bill adjustments, we noted 5 had no indication that the approval process had been followed.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Significant Deficiencies - continued**

Recommendation: We recommend that all utility collection personnel be reminded of the requirement to obtain approval for all utility billing adjustments.

Response: We have instructed our utility collection personnel to not post any adjustments to utility billing and collection records that have not been approved by the appropriate person.

**Compliance and Other Matters and Compliance with State Laws and Regulations**

2020-007. Purchase Law Violations

Condition: The City did not always obtain the required two quotes or follow reverse auction procurement procedures.

Criteria: Section 31-7-13(b) and (c) of the Mississippi Code requires the City to obtain reverse auction bids for equipment and advertised bids for other items when the purchase order exceeds \$50,000 and quotes when the purchase order exceeds \$5,000 but less than \$50,000, unless it is a single source or an emergency purchase.

Cause: The City had been advised that the reverse advertising did not apply to them. The City ordered duplicate items on separate purchase orders.

The City did not realize that the purchase laws compliance was based on the total cost plus trade in value to determine if purchase exceeded \$50,000 and required reverse auction.

Effect: The City made the following purchases using advertising in the newspaper instead of using reverse advertising:

2106 LC John Deere excavator/dozer	\$198,198
450K LGP cab excavator dozer	109,713
T870 SJC skeered steerer	108,733
2021 MACK #07440 model P164T	123,125
16' 2021 model GR64F Mack with Hilbilt Mongoose dump body dump truck	150,491

The City created two purchase orders to rewire sewer lift pump for \$4,696 and \$4,989. The repair of these two lift pumps were requested at the same time; therefore, two written quotes should have been obtained.

The City used quotes to purchased a John Deere 50 G mini excavator which had a total cost before trade-in of \$57,207. The trade in allowance of \$16,000 reduced the net amount paid to \$41,207.



**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Compliance and Other Matters and Compliance with State Laws and Regulations - continued**

2020-007. Purchase Law Violations - continued

Recommendation: We recommend the City obtain the required two quotes for purchases over \$5,000 but less than \$50,000. We recommend the City use the reverse auction procedure to purchase automotive and equipment when state contracts are not available. If the City is unable to obtain the required two quotes, the City would be required to advertise and do a reverse auction.

Response: We will make sure we have two quotes for all purchases exceeding \$5,000 but less than \$50,000. We are now using the reverse auction procedure when required for purchases exceeding \$50,000.

2020-008. Ad Valorem Tax Increase

Condition: The City did not escrow the ad valorem taxes collected in excess of the 10 percent cap.

Criteria: Mississippi Code 27-51-1 et seq. states if the 10 percent cap is exceeded, then the amount in excess over the cap is escrowed and carried over to reduce taxes by the amount of the excess in the succeeding fiscal year.

Effect: The City ad valorem tax collected exceeded the 10 percent cap by \$59,013. The excess collections of \$59,013 were not escrowed.

Cause: The City did not realize the 10 percent cap had been exceeded.

Recommendation: We recommend the City escrow any ad valorem tax collected in excess of the 10 percent cap.

Response: We will consider the September 30, 2020 excess ad valorem tax collections when monitoring the September 30, 2021 ad valorem tax collections for exceeding the 10 percent cap.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Compliance and Other Matters and Compliance with State Laws and Regulations - continued**

2020-009. Ethics

Condition: The City purchased \$3,020 supplies from a company owned by a relative of an Alderman. The City received a Mississippi ethics opinion 19-015-E that says it is not a violation of Section 25-4-105(2) as long as the Alderman recuses himself and leaves the room during discussion and voting. The Alderman did not recuse himself when the claims for purchases in October, November and December 2019 totaling \$545 were approved.

Criteria: The City received a Mississippi ethics opinion 19-015-E that says it is not a violation of Section 25-4-105(2) as long as the Alderman recuses himself and leaves the room during discussion and voting.

Cause: The Alderman was not informed of the requirement until January, 2020.

Effect: There were purchases of \$545 that did not comply with the Mississippi ethics opinion 19-015-E.

Recommendation: We recommend the Alderman recuse himself and leave the room during discussion and voting on any purchases from this relative.

Response: This is now being done.

2020-010. Firemen Swap Time

Condition: The City firemen occasionally swap time with another fireman without the City having a formal policy establishing under what circumstances this can be done.

Criteria: State law allows swap time only if the Board of Alderpersons have established a formal policy establishing under what circumstances this can be done.

Cause: The firemen were just swapping time and keeping up with it among themselves.

Effect: The City is not in compliance with State laws pertaining to swap time. One fireman could work for another and never get reimbursed.

Recommendation: We recommend the City either stop swap time or establish a formal swap time policy approved by the Board of Alderpersons.

Response: We will consult with our attorney and the fire chief and decide what is needed pertaining to swap time.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED**

**Compliance and Other Matters and Compliance with State Laws and Regulations - continued**

2020-011. Bond Ordinance

Condition: The City had not established the debt service accounts required by the bond ordinances. The taxes collected to retire the debt were deposited into the general fund instead of the debt service fund.

Criteria: The bond ordinance for the Special Obligation Bond Series 2019 and the Special Obligation Bonds Series 2019A states that these City bonds are general obligations of the City payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and interest on these City bonds as the same becomes due: provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the bond fund of the City bond, or has made provisions for funds, to be applied toward the payment of the principal of and interest of the City bond due during the ensuing fiscal year of the City.

Cause: All taxes collected for debt retirement were deposited into the general fund instead of the bond fund debt service account. The City was not aware of the requirement to fund the debt service account for the Special Obligation Bonds Series 2019A for all payments due within the next year.

Effect: The bond funds debt service account had not been established; therefore, the debt service fund was not funded in accordance with the bond ordinance. The taxes collected for debt retirement were deposited into the general fund.

Recommendation: We recommend the City establish and fund the debt service account as soon as possible. We recommend the City reimburse the bond proceeds construction accounts for the interest and principal that was paid from these accounts in error.

Response: We have established and funded the debt service accounts. We have restored the monies used to pay debt service to the various bond proceeds construction accounts.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**Compliance and Other Matters and Compliance with State Laws and Regulations - continued**

2020-012. Ineligible Expense Paid From the Bond Proceeds Account

Condition: The required bond payments for the Special Obligation Bonds Series 2019, Special Obligation Bonds Series 2019A, and the Special Obligation Bonds Series 2019 Revenue Bond were paid from the bond proceeds construction account instead of the debt service fund, the general fund or the water and sewer operations.

Criteria: The bond proceeds can only be used for construction or equipment purchases.

Cause: Due to a misunderstanding, the debt service payments were made from the capital project accounts that contained the bond proceeds, instead of being paid from the debt service account, the general fund, or water and sewer operations.

Effect: The required debt service payments for Special Obligation Bonds Series 2019, Special Obligation Bonds Series 2019A, and the Special Obligation Bonds Series 2019 Revenue Bond of \$147,882, \$99,500 and \$234,827 respectively, were paid from the capital project funds instead of the bond fund debt service account, the general fund account, or the water and sewer operation account.

Recommendation: We recommend the City reimburse the bond proceeds construction accounts the interest and principal that was paid from these accounts in error.

Response: We have restored the monies used to pay debt service to the various bond proceeds construction accounts.

2020-013. Privilege Taxes were not Properly Billed and Collected

Condition: The privilege taxes for the year ended September 30, 2020 were not all billed and there was no follow-up to collect unpaid privilege taxes.

Criteria: Mississippi code 27-15-11 provides a privilege tax be imposed states on every person desiring to engage in any business, or exercise any privilege hereafter specified shall first, before commencing same, apply for, pay for, and procure from the state tax commissioner or commissioner of insurance, a privilege license authorizing him to engage in the business or exercise the privilege specified therein, and the amount of tax shown in the following sections is hereby imposed for the privilege of engaging or continuing in the business set out therein.

Cause: Privilege taxes billing and collections were moved from City Hall to the Code Department. There was a misunderstanding in how this procedure was to be implemented.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2020**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**Compliance and Other Matters and Compliance with State Laws and Regulations - continued**

2020-013. Privilege Taxes were not Properly Billed and Collected - continued

Effect: The City did not mail all bills for privilege taxes due during the year ended September 30, 2020. The City did not follow up on uncollected privilege taxes. There was a decrease of \$26,780 in privilege taxes when compared to the prior year.

Recommendation: We recommend the City obtain a list of unpaid privilege licenses for the year ended September 30, 2020 and bill and collect from the business the privilege taxes due.

Response: We will determine who has not paid a privilege tax and pursue collections.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Results of Prior Year Findings**  
**For the fiscal year ended September 30, 2020**

**Financial Statement Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2019-001	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2015-001)	Repeated - see current year finding 2020-001
2019-002	Segregation of Duties (original finding 2016-003)	Repeated - see current year finding 2020-002
2019-003	Violation of Laws and Regulations (original finding 2016-005)	Repeated - see current year finding 2020-003
2019-004	Unaccounted for Natural Gas and Water (original finding 2017-004)	Repeated - see current year finding 2020-004
2019-005	Notes Receivable Collection Effort (original finding 2019-005)	Repeated - see current year finding 2020-005
2019-006	City Vehicles Not Properly Identified (original finding 2017-006)	Corrected
2019-007	Purchase Law Violations (original finding 2016-016)	Repeated - see current year finding 2020-007
2019-008	Transfers Between Funds Not Approved by the Board of Alderpersons (original finding 2016-008)	Corrected
2019-009	Ethics (original finding 2019-009)	Repeated - see current year finding 2020-009
2019-010	Firemen Swap Time (original finding 2016-011)	Repeated - see current year finding 2020-010
2019-011	Budget (original finding 2014-005)	Corrected
2019-012	Publishing Synopsis or Notice of Annual Audite (original finding 2019-012)	Corrected
2019-013	Water Rates (original finding 2016-014)	Corrected

**Federal Award Findings and Questioned Costs**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
	There were no prior year federal award findings and questioned costs.	