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

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

# CITY OF LOUISVILLE, MISSISSIPPI

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**CITY OF LOUISVILLE, MISSISSIPPI**

**FINANCIAL SECTION**



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Anita L. Goodrum, CPA
William B. Staggers, CPA	Ricky D. Allen, CPA
Michael W. McCully, CPA	Jason D. Brooks, CPA
R. Steve Sinclair, CPA	Robert E. Cordle, Jr., CPA
Marsha L. McDonald, CPA	Perry C. Rackley, Jr., CPA
Wanda S. Holley, CPA	Jerry L. Gammel, CPA
Robin Y. McCormick, CPA/PFS	Michael C. Knox, CPA
J. Randy Scrivner, CPA	Clifford P. Stewart, CPA
Kimberly S. Caskey, CPA	Edward A. Maxwell, CPA
Susan M. Lummus, CPA	

## INDEPENDENT AUDITORS' REPORT

To the Board of Alderman  
City of Louisville, Mississippi

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Louisville, Mississippi, as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the 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.

### Auditors' 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 auditors consider 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.

### Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented as total assets \$43,776,537, deferred outflows of resources \$481,693 liabilities of \$9,921,994, deferred inflows of resources of \$99,686, net position of \$34,236,550 revenues of \$15,770,111 and expenses of \$16,127,981.

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Louisville, Mississippi, as of September 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Funds***

As discussed in Note 13 to the financial statements, the City has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities, each major fund and aggregate remaining funds and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities, each major fund and aggregate remaining funds. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities, each major fund and aggregate remaining funds has not been determined.

## **Qualified Opinions**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Funds” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and aggregate remaining funds of City of Louisville, Mississippi, as of September 30, 2020 and the respective changes in financial position 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, budgetary comparison information, schedule of the city’s proportionate share of the net pension liability, and schedule of the city’s contributions on pages 5–14, 54–55, 56 and 57 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 Louisville, Mississippi’s basic financial statements. The schedule reconciling ad valorem tax rolls to fund collections and schedule of surety bonds for elected officials and employees are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule reconciling ad valorem tax rolls to fund collections and schedule of surety bonds for elected officials and employees 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 accompanying supplementary information mentioned above is 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 April 26, 2023, on our consideration of the City of Louisville, 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 Louisville, 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 Louisville, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
April 26, 2023

*Watkins Ward and Stafford, PLLC*

**CITY OF LOUISVILLE, MISSISSIPPI**

**MANAGEMENT DISCUSSION AND ANALYSIS**



**CITY OF LOUISVILLE, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

The discussion and analysis of the City of Louisville's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Louisville exceeded its liabilities at the close of the fiscal year ending September 30, 2020 by \$49,335,390 (net position).
- Total net position decreased \$39,431. Net position of governmental activities increased \$56,673. This represents a .12% increase from 2019. Net position of business-type activities decreased \$(96,104). This represents a 3.90% increase from 2019.
- The City had \$9,053,393 and \$9,324,924 in total revenues in governmental activities, respectively for 2020 and 2019. Program revenues account for \$3,767,637 or 71.28% of total revenues in 2020 and \$5,337,994 or 57.24% of total revenues in 2019. General revenues account for \$5,285,756 or 28.72% of total revenues in 2020 and \$3,986,930 or 42.76% of total revenues in 2019.
- The City had \$8,996,720 and \$7,234,138 in total expenses in governmental activities, respectively for 2020 and 2019. \$3,767,637 for 2020 and \$5,337,994 for 2019 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$5,285,756 for 2020 were adequate to provide for the city's various programs. \$3,986,930 for 2019 were adequate to provide for the city's various programs.
- The City had \$1,008,695 and \$988,007 in total revenues in business-type activities, respectively for 2020 and 2019. Charges for services account for \$961,130 or 95.28% of total revenues in 2020 and \$967,670 or 97.33% of total revenues in 2019. The City had \$1,104,799 and \$1,914,152 in total expenses in business type activities, respectively for 2020 and 2019. Total revenues of \$1,008,695 were not adequate for 2020 to provide for the business-type activities expenses and \$988,007 were not adequate for 2019 to provide for the expenses related to the city's business-type activities.
- Among major funds, the General Fund had \$7,349,160 in revenues and \$6,395,729 in expenditures in 2020. The General Fund's fund balance increased \$956,638 from 2019. The General Fund had \$4,768,869 in revenues and \$5,117,451 in expenditures in 2019. The General Fund's fund balance decreased \$448,582 from 2018.
- Capital assets in governmental activities, net of accumulated depreciation, decreased by \$753,303 in 2020. The primary reason for this decrease is depreciation on capital assets during the year. Capital assets in governmental activities, net of accumulated depreciation, increased by \$2,949,239 in 2019. The primary reason for this increase is due to construction related to various FEMA/MEMA funded projects.
- Capital assets in business-type activities, net of accumulated depreciation, increased by \$471,124 in 2020. The primary reason for the increase was due to additional construction incurred on landfill cell. Capital assets in business-type activities, net of accumulated depreciation, increased by \$178,588 in 2019. The primary reason for the increase was due to a change in the estimated depreciation of the landfill cell being depreciated netted against the impairment loss estimated on the landfill cell.
- Long-term debt in governmental activities decreased by \$102,162 in 2020. Long-term debt in governmental activities increased by \$246,750 in 2019.

- As of September 30, 2020, the City of Louisville's governmental funds reported combined ending fund balances of \$4,793,248 an increase of \$901,241 due primarily to CDL grant received for lost revenue calculation in the current year.

## 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 three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Figure 1 – Required Components of the City's Annual Report**

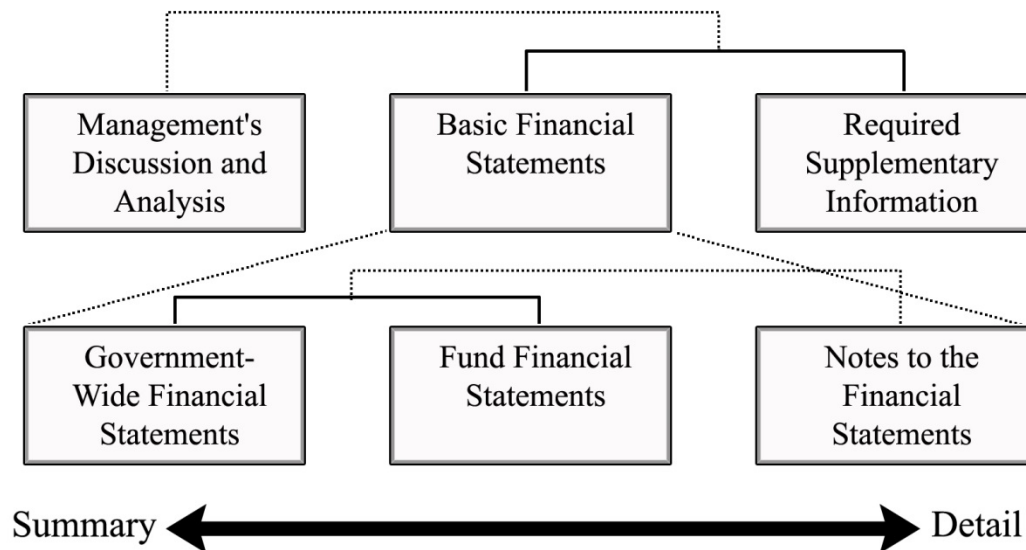


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the City financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

**Figure 2 – Major Features of the City Government-Wide and Fund Financial Statements**

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	<b>Entire City government (except fiduciary funds) and component units</b>	<b>All activities of the City that are not business-type or fiduciary in nature</b>	<b>Activities of the City that operate similar to private businesses</b>	<b>The City is the trustee or agent for someone else’s resources</b>
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in net position</li> </ul>
<b>Accounting basis and measurement focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Modified accrual accounting and current financial resources focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Accrual accounting and economic resources focus</b>
<b>Type of asset, deferred outflow, liability, deferred inflow information</b>	<b>All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term</b>	<b>Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included</b>	<b>All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term</b>	<b>All assets, deferred outflows, liabilities, and deferred inflows, both short and long term</b>
<b>Type of inflow/outflow information</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>	<b>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Louisville's finances, in a manner similar to a private-sector business. The Statement of Net position presents information on all of the City of Louisville'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 of Louisville is improving or deteriorating. The Statement of Net position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Both the Statement of Net position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, public works, culture and recreation, and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sanitation and landfill system is reported here.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state laws and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Louisville maintains several individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement

of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

- The City of Louisville maintains two individual enterprise funds. The City uses enterprise funds to account for its sanitation fund and landfill fund. The 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 sanitation and landfill funds, both of which are considered to be major funds of the City.

### **Notes to 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 immediately following the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning budgetary comparative information for the general fund and each major special revenue fund, schedule of the city's proportionate share of the net pension liability and schedule of city contributions.

## THE CITY AS A WHOLE – Government-wide Financial Analysis

The City's combined net position was \$49,335,390 as of September 30, 2020. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities net position was \$46,969,247 and the business type activities net position are \$2,366,143. This analysis focuses on the net position (table 1) and changes in net position (table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (**106%**) reflects its investments in capital assets (e.g., land, buildings, and equipment), 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. The next largest portion (2%) is restricted for public works. These are grant resources set aside to reconstruct an industrial property owned by the City and other disaster recovery projects.

The City's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and depreciation of capital assets.

**Table 1**  
**Summary of Net position**

		<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$	8,643,360	6,456,014	1,010,291	1,524,607	9,653,651	7,980,621
Capital Assets		56,868,778	57,622,081	2,683,432	2,212,308	59,552,210	59,834,389
Total Assets		65,512,138	64,078,095	3,693,723	3,736,915	69,205,861	67,815,010
Deferred outflows of resources		549,231	327,942	43,631	17,348	592,862	345,290
Current and other liabilities		2,361,514	4,324,448	767,623	740,071	5,064,519	5,064,519
Long-term liabilities		14,983,555	11,379,450	602,401	545,751	11,925,201	11,925,201
Total Liabilities		17,345,069	15,703,898	1,370,024	1,285,822	16,989,720	16,989,720
Deferred inflows of resources		1,747,053	1,789,565	1,187	6,194	1,795,759	1,795,759
Net position:							
Net Investment in capital assets		49,491,485	50,342,403	2,683,432	2,212,308	52,174,917	52,554,711
Restricted		3,479,662	3,471,142	326,432	408,671	3,806,094	3,879,813
Unrestricted		(6,001,900)	(6,900,971)	(643,721)	(158,732)	(6,645,621)	(7,059,703)
Total Net position	\$	46,969,247	46,912,574	2,366,143	2,462,247	49,335,390	49,374,821

**Table 2**  
**Changes in Net position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 740,231	701,100	961,130	961,670	1,701,361	1,662,770
Operating grants and contributions	2,585,172	887,464	25,000	25,000	2,610,172	912,464
Capital grants and contributions	442,234	3,749,430	-	-	442,234	3,749,430
General revenues:						
Taxes	2,299,358	2,069,519	-	-	2,299,358	2,069,519
Grants and contributions not restricted to specific programs	2,914,436	1,837,656	-	-	2,914,436	1,837,656
Unrestricted interest income	67,038	54,365	22,565	22,928	89,603	77,293
Miscellaneous	4,924	390	-	3,409	4,924	3,799
Transfers	-	25,000	-	(25,000)	-	-
<b>Total Revenues</b>	<b>9,053,393</b>	<b>9,324,924</b>	<b>1,008,695</b>	<b>988,007</b>	<b>10,062,088</b>	<b>10,312,931</b>
<b>Expenses:</b>						
General government	1,125,389	1,180,839	-	-	1,125,389	1,180,839
Public safety	2,971,766	2,866,957	-	-	2,971,766	2,866,957
Public works	2,367,990	956,246	-	-	2,367,990	956,246
Culture and recreation	758,209	548,588	-	-	758,209	548,588
Economic development and assistance	1,371,231	1,321,143	-	-	1,371,231	1,321,143
Interest on long-term debt	402,135	360,365	-	-	402,135	360,365
Sanitation	-	-	470,817	594,277	470,817	594,277
Landfill	-	-	633,982	419,875	633,982	419,875
Impairment loss on landfill cell	-	-	-	900,000	-	900,000
<b>Total Expenses</b>	<b>8,996,720</b>	<b>7,234,138</b>	<b>1,104,799</b>	<b>1,914,152</b>	<b>10,101,519</b>	<b>9,148,290</b>
<b>Increase (Decrease) in net position</b>	<b>56,673</b>	<b>2,090,786</b>	<b>(96,104)</b>	<b>(926,145)</b>	<b>(39,431)</b>	<b>1,164,641</b>
<b>Net position, October 1</b>	<b>46,912,574</b>	<b>44,821,788</b>	<b>2,462,247</b>	<b>2,192,437</b>	<b>49,374,821</b>	<b>47,014,225</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,195,955</b>	<b>-</b>	<b>1,195,955</b>
<b>Net position, September 30</b>	<b>\$ 46,969,247</b>	<b>46,912,574</b>	<b>2,366,143</b>	<b>2,462,247</b>	<b>49,335,390</b>	<b>49,374,821</b>

The most significant governmental expense for the City was incurred in regards to public safety activities, which was \$2,971,766. The next largest governmental expense was incurred providing for public works, which incurred expenses of \$2,367,990. Other significant governmental expenses for the City include general government (\$1,125,389) and economic development and assistance (\$1,371,231). These expenses were offset by revenues collected from a variety of sources, with the largest being federal grants and the next largest fines and forfeitures. The major components of public safety are police and fire.

#### **Business-type Activities**

Revenues of the City's business-type activities were \$1,008,695 for the fiscal year ending September 30, 2020. Expenses for the City's business-type activities were \$1,104,799 for the year. The total net decrease in net position is \$96,104.

**Governmental Activities** – The following table presents the cost of the six major functional activities of the City: General Government, Public Safety, Public Works, Culture & Recreation, Economic Development and Interest on Long Term Debt.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on City's taxpayers by each of these functions.

	2020				2019			
	Total Costs		Net Costs		Total Costs		Net Costs	
General Government	\$ 1,125,389	\$	813,150	\$	1,180,839	\$	774,760	
Public Safety	\$ 2,971,766	\$	2,284,817	\$	2,866,957	\$	1,404,849	
Public Works	\$ 2,367,990	\$	145,265	\$	956,246	\$	473,571	
Culture & Recreation	\$ 758,209	\$	609,210	\$	548,588	\$	(815,897)	
Economic Development	\$ 1,371,231	\$	974,506	\$	1,321,143	\$	(301,504)	
Interest on Long-Term Debt	\$ 402,135	\$	402,135	\$	360,365	\$	360,365	

### ***FINANCIAL ANALYSIS OF THE CITY'S FUNDS***

**Governmental funds** – At the close of the fiscal year, the city's governmental funds reported a combined fund balance of \$4,793,248, an increase of \$901,241. The primary reasons for this increase was due to CDL grant for calculated lost revenue received during the year. \$1,037,469 (21.6%) of the governmental fund balance of \$4,793,248 is unassigned and not restricted in any manner. The remaining \$3,755,779 (78.4%) is restricted or assigned for other purposes. The largest portion of restricted fund balance is for culture and recreation (\$999,403).

The General Fund is the principal operating fund of the City. The increase in the fund balance of the General Fund for the fiscal year was \$956,638.

**Business-type funds** – Charges for services from the Landfill Fund decreased by .84% or \$3,825 to \$450,492 and expenses increased by 6.689% or \$39,705 to \$633,982. The city received interest income of \$10,433, and grants of \$25,000. Charges for services from the Sanitation Fund increased by .65% or \$3,285 to \$510,638 and expenses increased by 12.13% or \$50,942 to \$470,817. The city received interest income of \$12,132 in the sanitation fund.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2020 the City had \$59,552,210 invested in a broad range of capital assets, including police and fire equipment, buildings and park facilities. (See Table 3 below). This amount represents a net decrease (including additions and deductions) of \$282,179 or .47% decrease over the prior fiscal year.

**Table 3**  
**Capital Assets at Year End**  
**Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,702,610	\$ 2,702,610	\$ 144,000	\$ 144,000	\$ 2,846,610	\$ 2,846,610
Construction in progress	502,446	4,092,350	1,613,814	1,055,237	2,116,260	5,147,587
Infrastructure	532,669	297,293	-	-	532,669	297,293
Buildings and improvements	43,234,718	43,751,313	-	-	43,234,718	43,751,313
Improvements other than buildings	8,394,054	5,224,643	664,554	724,318	9,058,608	5,948,961
Equipment	945,501	948,235	261,064	288,753	1,206,565	1,236,988
Leased property under capital lease	556,780	605,637	-	-	556,780	605,637
<b>Totals</b>	<u>56,868,778</u>	<u>57,622,081</u>	<u>2,683,432</u>	<u>2,212,308</u>	<u>59,552,210</u>	<u>59,834,389</u>

This year's major additions includes construction in progress related to various disaster recovery projects and landfill cell.

### Debt

At year-end, the City had \$9,268,049 in general obligation bond debt, capital leases and other loans outstanding as compared to \$9,018,326 at the end of the prior fiscal year, an increase of 3% from the previous year as shown in table 4. The primary reason for the increase is due to purchase/lease of capital assets.

**Table 4**  
**Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
GO Bonds Payable	\$ 7,506,000	\$ 4,445,000	\$ -	\$ -	\$ 7,506,000	\$ 4,445,000
Capital Leases	621,292	604,677	-	-	621,292	604,677
Other loans	887,505	4,076,457	-	-	887,505	4,076,457
Compensated Absences	133,098	123,923	21,636	17,992	154,734	141,915
<b>Totals</b>	<u>9,147,895</u>	<u>9,250,057</u>	<u>21,636</u>	<u>17,992</u>	<u>9,169,531</u>	<u>9,268,049</u>

## **Budgetary Highlights**

Over the course of the year, the City revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and each major special revenue fund is provided in this report as required supplementary information.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the governmental and business-type activities. One of these factors is the economy. The largest sources of revenues in the general fund are sales tax and property tax revenues which are anticipated to remain consistent with the current year.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk at the City of Louisville, P. O. Drawer 510, Louisville, Mississippi 39339.

**CITY OF LOUISVILLE, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**City Of Louisville, Mississippi**  
**Statement of Net Position**  
**September 30, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 3,268,825	346,844	3,615,669
Property tax receivable	1,735,700	-	1,735,700
Accounts receivable (net of allowance for uncollectibles of \$1,444)	-	120,624	120,624
Fines receivable (net of allowance for uncollectibles of \$975,343)	270,416	-	270,416
Capital leases receivable	308,739	-	308,739
Intergovernmental receivables	3,085,163	-	3,085,163
Other receivables	10,583	-	10,583
Internal balances	(36,066)	36,066	-
Restricted assets	-	506,757	506,757
Capital assets:			
Land and construction in progress	3,205,056	1,757,814	4,962,870
Other capital assets, net	53,663,722	925,618	54,589,340
Total Assets	<u>65,512,138</u>	<u>3,693,723</u>	<u>69,205,861</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	549,231	43,631	592,862
Total Deferred Outflows of Resources	<u>549,231</u>	<u>43,631</u>	<u>592,862</u>
<b>LIABILITIES</b>			
Claims payable	1,521,761	121,275	1,643,036
Intergovernmental payables	13,496	19,947	33,443
Accrued interest payable	79,912	-	79,912
Liability for closure/post closure costs	-	626,401	626,401
Long-term liabilities			
Due within one year:			
Capital debt	188,800	-	188,800
Non-capital debt	557,545	-	557,545
Due in more than one year:			
Capital debt	7,188,493	-	7,188,493
Non-capital debt	1,213,057	21,636	1,234,693
Net pension liability	6,582,005	580,765	7,162,770
Total Liabilities	<u>17,345,069</u>	<u>1,370,024</u>	<u>18,715,093</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	1,735,700	-	1,735,700
Deferred inflows - pensions	11,353	1,187	12,540
Total Deferred Inflows of Resources	<u>1,747,053</u>	<u>1,187</u>	<u>1,748,240</u>
<b>NET POSITION</b>			
Net investment in capital assets	49,491,485	2,683,432	52,174,917
Restricted for:			
Expendable:			
General government	391,958	-	391,958
Debt service	141,768	-	141,768
Public safety	306,828	-	306,828
Public works	713,830	326,432	1,040,262
Culture and recreation	999,403	-	999,403
Economic development	914,353	-	914,353
Unemployment compensation	11,522	-	11,522
Capital projects	-	-	-
Unrestricted	(6,001,900)	(643,721)	(6,645,621)
Total Net Position	<u>\$ 46,969,247</u>	<u>2,366,143</u>	<u>49,335,390</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City Of Louisville, Mississippi**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,125,389	312,239	-	-	(813,150)		(813,150)
Public safety	2,971,766	383,521	303,428	-	(2,284,817)		(2,284,817)
Public works	2,367,990	-	1,995,046	227,679	(145,265)		(145,265)
Culture and recreation	758,209	7,071	100,000	41,928	(609,210)		(609,210)
Economic development and assistance	1,371,231	37,400	186,698	172,627	(974,506)		(974,506)
Interest on long-term debt	402,135	-	-	-	(402,135)		(402,135)
Total Governmental Activities	<u>8,996,720</u>	<u>740,231</u>	<u>2,585,172</u>	<u>442,234</u>	<u>(5,229,083)</u>		<u>(5,229,083)</u>
Business-type activities:							
Landfill	633,982	450,492	25,000	-		(158,490)	(158,490)
Sanitation	470,817	510,638	-	-		39,821	39,821
Total Business-type Activities	<u>1,104,799</u>	<u>961,130</u>	<u>25,000</u>	<u>-</u>	<u>(118,669)</u>	<u>(118,669)</u>	<u>(118,669)</u>
Total Primary Government	<u>\$ 10,101,519</u>	<u>1,701,361</u>	<u>2,610,172</u>	<u>442,234</u>	<u>(5,229,083)</u>	<u>(118,669)</u>	<u>(5,347,752)</u>
General revenues:							
Property taxes					\$ 1,455,164	-	1,455,164
Property taxes -debt service repayment					550,056	-	550,056
Road & bridge privilege taxes					130,851	-	130,851
Special assessments - payments in lieu of taxes					163,287	-	163,287
Grants and contributions not restricted to specific programs					2,914,436	-	2,914,436
Unrestricted interest income					67,038	22,565	89,603
Miscellaneous					4,924	-	4,924
Total General Revenues					<u>5,285,756</u>	<u>22,565</u>	<u>5,308,321</u>
Special item (Impairment Loss Landfill Cell)					-	-	-
Transfers					-	-	-
Total General Revenues, Special Items and Transfers					<u>5,285,756</u>	<u>22,565</u>	<u>5,308,321</u>
Changes in Net Position					<u>56,673</u>	<u>(96,104)</u>	<u>(39,431)</u>
Net Position - Beginning					<u>46,912,574</u>	<u>2,462,247</u>	<u>49,374,821</u>
Net Position - Ending					<u>\$ 46,969,247</u>	<u>2,366,143</u>	<u>49,335,390</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City Of Louisville, Mississippi**  
**Balance Sheet - Governmental Funds**  
**September 30, 2020**

	Major Funds				Other	Total
	General	Disaster	GO Bond	2020 GO Bond	Governmental	Governmental
	Fund	Projects	Debt Service	Proceeds	Funds	Funds
<b>ASSETS</b>						
Cash	\$ 1,383,739	98,678	214,956	2,480	1,568,972	3,268,825
Property tax receivable	985,000	-	544,600	-	206,100	1,735,700
Fines receivable (net of allowance for uncollectibles of \$975,343)	270,416	-	-	-	-	270,416
Capital lease receivable	-	-	-	-	308,739	308,739
Intergovernmental receivables	1,504,853	1,554,681	4,244	-	21,385	3,085,163
Other receivables	9,108	-	-	-	1,475	10,583
Due from other funds	257,903	314,215	-	-	65,750	637,868
Total Assets	<u>\$ 4,411,019</u>	<u>1,967,574</u>	<u>763,800</u>	<u>2,480</u>	<u>2,172,421</u>	<u>9,317,294</u>
<b>LIABILITIES</b>						
Liabilities:						
Claims payable	\$ 1,425,836	-	-	-	95,925	1,521,761
Intergovernmental payables	13,496	-	-	-	-	13,496
Due to other funds	634,458	-	-	-	39,476	673,934
Unearned revenue	-	-	-	-	308,739	308,739
Total Liabilities	<u>\$ 2,073,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,140</u>	<u>2,517,930</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	985,000	-	544,600	-	206,100	1,735,700
Unavailable revenue - fines	270,416	-	-	-	-	270,416
Total Deferred Inflows of Resources	<u>1,255,416</u>	<u>-</u>	<u>544,600</u>	<u>-</u>	<u>206,100</u>	<u>2,006,116</u>
<b>Fund balances:</b>						
Restricted for:						
General government	-	391,958	-	-	-	391,958
Public safety	13,826	120,181	-	-	172,821	306,828
Public works	-	713,830	-	-	-	713,830
Culture and recreation	-	533,708	-	-	465,695	999,403
Economic development and assistance	-	207,897	-	-	706,456	914,353
Debt service	-	-	219,200	2,480	-	221,680
Unemployment compensation	11,522	-	-	-	-	11,522
Assigned to:						
General government	-	-	-	-	196,205	196,205
Unassigned	1,056,465	-	-	-	(18,996)	1,037,469
Total Fund Balances	<u>\$ 1,081,813</u>	<u>1,967,574</u>	<u>219,200</u>	<u>2,480</u>	<u>1,522,181</u>	<u>4,793,248</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,411,019</u>	<u>1,967,574</u>	<u>763,800</u>	<u>2,480</u>	<u>2,172,421</u>	<u>9,317,294</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**CITY OF LOUISVILLE, MISSISSIPPI****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2020**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,793,248
Amounts reported for governmental activities in the statement of net position are different because:	
1. Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$6,661,251.	56,868,778
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. Fines receivable	270,416
3. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,147,895)
4. Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,582,005)
5. Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(79,912)
6. Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	308,739
7. Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred inflows of resources related to pensions	549,231 <u>(11,353)</u>
Total Net Position - Governmental Activities	\$ <u><u>46,969,247</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City Of Louisville, Mississippi**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2020**

	Major Funds					
	General Fund	Disaster Recovery Fund	GO Bond Debt Service Fund	2020 GO Bond Proceeds Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 1,235,355	-	550,056	-	219,810	2,005,221
Road and bridge privilege taxes	130,851	-	-	-	-	130,851
Licenses and permits	90,685	-	-	-	-	90,685
Fines and forfeitures	86,280	-	-	-	-	86,280
Special assessments-payments in lieu of taxes	163,287	-	-	-	-	163,287
Intergovernmental revenues	5,432,994	214,555	-	-	201,744	5,849,293
Charges for services	154,101	-	-	-	247,894	401,995
Interest income	23,886	1,760	5,097	31	36,264	67,038
Miscellaneous revenues	31,721	-	-	-	108,470	140,191
Total Revenues	<u>7,349,160</u>	<u>216,315</u>	<u>555,153</u>	<u>31</u>	<u>814,182</u>	<u>8,934,841</u>
<b>EXPENDITURES</b>						
Current:						
General government	938,964	-	-	-	161,250	1,100,214
Public safety	2,203,706	-	-	-	416,648	2,620,354
Public works	2,706,191	271	-	-	-	2,706,462
Culture and recreation	378,947	47,825	-	-	160,860	587,632
Economic development and assistance	158,482	222,471	-	-	135,311	516,264
Debt service:						
Principal	8,355	-	245,000	3,150,000	114,031	3,517,386
Interest	1,084	-	233,109	153,556	40,918	428,667
Total Expenditures	<u>6,395,729</u>	<u>270,567</u>	<u>478,109</u>	<u>3,303,556</u>	<u>1,029,018</u>	<u>11,476,979</u>
Excess of Revenues over (under) Expenditures	<u>953,431</u>	<u>(54,252)</u>	<u>77,044</u>	<u>(3,303,525)</u>	<u>(214,836)</u>	<u>(2,542,138)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term capital debt issued	100,049	-	-	3,306,000	-	3,406,049
Proceeds from sale of capital assets	3,158	-	-	-	-	3,158
Transfers in	-	-	-	-	100,000	100,000
Transfers out	(100,000)	-	-	-	-	(100,000)
Lease principal payments	-	-	-	-	34,172	34,172
Total Other Financing Sources and Uses	<u>3,207</u>	<u>-</u>	<u>-</u>	<u>3,306,000</u>	<u>134,172</u>	<u>3,443,379</u>
Net Changes in Fund Balances	<u>956,638</u>	<u>(54,252)</u>	<u>77,044</u>	<u>2,475</u>	<u>(80,664)</u>	<u>901,241</u>
Fund Balances - Beginning	<u>125,175</u>	<u>2,021,826</u>	<u>142,156</u>	<u>5</u>	<u>1,602,845</u>	<u>3,892,007</u>
Fund Balances - Ending	<u>\$ 1,081,813</u>	<u>1,967,574</u>	<u>219,200</u>	<u>2,480</u>	<u>1,522,181</u>	<u>4,793,248</u>

The accompanying notes to financial statements are an integral part of these financial statements.



**CITY OF LOUISVILLE, MISSISSIPPI**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2020**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 901,241
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balance by the amount that depreciation of \$1,601,696 exceeded capital outlays of \$848,393 in the current period.	(753,303)
2. Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	115,399
3. Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, this change in net position from the change in fund balances by the amount that the proceeds of debt repayments of \$3,517,386 exceeds debt proceeds of \$3,406,049.	111,337
4. Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than when it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:	
Compensated absences	(9,175)
Accrued interest payable	26,529
5. In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balance by the principal collections on the capital leases.	(34,172)
6. Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in	
Recording of pension expense for the current period	(403,880)
Recording of contributions made subsequent to the measurement date	102,697
Change in Net Position of Governmental Activities	\$ <u>56,673</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City Of Louisville, Mississippi**  
**Statement of Net Position - Proprietary Fund**  
**September 30, 2020**

	Business-type Activities - Enterprise Funds		
	Landfill Fund	Sanitation Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ -	346,844	346,844
Accounts receivable (net of allowance for uncollectibles of \$ 1,444)	35,760	84,864	120,624
Due from other funds	205,243	149,249	354,492
Total Current Assets	<u>241,003</u>	<u>580,957</u>	<u>821,960</u>
Noncurrent assets:			
Restricted assets	506,757	-	506,757
Capital assets:			
Land and construction in progress	1,757,814	-	1,757,814
Other capital assets, net	866,733	58,885	925,618
Total Noncurrent Assets	<u>3,131,304</u>	<u>58,885</u>	<u>3,190,189</u>
Total Assets	<u>3,372,307</u>	<u>639,842</u>	<u>4,012,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	29,933	13,698	43,631
Total Deferred Outflows of Resources	<u>29,933</u>	<u>13,698</u>	<u>43,631</u>
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	53,274	68,001	121,275
Intergovernmental payables	19,947	-	19,947
Due to other funds	318,426	-	318,426
Total Current Liabilities	<u>391,647</u>	<u>68,001</u>	<u>459,648</u>
Noncurrent liabilities:			
Liability for closure/post closure costs	626,401	-	626,401
Net pension liability	387,177	193,588	580,765
Non-capital debt:			
Compensated absences payable	16,125	5,511	21,636
Total Noncurrent Liabilities	<u>1,029,703</u>	<u>199,099</u>	<u>1,228,802</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pensions	64	1,123	1,187
Total Deferred Inflows of Resources	<u>64</u>	<u>1,123</u>	<u>1,187</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,624,547	58,885	2,683,432
Restricted for:			
Public works	-	326,432	326,432
Unassigned	(643,721)	-	(643,721)
Total Net Position	<u>\$ 1,980,826</u>	<u>385,317</u>	<u>2,366,143</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City Of Louisville, Mississippi**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**For the Year Ended September 30, 2020**

	Business-type Activities - Enterprise Funds		
	Landfill Fund	Sanitation Fund	Totals
Operating Revenues			
Charges for services	\$ 450,492	510,638	961,130
Total Operating Revenues	<u>450,492</u>	<u>510,638</u>	<u>961,130</u>
Operating Expenses			
Personal services	222,704	110,543	333,247
Contractual services	224,858	261,930	486,788
Materials and supplies	1,043	45,048	46,091
Utilities	10,412	44,898	55,310
Fuel	21,627	5,016	26,643
Depreciation expense	121,645	3,382	125,027
Closure and postclosure expense	31,693	-	31,693
Total Operating Expenses	<u>633,982</u>	<u>470,817</u>	<u>1,104,799</u>
Operating Income (Loss)	<u>(183,490)</u>	<u>39,821</u>	<u>(143,669)</u>
Nonoperating Revenues (Expenses)			
Interest income	10,433	12,132	22,565
Intergovernmental grants	25,000	-	25,000
Net Nonoperating Revenue (Expenses)	<u>35,433</u>	<u>12,132</u>	<u>47,565</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	<u>(148,057)</u>	<u>51,953</u>	<u>(96,104)</u>
Transfers in	100,000	-	100,000
Transfers out	-	(100,000)	(100,000)
Changes in Net Position	<u>(48,057)</u>	<u>(48,047)</u>	<u>(96,104)</u>
Net Position - Beginning	<u>2,028,883</u>	<u>433,364</u>	<u>2,462,247</u>
Net Position - Ending	<u>\$ 1,980,826</u>	<u>385,317</u>	<u>2,366,143</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**City of Louisville, Mississippi**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2020**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Landfill Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ 466,914	510,991	977,905
Payments to suppliers	(205,382)	(100,834)	(306,216)
Payments to employees	(327,547)	(359,328)	(686,875)
Net Cash Provided (Used) by Operating Activities	<u>(66,015)</u>	<u>50,829</u>	<u>(15,186)</u>
Cash Flows From Noncapital Financing Activities			
Intergovernmental grants received	25,000	-	25,000
Cash received from other funds:			
Operating transfers in	100,000	-	100,000
Loans from other funds	320,077	1,537	321,614
Cash paid to other funds:			
Operating transfers out	-	(100,000)	(100,000)
Loans made to other funds	-	(100,000)	(100,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>445,077</u>	<u>(198,463)</u>	<u>246,614</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	<u>(529,921)</u>	<u>-</u>	<u>(529,921)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(529,921)</u>	<u>-</u>	<u>(529,921)</u>
Cash Flows From Investing Activities			
Interest on deposits	2,222	12,132	14,354
Purchase of investment securities	<u>(9,419)</u>	<u>-</u>	<u>(9,419)</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,197)</u>	<u>12,132</u>	<u>4,935</u>
Net Decrease in Cash and Cash Equivalents	(158,056)	(135,502)	(293,558)
Cash and Cash Equivalents at Beginning of Year	158,056	482,346	640,402
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>346,844</u>	<u>346,844</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (183,490)	39,821	(143,669)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	121,645	3,382	125,027
Closure and postclosure expense	31,693	-	31,693
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	16,422	353	16,775
Increase (decrease) in claims payable	(68,486)	(1,886)	(70,372)
Increase in compensated absences liability	1,859	1,785	3,644
Increase in liabilities and deferred inflows (outflows) related to recognition of PERS liability	14,342	7,374	21,716
Total Adjustments	<u>117,475</u>	<u>11,008</u>	<u>128,483</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (66,015)</u>	<u>50,829</u>	<u>(15,186)</u>

The accompanying notes to financial statements are an integral part of these statements.

**City Of Louisville, Mississippi**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2020**

		Agency Funds
ASSETS		
Cash and investments	\$	3,329
Intergovernmental receivables		<u>3,280</u>
Total Assets	\$	<u><u>6,609</u></u>
LIABILITIES		
Intergovernmental payables	\$	6,609
Total Liabilities	\$	<u><u>6,609</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Louisville, Mississippi is a municipal corporation governed by an elected mayor and a five-member board. It provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation and landfill, culture-recreation, public improvements, planning and zoning, and general administrative services.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the City. Accordingly, the financial statements do not include the data of all of the City's—component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- The Housing Authority of the City of Louisville
- Louisville Electric System
- Louisville Water System

**B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-Wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities-and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**B. Basis of Presentation (Continued):**

**Fund Financial Statements:**

Fund financial statements of the city are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major Governmental Funds and Major Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

**C. Measurement Focus and Basis of Accounting**

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the city. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major governmental funds:

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

The Disaster Projects Fund is the fund that accounts for the insurance proceeds and FEMA grants received and disbursed in relation to the April 28, 2014 tornado.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**C. Measurement Focus and Basis of Accounting (Continued):**

The GO Bond Debt Service Fund is the fund that accounts for the resources received to pay the debt service principal and interest payments on the Series 2018 and Series 2020 General Obligation Bonds.

The 2020 GO Bond Proceeds Fund is the fund that accounts for the resources received from the issuance of the 2020 General Obligation Bonds Payable to pay the Grant Anticipation Notes Payable in its entirety and related interest incurred.

The City reports the following major proprietary funds:

The landfill fund accounts for operations of solid waste disposal services.

The sanitation fund accounts for all resources the City receives for solid waste collection.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Additionally, the City reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**PROPRIETARY FUND TYPES**

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the city has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.



**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**Summary of Significant Accounting Policies (Continued):**

**C. Measurement Focus and Basis of Accounting (Continued):**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as non-operating.

**FIDUCIARY FUND TYPES**

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the city, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

**D. Use of Estimates in the Preparation of Financial Statements**

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

**E. Deposits and Investments**

Cash includes the following: cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

**F. Receivables.**

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

**G. Interfund Transactions and Balances**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. Any outstanding balances between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

**H. Restricted Assets**

Certain investments in the City's enterprise funds are reserved for payments associated with closure and post closure costs of landfill cells at the Louisville/Winston City Landfill.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**I. Capital Assets**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital asset's costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. The City of Louisville meets this criteria and has so elected. Therefore the major general infrastructure assets acquired prior to October 1, 2003 are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the city's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and business-type activities. Depreciation is calculated on the straight-line basis for all assets, except land. Also, the City does not depreciate landfill cells in the landfill fund on the straight-line basis but on a ratio of capacity filled during the period compared to the total landfill capacity. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds.

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

\* Leased property capitalization policy will correspond with the amounts for the asset classification as listed above.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

**K. Pensions**

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

**L. Long-term Liabilities**

Long-term liabilities are the unmatured principal bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**L. Long-term Liabilities (Continued):**

In the government-wide financial statements and in the Proprietary Funds 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 Funds Statement of Net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

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 the debt issued is 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.

**M. Equity Classifications**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

In the government-wide and proprietary fund financial statements, the City reports net position in the following three categories:

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

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

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

**Net Position Flow Assumption:**

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**M. Equity Classifications (Continued):**

**FUND FINANCIAL STATEMENTS**

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the city:

*Nonspendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Aldermen, the City's highest level of decision-making authority. This formal action is a resolution approved by the board of aldermen. There are no committed fund balances as of September 30, 2020.

*Assigned fund balance* includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the board of aldermen pursuant to authorization established by the City's fund balance policy.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

**Fund Balance Flow Assumption:**

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (Continued):**

**N. Property Tax Revenues**

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the municipality. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

**O. Intergovernmental Revenue in Governmental Funds**

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

**P. Compensated Absences**

The municipality has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**Q. Changes in Accounting Standards.**

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1 and 2019-2 were postponed one year. The effective date of GASB 87, Leases, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**2. Deposits and Investments**

The carrying amount of the city's total deposits with financial institutions at September 30, 2020, was \$3,618,998 (\$3,268,825 governmental funds, \$346,844 proprietary funds, and \$3,329 fiduciary funds), and the bank balance was \$3,813,916. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the 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 those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the city will not be able to recover deposits or collateral securities that are in the possession of an outside party. The city does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the city. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi state Treasurer on behalf of the city. As of September 30, 2020, none of the city's bank balance of \$3,813,916 was exposed to custodial credit risk.

**Investments:**

Investment balances at September 30, 2020, are as follows and are reported as restricted assets on Statement of Net Position and Statement of Net Position – Proprietary Funds:

<u>Investment Type</u>	<u>Maturities</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Treasury Obligation	Less than 1 year	\$ 1,757	1,757
Money Market Funds			
Certificates of Deposit	Less than 1 year	<u>505,000</u>	<u>505,000</u>
Total		<u>\$ 506,757</u>	<u>506,757</u>

**Interest Rate Risk.** The city does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**2. Deposits and Investments (Continued):**

Credit Risk. State law limits investments to those authorized by Section 21-33-323, Miss. Code Ann. (1972). The city does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal policy for custodial credit risk.

Concentration of Credit Risk – The city places no limit on the amount the city may invest in one issuer. More than 5 percent of the city's investments are in certificates of deposit. The investments in certificates of deposit are 99.7% of the city's total investments and are reported in the Landfill fund.

**3. Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	39,477
General Fund	Landfill Fund	218,426
Disaster Projects Funds	General Fund	314,215
Other Governmental Funds	General Fund	65,750
Landfill Fund	General Fund	205,243
Sanitation Fund	General Fund	49,249
Sanitation Fund	Landfill Fund	100,000
Total		\$ 992,360

The loans from the General Fund to other funds represent amounts due to cover operating expenses and payroll liabilities. The loans the other funds to the General Fund represents amounts loaned to cover expenditures incurred during disaster recovery.

B. Transfers In/Out

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	100,000
Landfill Fund	Sanitation Fund	100,000
Total		\$ 200,000

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**4. Restricted Assets**

The restricted assets represent the investment balance of the closure and post closure trust accounts that are reported in the landfill fund. The total amount of the investments reported at September 30, 2020 is \$506,757. These funds are held in trust to comply with Department of Environmental Quality regulations and may not be used for any other purpose.



**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**5. Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2020, consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
FEMA/MEMA Grant	\$ 1,434,559
FAA Airport Grants	1,116,133
Sales Tax	163,117
Cares Act Public Safety Reimbursement	155,311
HPMG Safe Room Grant	120,121
Tax equivalent payments due	21,062
Mississippi Department of Transportation TAP Grant	19,355
E911 reimbursement	15,674
Motor vehicle ad valorem tax – Sept. 20	12,311
EPA Brownfields Grant	11,891
State of MS – Hotel Tax Sept 20	4,013
Louisville Winston County Airport Reimbursement	3,785
Pro-rata road taxes – Sept 20	1,357
Miscellaneous	<u>6,474</u>
Total Governmental Activities	\$ <u>3,085,163</u>

**6. Loans Receivable**

Loans receivable balances at September 30, 2020, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Superior Wood Products, Inc.	7/23/86	10.0%	8/01/96	\$ 227,671
Liberty Transportation, Inc.	8/22/96	6.0%	5/01/12	340,933
Less: Allowance for uncollectible accounts				( <u>568,604</u> )
Total				\$ <u><u>0</u></u>

The amount reported in allowance for uncollectible accounts is the balance payable reported for the loans described as Superior Wood Products, Inc., and Liberty Transportation, Inc. There have been no payments on these loans for several years with both companies filing for bankruptcy in previous years.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**7. Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2020:

	Balance October 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>*Adjustments</u>	Balance September 30, <u>2020</u>
<b><u>Governmental activities:</u></b>					
Non-depreciable capital assets:					
Land	\$ 2,702,610	-	-	-	2,702,610
Construction in Progress	4,092,350	645,611	-	(4,235,515)	502,446
Total non-depreciable assets	<u>6,794,960</u>	<u>645,611</u>	<u>-</u>	<u>(4,235,515)</u>	<u>3,205,056</u>
Depreciable capital assets:					
Infrastructure	412,906		-	256,458	669,364
Buildings	47,257,986		-	425,836	47,683,822
Improvements other than buildings	6,126,560		-	3,553,221	9,679,781
Equipment	2,787,708	139,326	-	56,253	2,983,287
Leased property under capital lease	903,212	63,456	-	(56,253)	910,415
Total depreciable capital assets	<u>57,488,372</u>	<u>202,782</u>	<u>-</u>	<u>4,235,515</u>	<u>61,926,669</u>
Less accumulated depreciation for:					
Infrastructure	115,614	21,081	-	-	136,695
Buildings	3,506,672	942,432	-	-	4,449,104
Improvements other than buildings	901,918	383,809	-	-	1,285,727
Equipment	1,839,472	172,043	-	26,271	2,037,786
Leased property under capital lease	297,575	82,331	-	(26,271)	353,635
Total accumulated depreciation	<u>6,661,251</u>	<u>1,601,696</u>	<u>-</u>	<u>-</u>	<u>8,262,947</u>
Total depreciable capital assets, net	<u>50,827,121</u>	<u>(1,398,914)</u>	<u>-</u>	<u>4,235,515</u>	<u>53,663,722</u>
Governmental activities, assets, net	<u>\$ 57,622,081</u>	<u>(753,303)</u>	<u>-</u>	<u>-</u>	<u>56,868,778</u>
<b><u>Business-type activities:</u></b>					
Non-depreciable capital assets:					
Land	\$ 144,000	-	-	-	144,000
Construction in Progress	1,055,237	558,577	-	-	1,613,814
Total non-depreciable assets	<u>1,199,237</u>	<u>558,577</u>	<u>-</u>	<u>-</u>	<u>1,757,814</u>
Depreciable capital assets:					
Improvements other than buildings	2,369,976	-	-	-	2,369,976
Equipment	1,326,407	37,574	-	-	1,363,981
Total depreciable capital assets	<u>3,696,383</u>	<u>37,574</u>	<u>-</u>	<u>-</u>	<u>3,733,957</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,645,658	59,764	-	-	1,705,422
Equipment	1,037,654	65,263	-	-	1,102,917
Total accumulated depreciation	<u>2,683,312</u>	<u>125,027</u>	<u>-</u>	<u>-</u>	<u>2,808,339</u>
Total depreciable capital assets, net	<u>1,013,071</u>	<u>(87,453)</u>	<u>-</u>	<u>-</u>	<u>925,618</u>
Business-type activities, assets, net	<u>\$ 2,212,308</u>	<u>471,124</u>	<u>-</u>	<u>-</u>	<u>2,683,432</u>

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**7. Capital Assets (Continued):**

\* The adjustments column consists of completed construction in progress reclassified to a depreciable reporting category and assets purchased with lease obligations paid off during the year and reclassified to the equipment reporting category.

**Depreciation expense was charged to the following functions:**

**Governmental Activities:**

General Government	\$ 40,321
Public Safety	205,529
Public Works	75,449
Economic Development	1,070,807
Culture and Recreation	209,590
<b>Total governmental activities depreciation expense</b>	<b><u><u>\$ 1,601,696</u></u></b>

**Business-Type Activities:**

Landfill	\$ 121,645
Sanitation	3,382
<b>Total business type activities depreciation expense</b>	<b><u><u>\$ 125,027</u></u></b>

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following as of September 30, 2020:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Strand Theatre Renovation	\$ 372,870	September 30, 2021
Main Street Business District Improvement	129,710	September 30, 2021
South Industrial Park Road Project	460,988	September 30, 2023

**8. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance to protect against these and other types of risks. Coverage limits vary by exposure/policy and are decided on from examination of the number and types of prior claims, as well as from monitoring of judicial decisions, awards and trend factors. Premiums are paid from the General Fund as well as the appropriate department within each fund and by component units. There were no significant reductions in insurance coverage in fiscal year 2020 from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

The City finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**8. Risk Management (Continued):**

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees, natural disasters at September 30, 2020, therefore no liability has been accrued at this time.

**9. Capital Leases**

As Lessor:

The city leases the following property with varying terms and options as of September 30, 2020:

<u>Classes of Property</u>	<u>Amount</u>
Building	\$ 650,000
<b>Total</b>	<b>\$ 650,000</b>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 32,546	10,782
2022	36,890	10,376
2023	38,393	8,873
2024	39,957	7,309
2025	41,585	5,681
2026-2028	<u>119,368</u>	<u>6,677</u>
<b>Total</b>	<b><u>308,739</u></b>	<b><u>49,698</u></b>

As Lessee:

The city is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Equipment	\$ 910,415
Less: Accumulated Depreciation	<u>(353,635)</u>
<b>Leased Property Under Capital Leases</b>	<b><u>\$ 556,780</u></b>

The City enters into capital leases to finance equipment. The capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is the annual requirements to amortize these obligations at September 30, 2020.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**9. Capital Leases (Continued):**

Governmental Activities:

<u>Years Ending September 30</u>		<u>Principal</u>	<u>Interest</u>
2021	\$	83,800	27,247
2022		84,678	27,889
2023		88,873	22,027
2024		85,838	17,253
2025		62,078	13,635
2026-2029		<u>216,025</u>	<u>26,258</u>
Total		<u>621,292</u>	<u>134,309</u>

**10. Long-term Debt**

Debt outstanding as of September 30, 2020, consisted of the following:

Description and purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
		2.375%-	
FTN Financial Capital Markets- Series 2012 General Obligation Bonds	\$ 750,000	3.375%	6/1/2024
Trustmark National Bank - Series 2020 General Obligation Bonds	3,306,000	3.10%	6/1/2030
		3.00% -	
Trustmark National Bank- Series 2018 General Obligation Bonds	3,450,000	4.25%	8/1/2038
Total General Obligation Bonds	<u>\$ 7,506,000</u>		
B. Capital Leases			
Wells Fargo Equipment Finance- 2009 Rescue Fire Truck	\$ 20,573	4.05%	10/15/2020
AT&T E911 Radio Equipment	108,598	6.739%	7/1/2024
Governmental Capital - (10) Breathing Apparatus & Accessories	88,983	3.890%	10/10/2025
TCF Equipment-Toro Workman MDX	9,605	5.583%	4/13/2023
Musco Finance LLC - Ivy Park Lighting System	393,533	4.950%	10/8/2028
Total Capital Leases	<u>\$ 621,292</u>		
C. Other Loans			
Mississippi Development Authority- CDBG Loan Polo Industries	\$ 293,080	4.00%	6/1/2028
Mississippi Development Authority- CDBG Loan (Liberty)	340,933	6.00%	5/1/2012
Mississippi Development Authority- Louisville Brick Loan	253,492	3.00%	1/1/2080
Total Other Loans	<u>\$ 887,505</u>		

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**10. Long-term Debt (Continued):**

Annual debt service requirements to maturity for the following debt reported in the Statement of Net position are as follows:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 285,000	244,761	377,545	7,662
2022	288,000	239,683	40,537	7,341
2023	364,000	231,426	41,630	6,249
2024	370,000	220,214	42,755	5,123
2025	336,000	208,490	44,377	3,963
2026-2030	3,938,000	801,628	137,049	4,628
2031-2035	1,130,000	270,794	28,910	-
2036-2040	795,000	60,375	31,361	-
2041-2045	-	-	34,497	-
2046-2050	-	-	37,947	-
2051-2055	-	-	70,897	-
	<u>\$ 7,506,000</u>	<u>2,277,371</u>	<u>887,505</u>	<u>34,966</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
<b>Governmental Activities</b>					
General Obligation Bonds Payable \$	4,445,000	3,306,000	(245,000)	7,506,000	285,000
Capital Leases	604,677	100,049	(83,434)	621,292	83,800
Other Loans	4,076,457	-	(3,188,952)	887,505	377,545
Compensated Absences	123,923	9,175	-	133,098	-
Total	<u>9,250,057</u>	<u>3,415,224</u>	<u>(3,517,386)</u>	<u>9,147,895</u>	<u>746,345</u>
<b>Business-type Activities:</b>					
Compensated Absences	17,992	3,644	-	21,636	-
Total	<u>\$ 17,992</u>	<u>3,644</u>	<u>-</u>	<u>21,636</u>	<u>-</u>

**11. Defined Benefit Pension Plan**

*General Information about the Pension Plan*

Plan Description. City of Louisville, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**11. Defined Benefit Pension Plan (continued)**

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 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. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. 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 are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$422,003, \$389,681 and \$379,386, respectively, equal to 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 \$7,162,770 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 net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2020 net pension liability was .37 percent, which was based on a measurement date of June 30, 2020. This was no increase from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**11. Defined Benefit Pension Plan (continued)**

For the year ended September 30, 2020, the City recognized pension expense of \$744,903. 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	\$ 62,176	-
Net difference between projected and actual earnings on pension plan investments	300,639	-
Changes of assumptions	40,069	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	77,827	12,540
City contributions subsequent to the measurement date	<u>112,151</u>	<u>-</u>
Total	<u>\$ 592,862</u>	<u>12,540</u>

\$112,151 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to 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 as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ 102,821
2022	132,856
2023	137,698
2024	94,796
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 468,171</u>

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, 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



**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**11. Defined Benefit Pension Plan (continued)**

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.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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	1.00	0.00
	<hr/>	
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.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**11. Defined Benefit Pension Plan (continued)**

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 9,271,326	7,162,770	5,422,364

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**12. Deficit Fund Balances of Individual Funds.**

The following fund reported a deficit in fund balance at September 30, 2020:

<u>Fund</u>	<u>Deficit Amount</u>
Other governmental funds:	
E911 fund	\$ 18,996

**13. Other Postemployment Benefits.**

Plan Description

The City Of Louisville, Mississippi administers the City's health insurance plan. The City's health insurance plan may be amended by the City Board of Alderman. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the City has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The City does not issue a publicly available financial report for the Plan. However, the City has not recorded a liability for other postemployment benefits nor has the City reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**14. Contingencies**

Federal Grants – The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability to the City. No provision for any liability that may result has been recognized in the city's financial statements

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

COVID-19 – On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the City's operations. As of April 26, 2023, Management has noted an adverse effect on workforce availability and operational costs. The long term effects of these items on the net position of the City cannot be determined as of the date of this report.

**15. Joint Venture**

The city participates in the following joint ventures:

The City of Louisville is a participant with Winston County in a joint venture, authorized by Section 65-3-5, Miss. Code Ann. (1972), to operate the Louisville/Winston County Airport Authority. The joint venture was created to improve economic development and is governed by a five-member board of commissioners appointed as follows: the City of Louisville, two; Winston County, two; jointly, one. By contractual agreement, the city's appropriation to the joint venture was \$21,494 in fiscal year 2020. Complete financial statements can be obtained from the Louisville/Winston County Airport Authority at P. O. Box 1022, Louisville, MS 39339.

The City of Louisville is a participant with Winston County, Louisville Chamber of Commerce and the Town of Noxapater in a joint venture, authorized by Section 19-5-99, Miss. Code Ann. (1972), to operate the Winston County Economic Development District. The joint venture was created to foster, encourage and facilitate economic development in the city and is governed by a seven member board of trustees appointed as follows: City of Louisville, two; Winston County Board of Supervisors, two; Town of Noxapater, one; Louisville Chamber of Commerce, one; jointly, one. By contractual agreement, the city's appropriation to the joint venture was \$22,917 in fiscal year 2020. Complete financial statements can be obtained from the Winston County Economic Development District at P. O. Box 551, Louisville, MS 39339.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**16. Municipal Solid Waste Landfill Closure and Postclosure Care Costs**

As of September 30, 2020, the municipality is operating the Winston County-City of Louisville Landfill. The landfill has site costs with a net book value of \$1,757,814 at September 30, 2020. These site costs are reported as a component of net capital assets. The municipality is responsible for all closure and postclosure liabilities in accordance with United States Environmental Protection Agency regulations.

The municipality performs surveys on an annual basis to estimate the disposal capacity at the landfill. The municipal landfill's depletion rates are based on the remaining disposal capacity. Based on the remaining permitted capacity as of September 30, 2020 and projected annual disposal volumes and the fact that the municipality has received approval of lateral expansion of the landfill, the total life of the landfill site is anticipated to exceed 100 years. A calculation of the total estimated capacity of the landfill along with remaining capacity of the landfill is listed below.

Total landfill usage through September 30, 2020	696,855 tons
Total remaining capacity as of September 30, 2020	344,688 tons
Total estimated capacity of landfill	1,041,543 tons

Below is a breakdown of the total estimated closure and postclosure costs for the landfill site:

	Old Cell	Cell 1,2,3 & 4
Estimated Closure Costs	\$ 70,000	\$ 371,929
Estimated Post Closure Costs	70,000	499,200
Total	<u>70,000</u>	<u>871,129</u>

The calculation of the liability for the closure and postclosure costs of the landfill as of September 30, 2020 is derived from dividing the capacity of the landfill used by the total capacity of the landfill and multiplying this ratio by the total estimated closure and postclosure costs of the landfill. Based on this calculation the total liability for the closure and postclosure costs at September 30, 2020 is \$626,401, with the current year closure and postclosure expense calculated to be \$31,693.

As of September 30, 2020, the municipality has established a trust account with BancorpSouth to settle future closure postclosure liabilities. The municipality has set aside \$506,757 in these trust accounts to settle this future liability. These amounts have been recorded in restricted assets within the landfill fund.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**17. Tax Abatements**

The City of Louisville, Mississippi enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec. 17-21-5 (1). Under the Code, the City has the authority in their discretion to exempt from any or all municipal ad valorem taxes, excluding ad valorem taxes for school districts, for a period of not more than seven years for the purpose of attracting or retaining businesses within their jurisdictions. A detailed listing of the property tax abatement agreements the city has entered into for the fiscal year ended September 30, 2020 is listed in the table below:

<u>Name</u>	<u>Assessed Value</u>	<u>Abatement</u>
<u>Personal Property Tax Abatements</u>		
Polo Custom Products	94,580	2,743
Main Street Holdings, LLC	10,379	301
<b>Total</b>	<b>\$ 104,959</b>	<b>3,044</b>

The City of Louisville, Mississippi enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec. 27-31-53 (Free Port Warehouses). Under the Code the City has the authority in their discretion to exempt from property taxes all personal property in transit through this state which is (a) moving in interstate commerce through or over the territory of the State of Mississippi, (b) which was consigned or transferred to a licensed "free port warehouse," public or private, within the State of Mississippi for storage in transit to a final destination outside the State of Mississippi, whether specified when transportation begins or afterward, or (c) manufactured in the State of Mississippi and stored in separate facilities, structures, places or areas maintained by a manufacturer, licensed as a free port warehouse, for temporary storage or handling pending transit to a final destination outside the State of Mississippi, may, in the discretion of the board of supervisors of the county wherein the warehouse or storage facility is located, and in the discretion of the governing authorities of the municipality wherein the warehouse or storage facility is located, as the case may be, and for such period of time as the respective governing body may prescribe, be exempt from all ad valorem taxes imposed by the respective county or municipality and the property exempted therefrom shall not be deemed to have acquired a situs in the State of Mississippi for the purposes of such taxation. Such property shall not be deprived of exemption because while in a warehouse the property is bound, divided, broken in bulk, labeled, relabeled or repackaged. A detailed listing of the Free Port Warehouse property tax abatement agreements the city has entered into for the fiscal year ended September 30, 2020 is listed in the table below:

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**17. Tax Abatements (Continued):**

<u>Name</u>	<u>Assessed Value</u>	<u>Abatement</u>
<u>Free Port Warehouse Exemption</u>		
Taylor Machine Works	\$ 4,398,698	127,562
Polo Custom Products	807,953	23,431
Taylor Leasing Corporation	466,667	13,533
Kloeckner Metals Corporation	455,600	13,212
Winston Plywood and Veneer	259,294	7,520
 Total	 \$ <u>6,388,212</u>	 <u>185,258</u>

The City of Louisville, Mississippi enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec. 27-31-101 (New Enterprise Exemption). The City has the authority in their discretion to grant exemptions from ad valorem taxation, except state ad valorem taxation; however, such governing authorities shall not exempt ad valorem taxes for school district purposes on tangible property used in, or necessary to, the operation of the manufacturers and other new enterprises enumerated by classes in this section, except to the extent authorized in Sections 27-31-104 and 27-31-105(2), nor shall they exempt from ad valorem taxes the products of the manufacturers or other new enterprises or automobiles and trucks belonging to the manufacturers or other new enterprises operating on and over the highways of the State of Mississippi. The time of such exemption shall be for a period not to exceed a total of ten (10) years which shall begin on the date of completion of the new enterprise for which the exemption is granted; however, boards of supervisors and municipal authorities, in lieu of granting the exemption for one (1) period of ten (10) years, may grant the exemption in a period of less than ten (10) years. When the initial exemption period granted is less than ten (10) years, the boards of supervisors and municipal authorities may grant a subsequent consecutive period or periods to follow the initial period of exemption, provided that the total of all periods of exemption shall not exceed ten (10) years. The date of completion of the new enterprise, from which the initial period of exemption shall begin, shall be the date on which operations of the new enterprise begin. The initial request for an exemption must be made in writing by June 1 of the year immediately following the year in which the date of completion of a new enterprise occurs. If the initial request for the exemption is not timely made, the board of supervisors or municipal authorities may grant a subsequent request for the exemption and, in such case, the exemption shall begin on the anniversary date of completion of the enterprise in the year in which the request is made and may be for a period of time extending not more than ten (10) years from the date of completion of the new enterprise. Any subsequent request for the exemption must be made in writing by June 1 of the year in which it is granted.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**17. Tax Abatements (Continued):**

The new enterprises which may be exempt are enumerated as and limited to the following, as determined by the Department of Revenue:

- Warehouse and/or distribution centers;
- Manufacturing, processors and refineries;
- Research facilities;
- Corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority;
- Movie industry studios meeting minimum criteria established by the Mississippi Development Authority;
- Air transportation and maintenance facilities meeting minimum criteria established by the Mississippi Development Authority;
- Recreational facilities that impact tourism meeting minimum criteria established by the Mississippi Development Authority;
- Data/information processing enterprises meeting minimum criteria established by the Mississippi Development Authority;
- Technology intensive enterprises or facilities meeting criteria established by the Mississippi Development Authority;
- Health care industry facilities as defined in Section 57-117-3; and
- Telecommunications enterprises meeting minimum criteria established by the Mississippi Development Authority. The term "telecommunications enterprises" means entities engaged in the creation, display, management, storage, processing, transmission or distribution for compensation of images, text, voice, video or data by wire or by wireless means, or entities engaged in the construction, design, development, manufacture, maintenance or distribution for compensation of devices, products, software or structures used in the above activities. Companies organized to do business as commercial broadcast radio stations, television stations or news organizations primarily serving in-state markets shall not be included within the definition of the term "telecommunications enterprises."

A detailed listing of the New Enterprise Exemption property tax abatement agreements the city has entered into for the fiscal year ended September 30, 2020 is listed in the table below:

	<b>Assessed Value</b>	<b>Amount</b>
Winston Plywood and Veneer	\$16,087,347	\$481,278

The city received a special assessment for payment in lieu of taxes for the property listed above in the amount of \$163,287.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Financial Statements**

**18. Subsequent Events**

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the City of Louisville evaluated the activity of the city through April 26, 2023 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Accepted low bid from Burks Mordecai Builders, Inc. in the amount of \$629,500 for the Strand Theatre Renovation on March 16, 2021.

Accepted low bid from Philips Contracting Company, Inc. in the amount of \$667,086 on the South Louisville Industrial Road Project on March 16, 2021.

Accepted low bid from Webster Electric Company, Inc. in the amount of \$306,642 for the Airport Weather System Project on May 4, 2021.

Accepted low bid from Phillips Contracting Company, Inc. in the amount of \$381,462 for the Vance Street Phase I Project on April 5, 2022.

Accepted low bid from Simmons Erosion Control, Inc. in the amount of \$459,321 for the North Columbus Avenue Pedestrian Improvement Project on January 3, 2023.



**CITY OF LOUISVILLE, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,189,750	1,217,100	1,235,355	18,255
Road & Bridge Privilege Taxes	120,000	120,000	130,851	10,851
Licenses, commissions and other revenue	114,000	105,000	90,685	(14,315)
Fines and forfeitures	92,500	85,500	86,280	780
Special assessments - payments in lieu of taxes	150,000	150,000	163,287	13,287
Intergovernmental revenues	2,857,750	5,059,659	5,432,994	373,335
Charges for services	121,000	121,000	154,101	33,101
Interest income	2,500	22,500	23,886	1,386
Miscellaneous revenues	11,500	9,000	31,721	22,721
Total Revenues	<u>4,659,000</u>	<u>6,889,759</u>	<u>7,349,160</u>	<u>459,401</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,043,957	1,180,067	938,964	(241,103)
Public safety	1,981,075	2,152,115	2,203,706	51,591
Public works	1,123,400	1,453,400	2,706,191	1,252,791
Culture and recreation	333,600	388,420	378,947	(9,473)
Economic development and assistance	-	116,500	158,482	41,982
Debt service:				
Principal	-	-	8,355	8,355
Interest	-	-	1,084	1,084
Total Expenditures	<u>4,482,032</u>	<u>5,290,502</u>	<u>6,395,729</u>	<u>1,105,227</u>
Excess of Revenues over (under) Expenditures	<u>176,968</u>	<u>1,599,257</u>	<u>953,431</u>	<u>645,826</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	-	-	100,049	100,049
Proceeds from sale of capital assets	2,000	-	3,158	3,158
Transfers in	70,000	70,000	-	(70,000)
Transfers out	(115,000)	-	(100,000)	(100,000)
Total Other Financing Sources and Uses	<u>(43,000)</u>	<u>70,000</u>	<u>3,207</u>	<u>(66,793)</u>
Net Change in Fund Balance	<u>133,968</u>	<u>1,669,257</u>	<u>956,638</u>	<u>712,619</u>
Fund Balances - Beginning	125,175	125,175	125,175	-
Fund Balances - Ending	<u>\$ 259,143</u>	<u>1,794,432</u>	<u>1,081,813</u>	<u>712,619</u>

The accompanying notes to Required Supplementary Information are an integral part of this statement.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**Disaster Projects Fund**  
**For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	1,885,750	214,555	(1,671,195)
Interest income	-	1,600	1,760	160
Total Revenues	<u>-</u>	<u>1,887,350</u>	<u>216,315</u>	<u>(1,671,035)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	271	(271)
Culture and recreation	-	-	47,825	(47,825)
Economic development and assistance	-	1,462,763	222,471	1,240,292
Debt service:				
Interest	-	150,000	-	150,000
Total Expenditures	<u>-</u>	<u>1,612,763</u>	<u>270,567</u>	<u>1,342,196</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>274,587</u>	<u>(54,252)</u>	<u>(328,839)</u>
Net Change in Fund Balance	<u>-</u>	<u>274,587</u>	<u>(54,252)</u>	<u>(328,839)</u>
Fund Balances - Beginning	2,021,826	2,021,826	2,021,826	-
Fund Balances - Ending	<u>\$ 2,021,826</u>	<u>2,296,413</u>	<u>1,967,574</u>	<u>(328,839)</u>

The accompanying notes to Required Supplementary Information are an integral part of this statement.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	\$ 7,162,770	\$ 6,509,030	\$ 6,154,199	\$ 5,818,188	\$ 6,430,499	\$ 5,664,890	\$ 4,491,123
City's proportionate share of the net pension liability	0.037%	0.037%	0.037%	0.035%	0.036%	0.036%	0.037%
City's covered-employee payroll	\$ 2,443,565	\$ 2,402,835	\$ 2,360,717	\$ 2,250,838	\$ 2,304,197	\$ 2,247,435	\$ 2,241,289
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	293.13%	270.89%	260.69%	258.49%	279.08%	252.06%	200.38%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

**The accompanying notes to Required Supplementary Information are an integral part of this schedule.**

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Schedule of City's Contributions**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 422,003	\$ 389,681	\$ 379,386	\$ 356,550	\$ 375,407	\$ 353,553	\$ 355,369
Contributions in relation to the contractually required contribution	<u>422,003</u>	<u>389,681</u>	<u>379,386</u>	<u>356,550</u>	<u>375,407</u>	<u>353,553</u>	<u>355,369</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered-employee payroll	2,425,312	2,404,728	\$ 2,408,797	\$ 2,263,807	\$ 2,384,268	\$ 2,244,771	\$ 2,256,312
Contributions as a percentage of covered-employee payroll	17.40%	16.20%	15.75%	15.75%	15.75%	15.75%	15.75%

Required county contributions were 15.75% through June 30, 2019. Effective July 1, 2019 the required contribution increased to 17.40%

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

The accompanying notes to Required Supplementary Information are an integral part of this schedule.

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**

**Notes to Required Supplementary Information**

**A. Budgetary Information**

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

The City's budget is prepared principally on the modified accrual basis of accounting. All appropriations lapse at year end.

**B. Basis of Presentation**

The Budgetary Comparison Schedule – Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule – Budget and Actual is a part of required supplemental information.

**C. Excess of Actual Expenditures Over Budget In Individual Funds**

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2020:

Fund	Excess
General Fund	\$ 1,105,227
E911 Fund	7,724
South Church Industrial Project Fund	39,012

The excess expenditures over budget occurred after adjustments proposed by the auditor in the General Fund, E911 Fund, South Church Industrial Project Fund is not a violation of state law.

**D. Unbudgeted Funds**

There were no unbudgeted funds for the year ended September 30, 2020

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**

**Pension Schedules**

A. Changes of assumptions.

2015

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

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**

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

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

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

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

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

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

**B. Changes in benefit provisions.**

**2016**

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

**C. 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 percentage 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 LOUISVILLE, MISSISSIPPI**

**SUPPLEMENTAL INFORMATION**

**City of Louisville, Mississippi**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipient	Federal Expenditures
<b>United States Department of Housing and Urban Development</b>				
Passed through Mississippi Development Authority				
Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	1134-18-238-PF-01	\$ 163,000	\$ 163,000
Total United States Department of Housing and Urban Development			<u>163,000</u>	<u>163,000</u>
<b>United States Environmental Protection Agency</b>				
Direct Program				
Brownsfield Assessment and Cleanup Grant Program	66.818	BF00D60917	-	180,098
Total United States Environmental Protection Agency			<u>-</u>	<u>180,098</u>
<b>United States Department of Transportation</b>				
Passed Through the Mississippi Department of Transportation				
Highway Planning and Construction	20.205	STP-1678-00(001) LPA/107990-701000	-	207,170
Total United States Department of Transportation			<u>-</u>	<u>207,170</u>
<b>Passed Through the Federal Aviation Administration</b>				
Airport Improvement Program	20.106	3-28-0043-016-2017	-	36,176
Airport Improvement Program	20.106	3-28-0043-018-2019	-	15,741
COVID 19-Airport Improvement Program	20.106	3-28-0043-020-2020	13,994	13,994
Airport Improvement Program	20.106	3-28-0043-019-2020	-	205,855
Airport Improvement Program	20.106	3-28-0043-021-2020		1,459,095
Total Federal Aviation Administration			<u>13,994</u>	<u>1,730,861</u>
<b>United States Department of Treasury</b>				
Passed Through Mississippi Emergency Management Agency				
Coronavirus Relief Fund	21.019	FIPS#159-42280-00	-	155,311
Total United States Election Assistance Commission			<u>-</u>	<u>155,311</u>
<b>United States Department Of Homeland Security</b>				
Direct Program				
Community Disaster Loans	97.030			921,279
Passed Through Mississippi Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disaster Areas)	97.036	FEMA 4175	-	214,555
Total United States Department of Homeland Security			<u>-</u>	<u>1,135,834</u>
Total Expenditures of Federal Awards			\$ <u>176,994</u>	\$ <u>3,572,274</u>

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, includes the federal award activity of the City of Louisville, Mississippi under programs of the federal and state governments for the year ended September 30, 2020. The schedule presents only a selected portion of the operations of the City of Louisville, Mississippi and is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

**Note 2 – Basis of Accounting**

The schedule is prepared on the same basis of accounting as the City of Louisville, Mississippi's financial statements. The City uses the current financial resource measurement focus and the modified accrual basis of accounting.

**Note 3 – Program Costs**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

**Note 4 – Indirect Cost Rate**

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

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Schedule Reconciling Original Ad Valorem Tax Rolls To Fund Collections**

		Taxable Assessed Value	Millage	Tax	
Adjusted Assessed Valuation					
City:					
	Realty	34,091,534	29.00	\$	988,654
	Personal Other Than Auto	17,964,239	29.00		520,963
	Public Utilities	4,270,255	29.00		123,837
	Personal- Auto (remitted by county)	6,167,552	29.00		178,859
Total					
Less:	Homestead Exemption Allowed		(84,408)		
	Over 65 Exemption Allowed		(123,664)		(208,072)
Add:	Actual Homestead Reimbursement				97,583
Total to be accounted for				\$	<u>1,701,824</u>
Credit:		Taxes	Reimbursement		
Collections Allocated To:					
	Municipal General Funds	824,314	50,490		
	Library Fund	164,639	10,084		
	Memorial Park and Cemetery Fund	54,830	3,358		
	GO Bond Debt Service Fund	549,387	33,651		
		<u>1,593,170</u>	<u>97,583</u>	\$	1,690,753
Balance Represented By					
	Unpaid Property Taxes				11,071
Total Accounted For				\$	<u>1,701,824</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad Valorem Tax Collections were found to be within the limitation of Section 27-39-320 to 27-39-323 Mississippi Code Ann.(1972)

		Actual Collections (Excluding Debt Service Millage)	Debt Service Millage	Total
Base Year 2019		1,024,031	535,321	1,559,352
Maximum Allowable Increase		102,403	53,532	155,935
Total		<u>1,126,434</u>	<u>588,853</u>	<u>1,715,287</u>
Year 2020		1,114,968	586,856	1,701,824
Amount Allowable		(1,126,434)	(588,853)	(1,715,287)
Amount Over(Under) Limitation		<u>(11,466)</u>	<u>(1,997)</u>	<u>(13,463)</u>

**CITY OF LOUISVILLE, MISSISSIPPI**  
**Schedule of Surety Bonds for Elected Officials and Employees**

The City of Louisville, Mississippi, covers elected officials and certain employees under a position surety bond. The following is a listing of the City's elected officials and employees who are covered by a surety bond.

<u>Name</u>	<u>Title</u>	<u>Coverages</u>
Will Hill	Mayor	\$ 50,000
Judy McLeod	Alderwoman	\$ 50,000
Eugene Crosby	Alderman	\$ 50,000
Drew Massey	Alderman	\$ 50,000
Gwenita Mays	Alderwoman	\$ 50,000
Frances Ball	Alderwoman	\$ 50,000
Babs Fulton	City Clerk	\$ 50,000
Wanda Hudson	Deputy City Clerk	\$ 50,000
Kay Crowson	Deputy City Clerk	\$ 50,000
Sean Holdiness	Police Chief	\$ 50,000
Sixteen People	Deputy Police Officers	\$ 25,000 Blanket Bond Coverage
Kayla Rogers	Court Clerk	\$ 50,000
Leslie Loving	Deputy Court Clerk	\$ 50,000
Robert Eaves	Landfill Supervisor	\$ 50,000

**CITY OF LOUISVILLE, MISSISSIPPI**

**SPECIAL REPORTS**



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Stagers, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA  
Stephen D. Flake, CPA  
John N. Russell, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

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

To the Board of Alderman  
City of Louisville, 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 Louisville, Mississippi, as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the City of Louisville, Mississippi's primary government financial statements and have issued our report thereon dated April 26, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. Our report also includes a qualified opinion on the governmental activities, business-type activities, each major fund and aggregate remaining funds since the City has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities, each major fund and aggregate remaining funds and, accordingly, has not recorded an expense for the current period change in that liability which is required by accounting principles generally accepted in the United States of America

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Louisville, 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 Louisville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Louisville, Mississippi's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Louisville, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi

*Watkins Ward and Stafford, PLLC*

April 26, 2023



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

To the Board of Alderman  
City of Louisville, Mississippi

### Report on Compliance for Each Major Federal Program

We have audited the City of Louisville, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Louisville, Mississippi's major federal programs for the year ended September 30, 2020. City of Louisville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Louisville, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Louisville, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Louisville, Mississippi's compliance.

### Opinion on Each Major Federal Program

In our opinion, the City of Louisville, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

### Report on Internal Control over Compliance

Management of the City of Louisville, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Louisville, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Louisville, Mississippi's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as **Finding 2020-001 and Finding 2020-002**, that we consider to be significant deficiencies.

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

City of Louisville, Mississippi's response to the internal control over compliance findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. City of Louisville, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Purpose of this Report**

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
April 26, 2023

*Watkins Ward and Stafford, PLLC*



# WATKINS, WARD and STAFFORD

Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Michael W. McCully, CPA  
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Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Board of Aldermen  
City of Louisville, Mississippi

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 Louisville, Mississippi, as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the City of Louisville, Mississippi's primary government financial statements and have issued our report thereon dated April 26, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. Our report also includes a qualified opinion on the governmental activities, business-type activities, each major fund and aggregate remaining funds since the City has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities, each major fund and aggregate remaining funds and, accordingly, has not recorded an expense for the current period change in that liability which is required by accounting principles generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the city's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with state laws and regulations and our audit of the financial statements did disclose the following immaterial instance of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

### 1. Finding

Section 21-35-15 Miss Code Ann. (1972) requires that expenditures shall not exceed budget estimated, measured at the lowest level adopted in the budget, except for capital outlay, election expense and payment of emergency warrants. Per review of comparison of final amended budget to actual expenditures we noted the actual expenditures exceeded the final amended budget in the following funds:

- General Fund (\$1,105,227)
- E911 Fund (\$7,724)
- South Church Industrial Project Fund (\$39,012)

### Recommendation

We recommend the city comply with Section 21-35-15 Miss Code Ann. (1972) which requires that expenditures shall not exceed budget estimated, measured at the lowest level adopted in the budget, except for capital outlay, election expense and payment of emergency warrants.

**City of Louisville Mississippi's Response**

The City will comply with Section 21-35-15 Miss Code Ann. (1972) and accepts the recommendation that expenditures shall not exceed the budget estimated, measured at the lowest level adopted in the budget, except for capital outlay, election expense and payment of emergency warrants.

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
April 26, 2023

*Watkins Ward and Stafford, PLLC*

**CITY OF LOUISVILLE, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF LOUISVILLE, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section1: Summary of Auditors Results

**Financial Statements:**

1. Type of auditors' report issued on the financial statements:
 

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
Each major fund	Qualified
Aggregate remaining fund information	Qualified
  
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No
  - b. Significant deficiencies identified that are not considered to be material weaknesses? None Reported
  
3. Noncompliance material to the financial statements noted? No

**Federal Awards:**

4. Internal control over major programs:
  - a. Material weakness(es) identified? No
  - b. Significant deficiency(ies) identified that (is/are) not considered to be a material weakness(es) Yes
  
5. Type of auditors' report issued on compliance for major federal programs: Unmodified
  
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
  
7. Federal programs identified as major programs:
  - a. Airport Improvement Program  
CFDA #20.106
  - b. Community Disaster Loans  
CFDA #97.030
  
8. The dollar threshold used to distinguish between type A and type B programs \$750,000
  
9. Auditee qualified as a low-risk auditee? No
  
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.516(b)? Yes

## Section 2: Financial Statement Findings

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

## Section 3: Federal Award Findings and Questioned Costs

### **Compliance Requirement – Allowable Costs**

#### **Significant deficiency not considered to be a material weakness**

#### **2020-001: Appropriate supervisory approval should be obtained prior to grant expenditure**

##### **CFDA Number and Program**

CFDA Number 20.106 – Airport Improvement Program

##### **Pass-through Number**

3-28-0043-019-2020

3-28-0043-021-2020

3-28-0043-018-2019

3-28-0043-017-2017

##### **Questioned Costs – None**

##### **Repeat Finding – No**

**Criteria:** Management is responsible for establishing a proper internal control system to ensure strong financial accountability. This would include an appropriate supervisory approval of any expenditure prior to that expenditure being incurred.

**Condition:** During our testing of grant expenditures we noted 14 instances (out of the entire population of 39) where there was a lack of supervisory approval of an expenditure prior to the applicable expenditure being incurred.

**Cause:** This condition occurred in instances where the local airport board incurred an expenditure that was to be reimbursed by the airport improvement program. However the expenditure was not approved by supervisory personnel of the City until the actual expenditure was incurred by the airport board. Four (4) of these transactions were related to expenditures drawn off of a Mississippi Development Authority Loan that was approved by the Board of Alderman but the request or MDA drawdown was approved by the City after the purchase had occurred.

**Effect:** This condition could result in expenditures being incurred that would not be allowable costs to be reimbursed by the Airport Improvement Program.

**Recommendation:** We recommend that appropriate supervisory personnel review and approve grant program expenditures prior to the actual expenditure to ensure that the expenditure is an allowable cost of the program.

**Views of Responsible Officials:** We will perform an appropriate supervisory review and approval of grant program expenditures prior to the actual expenditure to ensure that the expenditure is an allowable cost of the program.

## **Compliance Requirement – Equipment and Real Property Maintenance**

### **Significant deficiency not considered to be a material weakness**

**2020-002: A physical inventory of property must be taken and the results reconciled with the property records at least once every two years**

#### **CFDA Number and Program**

CFDA Number 20.106 – Airport Improvement Program

#### **Pass-through Number**

3-28-0043-019-2020

3-28-0043-021-2020

3-28-0043-018-2019

3-28-0043-017-2017

#### **Questioned Costs – None**

#### **Repeat Finding – No**

**Criteria:** Management is responsible for establishing a proper internal control system to ensure strong financial accountability. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years (2 CFR section 200.313(d)(2)). Also a control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

**Condition:** During our testing we could not determine that a physical inventory of airport property had been taken within the last two years and reconciled to airport property records. We also could not determine that a control system was being maintained to account for airport assets.

**Cause:** This condition occurred due a lack of experience and knowledge of federal regulations over property maintenance under the Airport Improvement Program.

**Effect:** This condition could result in the misappropriation and use of assets purchased with federal funds.

**Recommendation:** We recommend that a physical inventory of the property be taken and the results reconciled with the property records at least once every two years. Also a control system should be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

**Views of Responsible Officials:** We will perform a physical inventory of the property with the results reconciled with the property records at least once every two years. Also a control system will be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.





**WILLIAM A. (WILL) HILL**  
MAYOR

**ALDERMEN:**  
**L M CLAIBORNE, JR.**  
**EUGENE CROSBY**  
**DREW MASSEY**  
**GWENITA MAYS**  
**CODY MING**

**2373 SOUTH CHURCH AVENUE**  
**P.O. BOX 510**  
**LOUISVILLE, MS 39339**

***"WHERE PEOPLE MAKE THE DIFFERENCE"***

**www.cityoflouisvillems.com**

**WANDA C. HUDSON**  
CITY CLERK

**C. TAYLOR TUCKER**  
CITY ATTORNEY

Email:  
cityoflouisvillems@gmail.com

**TELEPHONE: (662) 773-9201**  
**FAX: (662) 773-4045**

**Finance & Compliance Audit Division**

As required by Section 2 CFR 200.516(a) of the Uniform Circular, the City of Louisville Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

Finding		Corrective Action Plan Details
2020-001	a.	Name of Contact Person Responsible for Corrective Action
		William A Hill, Mayor and Wanda Hudson, City Clerk - 662-773-9201
	b.	Corrective Action Planned:
		We will perform an appropriate supervisory review and approve grant program expenditures prior the actual expenditure being incurred to ensure that the expenditure is an allowable cost to the program.
	c.	Anticipated Completion Date:
		Immediately
2020-002	a.	Name of Contact Person Responsible for Corrective Action
		William A Hill, Mayor and Wanda Hudson, City Clerk - 662-773-9201
	b.	Corrective Action Planned:
		We will contact the airport board and recommend that a physical inventory be taken and reconciled to the property records at least every two years. We will recommend some type of tagging (control) system with the result of the inventory presented to City management for monitoring purposes.
	c.	Anticipated Completion Date:
		Immediately

Sincerely,

William A Hill, Mayor



**WILLIAM A. (WILL) HILL**  
**MAYOR**

**ALDERMEN:**  
**L M CLAIBORNE, JR.**  
**EUGENE CROSBY**  
**DREW MASSEY**  
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**CITY CLERK**

**C. TAYLOR TUCKER**  
**CITY ATTORNEY**

**Email:**  
**[cityoflouisvillems@gmail.com](mailto:cityoflouisvillems@gmail.com)**

**TELEPHONE: (662) 773-9201**  
**FAX: (662) 773-4045**

## **SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

### **Financial and Compliance Audit Division**

As required by Section \_\_\_\_ 2 CFR 200.516(a) of the Uniform Guidance, the City of Louisville, Mississippi has prepared and hereby submits the following summary schedule of prior audit findings as of September 30, 2020:

<u>Finding</u>	<u>Status</u>
2019-001	Corrected
2019-002	Corrected
2019-003	Corrected

Sincerely,

William A Hill, Mayor