

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

CITY OF BATESVILLE, MISSISSIPPI

BASIC FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

SEPTEMBER 30, 2021

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

CITY OF BATESVILLE, MISSISSIPPI**Basic Financial Statements****Table of Contents****September 30, 2021**

<u>Description</u>	<u>Page</u>
Independent Auditors' Report	1 - 4
Required Supplementary Information	
Management's Discussion and Analysis	5 - 18
Schedule 1 - Schedule of City's Proportionate Share of the Net Pension Liability	80
Schedule 2 - Schedule of City's Contributions to Public Employee Retirement System of Mississippi	81
Schedule 3 - Budgetary Comparison Schedule - General Fund	82 - 86
Schedule 4 - Budgetary Comparison Schedule - Major Funds - Tourism Fund	87
Notes to Required Supplementary Information	88 - 92
Basic Financial Statements	
Government-Wide Financial Statements	
Statement 1 - Statement of Net Position	19 - 20
Statement 2 - Statement of Activities	21
Fund Financial Statements	
Statement 3 - Governmental Funds - Balance Sheet and Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position	22 - 23
Statement 4 - Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	24 - 26
Statement 5 - Proprietary Fund - Statement of Net Position	27 - 28
Statement 6 - Proprietary Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	29
Statement 7 - Proprietary Fund - Statement of Cash Flows	30 - 32
Notes to Financial Statements	33 - 79

CITY OF BATESVILLE, MISSISSIPPI

Basic Financial Statements

Table of Contents

September 30, 2021

<u>Description</u>	<u>Page</u>
Other Supplementary Information	
Schedule 5 - Nonmajor Governmental Funds - Combining Balance Sheets	93
Schedule 6 - Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94 - 95
Schedule 7 - Schedule of Surety Bonds for Municipal Officials and Employees	96
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97 - 99
Report on Compliance with State Laws and Regulations	100 - 101
Schedule of Findings and Responses	102 - 107
Results of Prior Year Findings	108

JONES & JONES

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

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Members of American Institute
of
Certified Public Accountants*

***TELEPHONE (662) 728-6235 FAX (662) 728-3181
P.O. BOX 250 ~ 201 WEST MARKET STREET
BOONEVILLE, MISSISSIPPI 38829-0250***

*Members of Mississippi Society
of
Certified Public Accountants*

Summary of Opinions

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

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

Because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued, we were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2021 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

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

Because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued, we were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2021 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expense is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, Water and Sewer Fund, Gas Fund, and Civic Center Fund paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Gas Fund, and Civic Center Fund of the City of Batesville, Mississippi, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the tourism fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 80, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 81, and budgetary comparison information (Schedules 3 and 4) on pages 82 through 87, and notes to required supplementary information on pages 88 through 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the City of Batesville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Batesville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Batesville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", with a stylized flourish at the end.

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

October 13, 2022

**CITY OF BATESVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2021**

As management of the City of Batesville, Mississippi, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,347,100 (net position).

The government's total net position decreased by \$23,991 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,915,770, a decrease of \$3,934,658 during the current fiscal year. The City reported an unassigned fund balance of \$1,292,996.

At the end of the current fiscal year, unassigned fund balance for the general fund had a balance of \$1,292,996 or 10.8 percent of total general fund expenditures.

The City had fixed asset net additions of \$5,281,067 during the current year. Of this amount \$4,098,402 occurred in the governmental activities and \$1,182,665 occurred in the business-type activities.

The City's total debt decreased by \$1,046,939 during the current fiscal year. This change resulted from new debt issued of \$22,736 and debt repayments net of amortization of bond premium \$1,069,675.

During the current fiscal year, the City's operating grants and contributions increased \$5,704 (8.66 percent) mainly due to normal variance in grants received; capital grants and contributions decreased \$189,845 (99.95 percent) mainly due to completion of prior year grants; property taxes increased \$4,626 (0.10 percent) mainly due to an increase in assessed valuation; charges for services increased \$805,547 (9.51 percent) mainly due to an increase in water and sewer sales of \$404,703 due to rate increases, and a decrease in natural gas sales of \$152,865 due to a warmer winter; and total expenses increased \$749,394 (3.38 percent) mainly due to higher gas prices.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Overview of the Financial Statements – continued

Fund financial statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

Overview of the Financial Statements – continued

Proprietary funds - continued

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

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

Fiduciary funds

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

The City does not operate any fiduciary funds.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 – 79 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the schedule of City's proportionate share of the net pension liability, schedule of City's contributions to public employee retirement system of Mississippi, and budgetary comparison schedules for certain governmental funds referred to earlier. Required supplementary information can be found on pages 80 – 92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 93 – 95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Batesville, Mississippi, assets and deferred outflows of resources less liabilities and deferred inflows of resources netted to \$37,347,100 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 81.2 percent or \$30,323,109) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 21.7 percent or \$8,098,105) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position deficit is approximately 2.9 percent or \$1,074,114.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in governmental activities of \$12,359,582 while all other categories of net position reported positive balances both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position decreased by \$23,991 during the current fiscal year. This decrease was mainly due to the decrease in net position from the governmental activities of \$664,447 and the increase in business-type activities of \$640,456 as detailed on the City of Batesville, Mississippi's changes in net position presented on the following pages. See other detailed changes on the following pages.

Government-wide Financial Analysis - continued

City of Batesville, Mississippi's Net Position

	Governmental Activities				Business-Type Activities				Total			
	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change
Current and other assets	\$ 20,385,634	\$ 22,496,123	\$ (2,110,489)	-9.4%	\$ 23,673,086	\$ 23,417,288	\$ 255,798	1.1%	\$ 44,058,720	\$ 45,913,411	\$ (1,854,691)	-4.0%
Capital assets	17,289,250	14,706,698	2,582,552	17.6%	22,244,842	22,467,551	(222,709)	-1.0%	39,534,092	37,174,249	2,359,843	6.3%
Total assets	37,674,884	37,202,821	472,063	1.3%	45,917,928	45,884,839	33,089	0.1%	83,592,812	83,087,660	505,152	0.6%
Deferred outflows of resources	2,071,419	1,498,688	572,731	38.2%	1,092,125	626,101	466,024	74.4%	3,163,544	2,124,789	1,038,755	48.9%
Long-term liabilities outstanding	20,760,578	24,558,404	(3,797,826)	-15.5%	14,252,786	15,468,315	(1,215,529)	-7.9%	35,013,364	40,026,719	(5,013,355)	-12.5%
Other liabilities	2,987,391	1,121,774	1,865,617	166.3%	1,256,468	1,273,464	(16,996)	-1.3%	4,243,859	2,395,238	1,848,621	77.2%
Total liabilities	23,747,969	25,680,178	(1,932,209)	-7.5%	15,509,254	16,741,779	(1,232,525)	-7.4%	39,257,223	42,421,957	(3,164,734)	-7.5%
Deferred inflows of resources	8,597,503	4,956,053	3,641,450	73.5%	1,554,530	463,348	1,091,182	235.5%	10,152,033	5,419,401	4,732,632	87.3%
Net position												
Net investment in capital assets	11,662,308	13,163,366	(1,501,058)	-11.4%	18,660,801	18,579,316	81,485	0.4%	30,323,109	31,742,682	(1,419,573)	-4.5%
Restricted	8,098,105	12,831,792	(4,733,687)	-36.9%	-	-	-	0.0%	8,098,105	12,831,792	(4,733,687)	-36.9%
Unrestricted	(12,359,582)	(17,929,880)	5,570,298	-31.1%	11,285,468	10,726,497	558,971	5.2%	(1,074,114)	(7,203,383)	6,129,269	-85.1%
Total Net Position	\$ 7,400,831	\$ 8,065,278	\$ (664,447)	-8.2%	\$ 29,946,269	\$ 29,305,813	\$ 640,456	2.2%	\$ 37,347,100	\$ 37,371,091	\$ (23,991)	-0.1%

City of Batesville, Mississippi's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total					
	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 442,013	\$ 445,311	\$ (3,298)	-0.7%	\$ 8,831,630	\$ 8,022,785	\$ 808,845	10.1%	\$ 9,273,643	\$ 8,468,096	\$ 805,547	9.5%
Operating grants and contributions	71,597	65,893	5,704	8.7%	-	-	-	0.0%	71,597	65,893	5,704	8.7%
Capital grants and contributions	100	189,945	(189,845)	-99.9%	-	-	-	0.0%	100	189,945	(189,845)	-99.9%
General Revenues												
Taxes												
Property taxes and late fees	4,284,688	4,285,564	(876)	0.0%	253,895	248,333	5,502	2.2%	4,538,523	4,533,897	4,626	0.1%
Road and bridge taxes	582,180	583,673	(1,493)	-0.3%	-	-	-	0.0%	582,180	583,673	(1,493)	-0.3%
Sales, use, and tourism tax	7,374,538	6,411,270	963,268	15.0%	-	-	-	0.0%	7,374,538	6,411,270	963,268	15.0%
Franchise tax	340,121	299,430	40,691	13.6%	-	-	-	0.0%	340,121	299,430	40,691	13.6%
In lieu taxes	271,707	308,921	(37,214)	-12.0%	-	-	-	0.0%	271,707	308,921	(37,214)	-12.0%
Other taxes and state shared revenues	181,440	180,325	1,115	0.6%	-	-	-	0.0%	181,440	180,325	1,115	0.6%
Investment income	44,236	121,567	(77,331)	-63.6%	51,477	180,109	(128,632)	-71.4%	95,713	301,676	(205,963)	-68.3%
Unrestricted grants and contributions	300	-	300	0.0%	-	-	-	0.0%	300	-	300	0.0%
Other	40,321	46,314	(5,993)	-12.9%	-	-	-	0.0%	40,321	46,314	(5,993)	-12.9%
Total revenue	\$13,633,241	\$ 12,938,213	\$ 695,028	5.4%	\$ 9,136,942	\$ 8,451,227	\$ 685,715	8.1%	\$22,770,183	\$ 21,389,440	\$ 1,380,743	6.5%

Government-wide Financial Analysis - continued

City of Batesville, Mississippi's Changes in Net Position

	Governmental Activities				Business-Type Activities				Total			
	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change	2021	2020	Increase (Decrease)	% Change
Expenses:												
General government	\$ 1,819,024	\$ 1,436,817	\$ 382,207	26.6%	\$ -	\$ -	\$ -	0.0%	\$ 1,819,024	\$ 1,436,817	\$ 382,207	26.6%
Public safety	7,117,170	7,180,820	(63,650)	-0.9%	-	-	-	0.0%	7,117,170	7,180,820	(63,650)	-0.9%
Streets	2,591,525	2,683,966	(92,441)	-3.4%	-	-	-	0.0%	2,591,525	2,683,966	(92,441)	-3.4%
Other	2,915,400	2,785,939	129,461	4.6%	-	-	-	0.0%	2,915,400	2,785,939	129,461	4.6%
Interest	283,154	237,432	45,722	19.3%	-	-	-	0.0%	283,154	237,432	45,722	19.3%
Water and Sewer	-	-	-	0.0%	4,048,560	4,121,236	(72,676)	-1.8%	4,048,560	4,121,236	(72,676)	-1.8%
Natural Gas	-	-	-	0.0%	2,758,462	2,391,103	367,359	15.4%	2,758,462	2,391,103	367,359	15.4%
Civic Center	-	-	-	0.0%	856,577	961,864	(105,287)	-10.9%	856,577	961,864	(105,287)	-10.9%
Sanitation	-	-	-	0.0%	533,661	374,962	158,699	42.3%	533,661	374,962	158,699	42.3%
Total expenses	14,726,273	14,324,974	401,299	2.8%	8,197,260	7,849,165	348,095	4.4%	22,923,533	22,174,139	749,394	3.4%
Increase (decrease) in net assets before contributions and transfers	(1,093,032)	(1,386,761)	293,729	-21.2%	939,682	602,062	337,620	56.1%	(153,350)	(784,699)	631,349	-80.5%
Gain (loss) on disposition of capital assets	128,583	4,534	124,049	2736.0%	776	16,773	(15,997)	-95.4%	129,359	21,307	108,052	507.1%
Transfers	300,000	500,000	(200,000)	-40.0%	(300,000)	(500,000)	200,000	-40.0%	-	-	-	0.0%
Increase (decrease) in net position	(664,449)	(882,227)	217,778	0.0%	640,458	118,835	521,623	438.9%	(23,991)	(763,392)	739,401	-96.9%
Net position--beginning of year	8,065,280	8,947,505	(882,225)	-9.9%	29,305,811	29,186,978	118,833	0.4%	37,371,091	38,134,483	(763,392)	-2.0%
Net position--end of year	\$ 7,400,831	\$ 8,065,278	\$ (664,447)	-8.2%	\$ 29,946,269	\$ 29,305,813	\$ 640,456	2.2%	\$ 37,347,100	\$ 37,371,091	\$ (23,991)	-0.1%

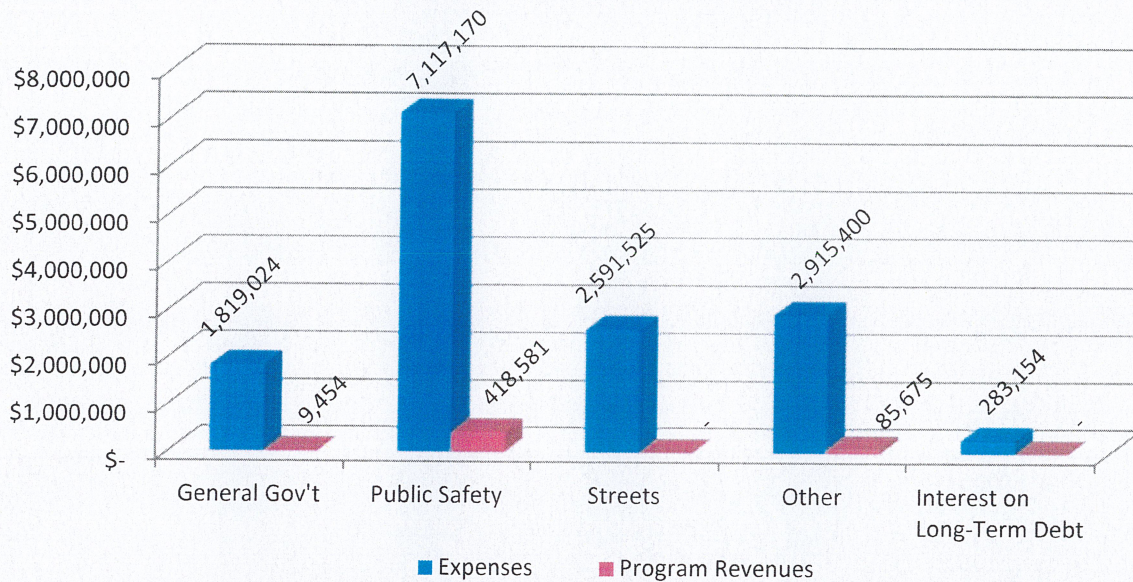
Governmental activities

Governmental activities, including transfers, decreased the City's net position by \$664,447 during the current year. By comparison, governmental activities including transfers reported a decrease in net position from the previous fiscal year of approximately \$1,065,587. Key elements of the changes are detailed above.

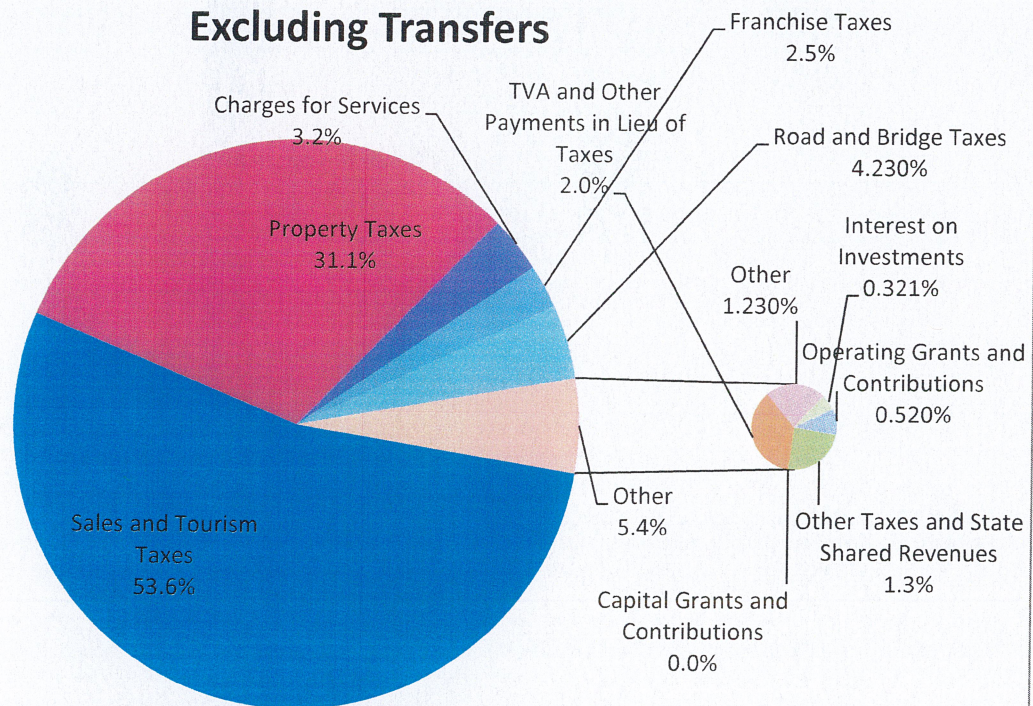
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



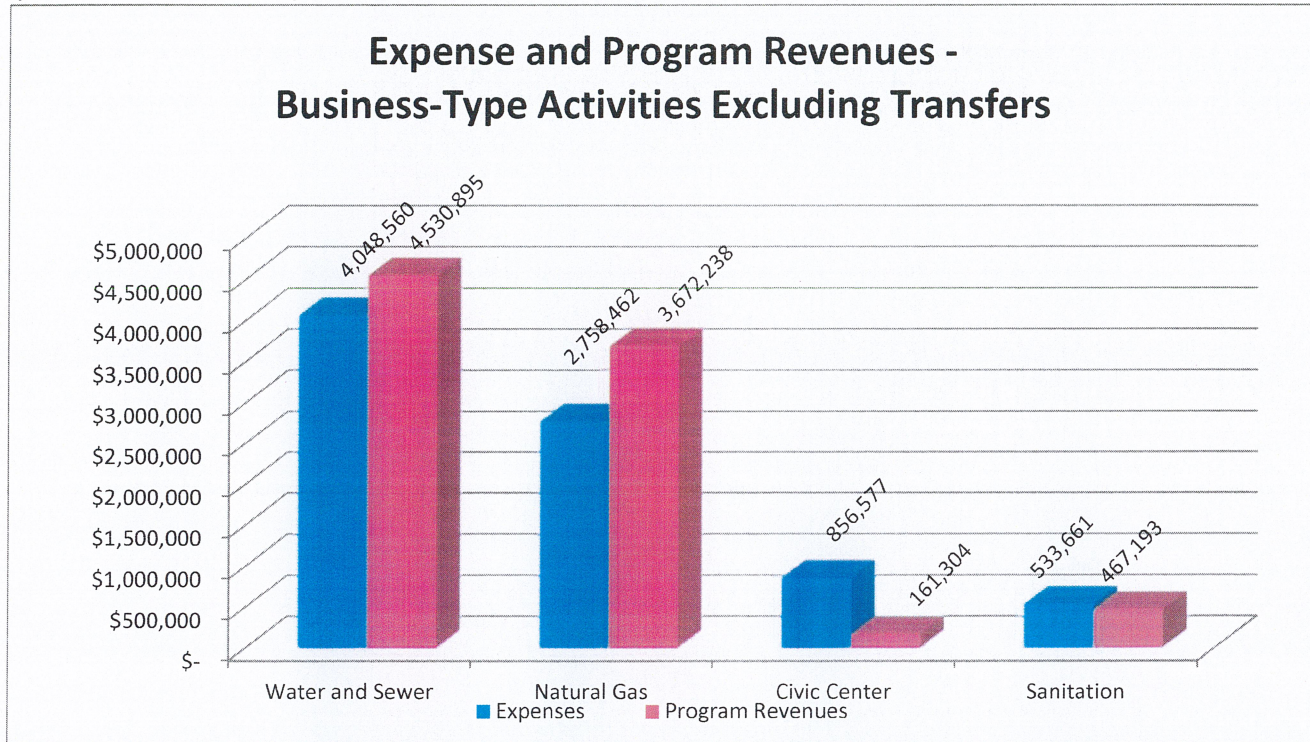
Revenues by Source - Governmental Activities Excluding Transfers



Government-wide Financial Analysis - continued

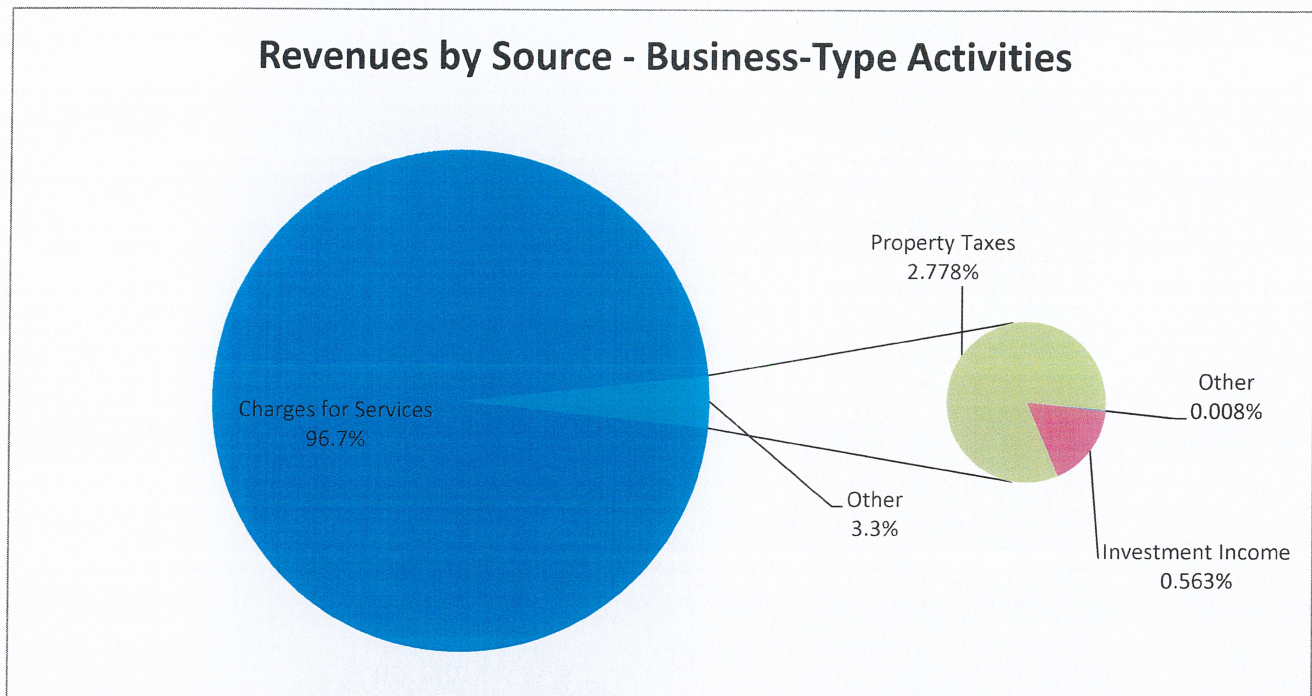
Business-type activities

Business-type activities reported an increase in the City's net position by \$640,458 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$118,835. Key elements of this increase are detailed on previous pages.



Government-wide Financial Analysis - continued

Business-type activities - continued



Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,915,770, a decrease of \$3,934,658 compared to the prior year. The City reported a balance of \$1,292,996 in unassigned fund balance.

The remainder of fund balance \$10,622,774 is either nonspendable, restricted by laws, regulations or by donor, committed by the Board of Alderpersons, or assigned by the Mayor, to indicate that it is not available for new spending or it can be spent only for specific items.

Financial Analysis of the Government's Funds - continued

Governmental funds - continued

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,292,996, while total fund balance was \$4,816,700. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10.8 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$608,922 during the current fiscal year.

Proprietary funds

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

Unrestricted net position of the water and sewer system, gas system, civic center, and waste collection funds at the end of the year amounted to \$4,702,091, \$6,834,348, \$(274,740), and \$23,768, respectively. The water and sewer fund had an increase in net position for the year of \$514,759, the gas fund had a decrease in net position for the year of \$67,666, the civic center fund had an increase in net position for the year of \$259,833, and the waste collection fund had a decrease in net position for the year of \$66,468.

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

General Fund and Tourism Fund Budgetary Highlights

The City made various amendments to its original budget as detailed on Schedule 3 and 4.

During the year, general fund revenues were less than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$10,203,005.

During the year, tourism fund revenues were less than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$953,518.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$39,534,092 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, infrastructure, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges, and other infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was approximately 6.3 percent (an approximate 17.6 percent increase for governmental activities and an approximate 1.0 percent decrease for business-type activities).

Major capital asset additions are as follows:

Fire automotive, furniture and equipment	\$	127,169
Fire department building and improvements		2,524,665
Library buildings and improvements		23,620
Park and recreation equipment		3,400
Park buildings and improvements		64,868
Police automotive, furniture and equipment		466,282
Police buildings and improvements		13,669
Public health and sanitation automotive and equipment		1,058
Street automotive, furniture and equipment		14,709
Street buildings and improvements		787,573
Street paving		67,394
Supervision and finance automotive, furniture and equipment		3,995
Gas automotive, furniture and equipment		90,994
Gas distribution system		93,991
Water land		85,600
Water and sewer automotive, furniture and equipment		456,991
Water and sewer construction in progress		69,234
Water and sewer distribution system		287,835
Civic center automotive, furniture and equipment		93,220
Civic center building and improvements		4,800

City of Batesville, Mississippi's Capital Assets - Net

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,953,710	\$ 524,100	\$ 2,477,810
Construction in progress	-	69,234	69,234
Infrastructure	6,283,192	-	6,283,192
Building and improvements	6,845,870	6,604,930	13,450,800
Natural gas system	-	1,195,799	1,195,799
Water and sewer system	-	12,114,332	12,114,332
Automotive, equipment and furnishings	2,206,478	1,736,447	3,942,925
Total	\$ 17,289,250	\$ 22,244,842	\$ 39,534,092

Capital Asset and Debt Administration - continued

Capital assets - continued

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

Long-term debt

At the end of the current fiscal year, the City had total debt outstanding of \$18,518,978. Of this amount, \$8,906,977 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

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

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 8,356,977	\$ 550,000	\$ 8,906,977
Lease agreements	17,884	-	17,884
Revenue bonds	-	9,594,117	9,594,117
Total	\$ 8,374,861	\$ 10,144,117	\$ 18,518,978

The City's total debt decreased by \$1,046,939 (approximately 5.4 percent) during the current fiscal year. There were new revenue bonds and general obligation debt obligations and bond premiums received totaling \$22,736 issued during the year.

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

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$7,863,855. Additional information on the City's long-term debt can be found in Note H on pages 66 - 71 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2022 fiscal year:

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

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, there was an unassigned fund balance in the general fund of \$1,292,996.

Requests for Information

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

CITY OF BATESVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,563,726	\$ 14,518,354	\$ 18,082,080
Restricted cash and cash equivalents	9,574,243	7,170,881	16,745,124
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$99,309)	4,875,632	263,011	5,138,643
Police fines (net of allowances of \$2,114,257)	112,906	-	112,906
Accounts (net of allowances of \$617,642)	-	1,012,692	1,012,692
Franchise fees (net of allowances of \$0)	145,580	-	145,580
Accrued interest (net of allowances of \$0)	1,611	-	1,611
Leases and loans receivable (net of allowances of \$499,310)	403,284	-	403,284
Prepaid items	264,719	106,764	371,483
Inventory	-	422,478	422,478
Due from other governments	1,622,839	-	1,622,839
Due (to) from other funds	(178,906)	178,906	-
Land and construction in progress	1,953,710	593,334	2,547,044
Other capital assets (net of accumulated depreciation)	<u>15,335,540</u>	<u>21,651,508</u>	<u>36,987,048</u>
 Total Assets	 <u>37,674,884</u>	 <u>45,917,928</u>	 <u>83,592,812</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	<u>2,071,419</u>	<u>1,092,125</u>	<u>3,163,544</u>
 Total Deferred Outflows of Resources	 <u>\$ 2,071,419</u>	 <u>\$ 1,092,125</u>	 <u>\$ 3,163,544</u>

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

CITY OF BATESVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 566,659	\$ 423,080	\$ 989,739
Accounts payable - capital assets	822,636	67,707	890,343
Accrued interest	24,254	31,364	55,618
Accrued liabilities	639,547	215,520	855,067
Unearned revenue	887,255	-	887,255
Customer deposits	-	518,797	518,797
Liabilities payable from restricted assets:			
Accounts payable - operations	21,896	-	21,896
Builders compliance bonds and seized funds held	25,144	-	25,144
Long-term debt and capital leases			
Bonds and notes payable due within one year	155,000	798,588	953,588
Obligations under capital lease due within one year	4,253	-	4,253
Compensated absence due within one year	24,396	3,082	27,478
Net pension liability due in more than one year	11,969,374	3,930,386	15,899,760
Bonds and notes payable due in more than one year	8,201,977	9,345,529	17,547,506
Obligations under capital lease due in more than one year	13,631	-	13,631
Compensated absense due in more than one year	391,947	175,201	567,148
Total Liabilities	23,747,969	15,509,254	39,257,223
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	3,898,798	1,301,466	5,200,264
Deferred inflows pertaining to unavailable revenue	4,698,705	253,064	4,951,769
Total Deferred Inflows of Resources	8,597,503	1,554,530	10,152,033
NET POSITION			
Net investment in capital assets	11,662,308	18,660,801	30,323,109
Restricted for:			
Debt service - expendable	301,897	-	301,897
Library operations - expendable	690,679	-	690,679
Capital improvements	1,925,857	-	1,925,857
Economic development	2,255,870	-	2,255,870
Other - expendable	146,651	-	146,651
Tourism development - expendable	2,714,920	-	2,714,920
Unemployment	62,231	-	62,231
Unrestricted (deficit)	(12,359,582)	11,285,468	(1,074,114)
TOTAL NET POSITION	\$ 7,400,831	\$ 29,946,269	\$ 37,347,100

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

CITY OF BATESVILLE, MISSISSIPPI
Statement of Activities
For the fiscal year ended September 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
	Expenses	Fines and Charges for Services		Operating Grants & Contributions	Capital Grants & Contributions	Total
Governmental Activities:						
General government	\$ 1,819,024	\$ 5,045	\$ 4,409	\$ -	\$ -	\$ (1,809,570)
City court	212,964	4,061	-	-	-	(208,903)
Police	4,593,356	349,389	20,708	-	-	(4,223,259)
Fire	2,523,814	2,004	46,480	-	-	(2,475,330)
Streets	2,591,525	-	-	-	-	(2,591,525)
Public health and sanitation	328,694	8,604	-	100	-	(319,990)
Library	315,943	-	-	-	-	(315,943)
Parks and recreation	406,445	18,618	-	-	-	(387,827)
Code	358,884	54,292	-	-	-	(304,592)
Economic development	1,292,470	-	-	-	-	(1,292,470)
Interest on long term debt	283,154	-	-	-	-	(283,154)
Total Governmental Activities	14,726,273	442,013	71,597	100	-	(14,212,563)
Business-Type Activities:						
Water	1,935,423	2,353,828	-	-	-	418,405
Sewer	2,113,137	2,177,067	-	-	-	63,930
Gas	2,758,462	3,672,238	-	-	-	913,776
Civic center	856,577	161,304	-	-	-	(695,273)
Sanitation	533,661	467,193	-	-	-	(66,468)
Total Business-Type Activities	8,197,260	8,831,630	-	-	-	634,370
TOTAL PRIMARY GOVERNMENT	\$ 22,923,533	\$ 9,273,643	\$ 71,597	\$ 100	\$ (14,212,563)	(13,578,193)
General Revenues						
Taxes						
Property taxes and late fees						4,538,523
Road and bridge taxes						582,180
Sales, modernization use tax and tourism tax						7,374,538
Homestead						124,564
Franchise tax						340,121
TVA and other payments in lieu of taxes						271,707
Other taxes						45,765
Municipal aid and gasoline tax						11,111
Investment income						51,477
Other						40,321
Grants and contributions not restricted to specific program						-
Gain (loss) on sale or retirement of capital assets						300
Transfers						776
Total						(300,000)
Change in Net Position						6,088
NET POSITION--BEGINNING						640,458
NET POSITION--ENDING						29,305,811
						\$ 37,347,100

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

CITY OF BATESVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2021

	General Fund	Tourism Fund	Capital Project Series 2019 Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,563,726	\$ -	\$ -	\$ -	\$ 3,563,726
Restricted cash and cash equivalents	1,126,781	2,464,301	2,175,496	3,807,665	9,574,243
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Taxes	4,451,098	-	-	424,534	4,875,632
Police fines	112,906	-	-	-	112,906
Interest	-	-	-	1,611	1,611
Franchise fees	145,580	-	-	-	145,580
Due from other funds	142,776	-	4,500	-	147,276
Due from other governments	1,123,553	254,118	-	245,168	1,622,839
Lease and loans receivable - net	12,923	-	-	390,361.00	403,284
Total assets	\$ 10,679,343	\$ 2,718,419	\$ 2,179,996	\$ 4,869,339	\$ 20,447,097
LIABILITIES					
Accounts payable - operations	\$ 481,941	\$ 3,499	\$ -	\$ 81,219	\$ 566,659
Accounts payable - fixed assets	29,705	-	792,931	-	822,636
Accrued liabilities	639,547	-	-	-	639,547
Unearned revenue	-	-	-	887,255	887,255
Compensated absences	24,396	-	-	-	24,396
Due to other funds	93,631	-	183,305	49,246	326,182
Liabilities payable from restricted assets	-	-	-	-	-
Accounts payable	16,627	-	-	5,269	21,896
Builders compliance bonds and seized funds held	17,911	-	-	7,233	25,144
Total liabilities	1,303,758	3,499	976,236	1,030,222	3,313,715
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	4,558,885	-	-	658,727	5,217,612
Total deferred inflows of resources	4,558,885	-	-	658,727	5,217,612
FUND BALANCES					
Nonspendable	12,924	-	-	-	12,924
Restricted	752,910	2,714,920	1,203,760	3,180,390	7,851,980
Committed	19,900	-	-	-	19,900
Assigned	2,737,970	-	-	-	2,737,970
Unassigned	1,292,996	-	-	-	1,292,996
Total fund balance	4,816,700	2,714,920	1,203,760	3,180,390	11,915,770
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,679,343	\$ 2,718,419	\$ 2,179,996	\$ 4,869,339	\$ 20,447,097

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

CITY OF BATESVILLE, STATE OF MISSISSIPPI
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
September 30, 2021

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 11,915,770
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, were not reported in the governmental funds. The capital assets were adjusted as follows:	
Land improvements and construction in progress	1,953,710
Other capital assets	47,337,814
Less accumulated depreciation	(32,002,274)
Some of the City's revenues will be collected after year end but will not be available soon enough to pay for the current period's expenditures and; therefore, are deferred in the governmental funds. The deferred revenues were adjusted as follows:	
Revenues - police fines	62,064
Revenues - modernization use tax	245,168
Revenues - payments in lieu of tax	169,322
Revenues - privilege tax	29,866
Revenues - property taxes	12,487
The City's policy is to not recognize prepaid items as assets at the fund level; therefore they are not reported in the funds.	264,719
Interest payable on long-term debt did not require current financial resources; therefore, interest payable was not reported as a liability in the governmental funds.	(24,254)
Long-term liabilities, including bonds payable, capital leases and compensated absences not due and payable in the current period and; therefore, are not reported in the governmental funds. The long-term liabilities were adjusted as follows:	
General obligation bonds	(8,356,977)
Capital leases	(17,884)
Compensated absences	(391,947)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements.	(11,969,374)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the governmental fund financial statements.	
Deferred outflows pertaining to pensions	2,071,419
Deferred inflows related to pensions	(3,898,798)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,400,831</u>

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

CITY OF BATESVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2021

	<u>General</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Advalorem taxes, penalties and interest	\$ 3,907,377	\$ -	\$ -	\$ 389,824	\$ 4,297,201
Road and bridge taxes	582,180	-	-	-	582,180
In lieu of taxes - General Electric	102,386	-	-	-	102,386
License, permits, and fees	86,968	-	-	-	86,968
Federal grants	25,432	-	-	-	25,432
Sales tax	5,399,134	-	-	390,242	5,789,376
Liquor privilege tax	12,525	-	-	-	12,525
Fire protection	46,480	-	-	-	46,480
Police academy training	7,200	-	-	-	7,200
Gasoline tax and municipal aid	14,383	-	-	-	14,383
Homestead reimbursement	124,564	-	-	-	124,564
In lieu of taxes - TVA	204,495	-	-	-	204,495
Tourism tax	-	1,464,963	-	-	1,464,963
Franchise taxes	392,192	-	-	-	392,192
Municipal court fines and bond fees	130,653	-	-	7,383	138,036
Cops in school charges	257,832	-	-	-	257,832
Parks and recreation	26,637	-	-	-	26,637
Fire department revenue - local	2,004	-	-	-	2,004
Interest income	13,593	938	9,207	20,496	44,234
Rents	44,933	-	-	-	44,933
Contributions and donations	150	-	-	-	150
Other	12,781	-	-	-	12,781
Total revenues	<u>11,393,899</u>	<u>1,465,901</u>	<u>9,207</u>	<u>807,945</u>	<u>13,676,952</u>
<u>EXPENDITURES</u>					
Current					
General government	970,991	84,266	-	18,600	1,073,857
City court	220,700	-	-	-	220,700
Police	4,465,460	-	-	2,341	4,467,801
Fire	2,394,094	-	-	54	2,394,148
Streets	1,670,316	-	-	-	1,670,316
Public health and sanitation	321,231	-	-	-	321,231
Library	284,937	-	-	-	284,937
Parks and recreation	347,130	-	-	-	347,130
Code	347,544	-	-	-	347,544
Economic development	-	3,812	-	1,208,204	1,212,016
Capital outlay	540,575	407,633	4,060,564	30,140	5,038,912
Principal retirement - capital lease	217,382	-	-	-	217,382
Principal retirement - general obligation	50,000	-	-	105,000	155,000
Interest and paying agent	105,936	-	-	206,019	311,955
Total expenditures	<u>11,936,296</u>	<u>495,711</u>	<u>4,060,564</u>	<u>1,570,358</u>	<u>18,062,929</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (542,397)</u>	<u>\$ 970,190</u>	<u>\$ (4,051,357)</u>	<u>\$ (762,413)</u>	<u>\$ (4,385,977)</u>

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

CITY OF BATESVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2021

	<u>General</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from disposition of fixed assets	\$ 128,583	\$ -	\$ -	\$ -	\$ 128,583
Proceeds from capital leases	22,736	-	-	-	22,736
Operating transfers in	1,000,000	-	-	-	1,000,000
Operating transfers out	-	(700,000)	-	-	(700,000)
Total other financing sources (uses)	<u>1,151,319</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>451,319</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	608,922	270,190	(4,051,357)	(762,413)	(3,934,658)
Fund balance - beginning	<u>4,207,778</u>	<u>2,444,730</u>	<u>5,255,117</u>	<u>3,942,803</u>	<u>15,850,428</u>
Fund balance - end of year	<u>\$ 4,816,700</u>	<u>\$ 2,714,920</u>	<u>\$ 1,203,760</u>	<u>\$ 3,180,390</u>	<u>\$ 11,915,770</u>

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

CITY OF BATESVILLE, STATE OF MISSISSIPPI
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Governmental Activities in the Statement of Activities
For the fiscal year ended September 30, 2021

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ (3,934,658)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, assets with an individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which items capitalized exceeded depreciation in the current period.

Capital outlay	4,098,402
Depreciation expense	(1,515,850)

The repayment of long-term debt is reported as an expenditure when due in governmental funds, but as a reduction of principal outstanding in the statement of activities.	372,383
---	---------

The proceeds from a capital lease is reported as revenue when issued in governmental funds, but as an increase in capital lease outstanding in the statement of activities.	(22,736)
---	----------

The payment of insurance, operating leases and maintenance agreements are reported as an expenditure in the governmental funds, but reported on the consumption basis in the statement of activities.	72,471
---	--------

Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	(12,511)
Municipal aid	(3,272)
Franchise tax	(52,071)
Municipal court fines	(45,210)
Payment in lieu of taxes	(35,174)
Modernization use tax	(3,333)
Rent	120,197
Operating grants and contributions	(4,325)

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

They are as follows:

GASB 68 pension expense	312,316
Compensated absences	(39,879)
Interest expense	28,801
	28,801

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (664,449)

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

CITY OF BATESVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2021

	Business-Type Activities--Enterprise Fund				
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund	Total Business-Type Funds
ASSETS					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 6,662,591	\$ 7,563,091	\$ 251,637	\$ 41,035	\$ 14,518,354
Cash and cash equivalents - restricted	6,891,365	279,516	-	-	7,170,881
Receivables (net of allowance for uncollectibles)					
Accounts	667,525	314,877	10,633	19,657	1,012,692
Property and franchise tax	-	-	263,011	-	263,011
Inventory	100,601	321,877	-	-	422,478
Due from other funds	149,750	132,537	23,513	49,373	355,173
Prepaid items	70,266	11,830	24,668	-	106,764
Total current assets	<u>14,542,098</u>	<u>8,623,728</u>	<u>573,462</u>	<u>110,065</u>	<u>23,849,353</u>
Noncurrent Assets					
Nondepreciable land, improvements and construction in progress	393,334	15,000	185,000	-	593,334
Depreciable capital assets, net of accumulated depreciation	<u>13,559,283</u>	<u>1,455,122</u>	<u>6,637,103</u>	<u>-</u>	<u>21,651,508</u>
Total noncurrent assets	<u>13,952,617</u>	<u>1,470,122</u>	<u>6,822,103</u>	<u>-</u>	<u>22,244,842</u>
Total assets	<u>28,494,715</u>	<u>10,093,850</u>	<u>7,395,565</u>	<u>110,065</u>	<u>46,094,195</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows pertaining to pensions	<u>516,095</u>	<u>422,592</u>	<u>70,864</u>	<u>82,574</u>	<u>1,092,125</u>
Total deferred outflows of resources	<u>\$ 516,095</u>	<u>\$ 422,592</u>	<u>\$ 70,864</u>	<u>\$ 82,574</u>	<u>\$ 1,092,125</u>

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

CITY OF BATESVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2021

	Business-Type Activities--Enterprise Fund				
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund	Total Business-Type Funds
LIABILITIES					
Current Liabilities					
Accounts payable - operations	\$ 168,863	\$ 161,961	\$ 32,630	\$ 59,626	\$ 423,080
Accounts payable - fixed assets	64,368	3,339	-	-	67,707
Accrued interest	27,194	-	4,170	-	31,364
Accrued liabilities	123,048	69,871	19,774	2,827	215,520
Customer deposits payable from restricted assets	239,281	279,516	-	-	518,797
Compensated absences	3,049	33	-	-	3,082
Due to other funds	176,267	-	-	-	176,267
Current portion of long-term debt payable	248,588	-	550,000	-	798,588
Total current liabilities	1,050,658	514,720	606,574	62,453	2,234,405
Noncurrent Liabilities					
Net pension liability	2,183,918	1,255,266	409,478	81,724	3,930,386
Compensated absences	91,653	63,952	19,514	82	175,201
Long-term debt, net of current maturities	9,345,529	-	-	-	9,345,529
Total noncurrent liabilities	11,621,100	1,319,218	428,992	81,806	13,451,116
Total liabilities	12,671,758	1,833,938	1,035,566	144,259	15,685,521
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	253,064	-	253,064
Deferred inflows pertaining to pensions	718,385	378,033	180,436	24,612	1,301,466
Total deferred inflows of resources	718,385	378,033	433,500	24,612	1,554,530
NET POSITION					
Net investment in capital assets	10,918,576	1,470,122	6,272,103	-	18,660,801
Unrestricted	4,702,091	6,834,349	(274,740)	23,768	11,285,468
Total net position	\$ 15,620,667	\$ 8,304,471	\$ 5,997,363	\$ 23,768	\$ 29,946,269

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

CITY OF BATESVILLE, MISSISSIPPI
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the fiscal year ended September 30, 2021

	Business-Type Activities--Enterprise Fund				
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund	Total Business-Type Funds
<u>OPERATING REVENUES</u>					
Charges for sales and services					
Water sales	\$ 2,264,675	\$ -	\$ -	\$ -	\$ 2,264,675
Sewer sales	2,124,981	-	-	-	2,124,981
Gas sales	-	3,463,666	-	-	3,463,666
Facility fees	-	-	161,304	-	161,304
Sanitation fees	-	-	-	458,545	458,545
Service charges and other	204,735	115,728	-	8,648	329,111
	<u>4,594,391</u>	<u>3,579,394</u>	<u>161,304</u>	<u>467,193</u>	<u>8,802,282</u>
Total operating revenues					
	<u>4,594,391</u>	<u>3,579,394</u>	<u>161,304</u>	<u>467,193</u>	<u>8,802,282</u>
<u>OPERATING EXPENSES</u>					
Personnel services	1,405,235	893,888	239,909	77,886	2,616,918
Professional services	276,660	92,065	37,238	451,438	857,401
Supplies	258,397	33,261	19,752	-	311,410
Repairs	73,289	16,673	40,164	-	130,126
Operational	732,935	136,307	249,834	4,337	1,123,413
Purchase of gas for resale	-	1,388,049	-	-	1,388,049
Depreciation and amortization	1,059,217	105,375	240,782	-	1,405,374
	<u>3,805,733</u>	<u>2,665,618</u>	<u>827,679</u>	<u>533,661</u>	<u>7,832,691</u>
Total operating expenses					
	<u>3,805,733</u>	<u>2,665,618</u>	<u>827,679</u>	<u>533,661</u>	<u>7,832,691</u>
Operating income (loss)	<u>788,658</u>	<u>913,776</u>	<u>(666,375)</u>	<u>(66,468)</u>	<u>969,591</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Property taxes	-	-	253,835	-	253,835
Interest revenue	31,648	18,558	1,271	-	51,477
Interest expense and fiscal charges	(306,323)	-	(28,898)	-	(335,221)
Gain (loss) on sale of fixed assets	776	-	-	-	776
	<u>(273,899)</u>	<u>18,558</u>	<u>226,208</u>	<u>-</u>	<u>(29,133)</u>
Total nonoperating revenues and expenses					
	<u>(273,899)</u>	<u>18,558</u>	<u>226,208</u>	<u>-</u>	<u>(29,133)</u>
Income (loss) before operating transfers and contributions	514,759	932,334	(440,167)	(66,468)	940,458
Operating transfers in	-	-	700,000	-	700,000
Operating transfers out	-	(1,000,000)	-	-	(1,000,000)
Changes in net position	514,759	(67,666)	259,833	(66,468)	640,458
Net position - beginning	15,105,908	8,372,137	5,737,530	90,236	29,305,811
Net position - ending	<u>\$ 15,620,667</u>	<u>\$ 8,304,471</u>	<u>\$ 5,997,363</u>	<u>\$ 23,768</u>	<u>\$ 29,946,269</u>

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

CITY OF BATESVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2021

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 4,391,153	\$ 3,562,698	\$ 145,212	\$ 451,503	\$	8,550,565.97
Payments to employees including fringe benefits	(1,403,294)	(771,023)	(266,615)	(51,215)		(2,492,147)
Payments to suppliers for goods and services	(1,292,047)	(1,660,090)	(333,903)	(426,681)		(3,712,722)
Net cash provided by operating activities	1,695,812	1,131,585	(455,306)	(26,393)		2,345,697
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Operating transfers in	-	-	700,000	-		700,000
Operating transfers out	-	(1,000,000)	-	-		(1,000,000)
Net changes in due from other funds	111,982	(814)	-	37,781		148,949
Net changes in due to other funds	(36,967)	(147,496)	-	-		(184,463)
Net cash provided (used) by non-capital financing activities	75,015	(1,148,310)	700,000	37,781		(335,514)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from disposition of fixed assets	776	-	-	-		776
Taxes levied for debt services	-	-	253,839	-		253,839
Principal payments - revenue bonds	(133,251)	-	(535,000)	-		(668,251)
Payment on payables used to acquire fixed assets	(188,744)	(3,447)	-	-		(192,191)
Acquisition and construction of capital assets	(835,291)	(184,985)	(98,020)	-		(1,118,296)
Interest and fiscal charges paid	(345,309)	-	(32,955)	-		(378,264)
Net cash provided (used) by capital and related financing activities	\$ (1,501,819)	\$ (188,432)	\$ (412,136)	\$ -	\$	(2,102,387)

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

CITY OF BATESVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2021

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	\$ 31,648	\$ 18,558	\$ 1,271	\$ -	\$ -	51,477
Net cash provided (used) by investment activities	31,648	18,558	1,271	-	-	51,477
NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION						
Acquisition of fixed assets on account and capital lease	(64,368)	-	-	-	-	(64,368)
Borrowing from suppliers on account	64,368	-	-	-	-	64,368
Net effect of non cash transactions	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	300,656	(186,599)	(166,172)	11,388	(40,727)	
Cash and cash equivalents, beginning of year	13,253,300	8,029,206	417,808	29,647	21,729,961	
Cash and cash equivalents, end of year	\$ 13,553,956	\$ 7,842,607	\$ 251,636	\$ 41,035	\$ 21,689,234	

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

CITY OF BATESVILLE, MISSISSIPPI

Proprietary Fund

Statement of Cash Flows

For the fiscal year ended September 30, 2021

	Business-Type Activities--Enterprise Fund					Total Business-Type Funds
	Water and Sewer Fund	Gas Fund	Civic Center Fund	Nonmajor Fund Waste Collection Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 827,548	\$ 913,776	\$ (673,710)	\$ (66,468)	\$	1,001,146
Adjustments to reconcile net income to net cash from operating activities:						
Depreciation	1,059,217	105,375	240,782	-		1,405,374
(Increase) decrease in accounts receivable	(197,438)	(19,004)	(2,554)	(15,689)		(234,685)
(Increase) decrease in inventory	(12,288)	(63,150)	-	-		(75,438)
(Increase) decrease in deferred outflows pertaining to pensions	(257,428)	(113,969)	(12,053)	(82,574)		(466,024)
(Increase) decrease in prepaid items	24,532	23,367	11,547	-		59,446
Increase (decrease) in accounts payable - operations	36,990	46,047	1,539	29,093		113,669
Increase (decrease) in accrued liabilities - payroll and benefits	18,635	18,758	3,470	2,909		43,772
Increase (decrease) in compensated absences	(5,429)	5,272	(768)	-		(925)
Increase (decrease) in pension liability	(346,881)	(141,570)	(139,710)	81,724		(546,437)
Increase (decrease) in deferred inflows pertaining to pensions	593,044	354,374	122,355	24,612		1,094,385
Increase (decrease) in unavailable revenue operations	-	-	(6,204)	-		(6,204)
Increase (decrease) in customer deposits	(44,690)	2,309	-	-		(42,381)
Total adjustments	868,264	217,809	218,404	40,075		1,344,552
Net cash provided (used) by operating activities	\$ 1,695,812	\$ 1,131,585	\$ (455,306)	\$ (26,393)	\$	2,345,698

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Blended Component Unit

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

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

2. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable. On the reporting model, as defined by GASB Statement No. 34, the focus is either the City as a whole or major individual funds (within the fund financial statements).

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Government-Wide and Fund Financial Statements - continued

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

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

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Government-Wide and Fund Financial Statements - continued

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

3. Measurement Focus and Basis of Accounting

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

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

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

The following major funds are used by the City:

Governmental Funds:

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

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

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

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

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

Proprietary Funds:

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

Proprietary Funds - continued:

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

Non-Current Governmental Assets/Liabilities:

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

4. Statement of Cash Flows

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Statement of Cash Flows - continued

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

	Water and Sewer	Gas	Civic Center
Cash and cash equivalents	\$ 6,662,591	\$ 7,563,091	\$ 251,637
Restricted cash and cash equivalents	<u>6,891,365</u>	<u>279,516</u>	<u>-</u>
	<u><u>\$ 13,553,956</u></u>	<u><u>\$ 7,842,607</u></u>	<u><u>\$ 251,637</u></u>

	Waste Collection	Total
Cash and cash equivalents	\$ 41,035	\$ 14,518,354
Restricted cash and cash equivalents	<u>-</u>	<u>7,170,881</u>
	<u><u>\$ 41,035</u></u>	<u><u>\$ 21,689,235</u></u>

5. Receivables and Payables

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Inventories and Prepaid Items

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

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

7. Capital Assets

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

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

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

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Capitalization of Interest

In conformity with Financial Accounting Standards No. 89, Accounting for Interest Cost During the Period of Construction, the City no longer capitalizes interest costs for business-type activities. Total interest, fiscal charges, and amortization of loan discount and deferred amount of refunding incurred in the enterprise funds was \$335,221. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$335,221 were charged to expense.

9. Compensated Absences

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

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

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

10. Long-Term Obligations

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Long-Term Obligations - continued

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are chargeable to the current period.

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

11. Payable from Restricted Assets

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

	Water and Sewer	Gas
Customer deposits	\$ 239,281	\$ 279,516
Accounts payable- fixed assets	64,368	3,339

12. Deferred Outflows/Inflows of Resources

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Deferred Outflows/Inflows of Resources - continued

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

13. Fund Equity/Net Position

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

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

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

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

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

	<u>General Fund</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Loans receivable - net	\$ 12,924	\$ -	\$ -	\$ -
Total - Nonspendable	<u>\$ 12,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Restricted:				
Library operations	\$ 690,679	\$ -	\$ -	\$ -
Tourism	-	2,714,920	-	-
COFB confiscated	-	-	-	56,753
Fire protection	-	-	-	1
Economic development	-	-	-	1,813,912
Capital improvements	-	-	1,203,760	918,887
Debt service	-	-	-	300,899
Risk reduction	-	-	-	15,242
Federal asset forfeiture	-	-	-	74,650
TIF reserve	-	-	-	46
Unemployment	62,231	-	-	-
Total Restricted	<u>\$ 752,910</u>	<u>\$ 2,714,920</u>	<u>\$ 1,203,760</u>	<u>\$ 3,180,390</u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

	<u>General Fund</u>	<u>Tourism Fund</u>	<u>Capital Project Series 2019 Fund</u>	<u>Nonmajor Governmental Funds</u>
Committed:				
Resurfacing roads	<u>\$ 19,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Committed	<u>\$ 19,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:				
Subsequent year budget shortfall	<u>\$ 2,737,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assigned	<u>\$ 2,737,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

14. Use of Estimates

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Sales Tax

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

16. Pensions

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

17. Changes in Presentation

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

18. Subsequent Events

Subsequent events have been evaluated through October 13, 2022, which is the date the financial statements are available to be issued.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Batesville, Mississippi. The original General Fund budget expenditures were amended by increasing certain revenues by \$30,000 and decreasing certain revenues by \$20,000 and increasing certain expense categories by \$407,000, and decreasing certain expense categories by \$417,000 during the year ended September 30, 2021. There was no change to the major special revenue Tourism Fund original budget revenue. The major special revenue Tourism fund original expenditures were increased by \$910,000.

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

The notes to required supplementary information budgetary reporting on pages 88 - 92 also provides additional budgetary information.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE C - DEPOSITS AND INVESTMENTS

At September 30, 2021, cash and investments included the following:

<u>Account Balances</u>		<u>Ownership of Funds</u>	
Petty cash/cash on hand	\$ 5,907	Governmental Funds	\$ 13,137,969
Demand deposits	<u>34,821,297</u>	Enterprise Funds	<u>21,689,235</u>
	<u>\$ 34,827,204</u>		<u>\$ 34,827,204</u>

Deposits

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

At September 30, 2021, the demand deposits held with various local financial institutions had carrying amounts totaling \$34,821,297 and bank balances totaling \$34,918,718 of which \$361,611 was covered by federal depository insurance and \$34,557,107 was covered by the Statewide Collateral Pool Program.

The City has designated First Security Bank, as its official depository.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Investments

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

The City had no investments as of or during the year ended September 30, 2021.

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2021.

Concentration of Credit Risks

The City of Batesville had no investments at September 30, 2021, but had demand deposits with more than 5% of the total in First Security Bank. These demand deposits represented approximately 99% of total demand deposits.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE D - PROPERTY TAX

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

Appraised values are established by Panola County, Mississippi at 100 percent of estimated market values. The City is required to adopt county tax rolls. The 2020 taxes are collected in December, 2020 and January, 2021. The 2020 taxes are levied to fund the 2020-2021 budget year. The assessed value upon which the 2020 taxes were based was \$125,121,908.

City property tax revenue is recorded in governmental funds and Civic Center Fund as receivables and unavailable revenues at the time the tax attaches as an enforceable lien which includes the 2021 taxes intended to fund the 2021-2022 budget year of \$3,884,750. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

The 2021 taxes of \$3,884,750 are also included in unavailable revenue and not in current revenues in governmental activities and the Civic Center Fund because they are levied to fund the 2021-2022 budget year.

The City assessed a tax rate of 36.37 mills for both the 2020 and 2021 taxes.

NOTE E - RECEIVABLES

Receivables at September 30, 2021 for the government's individual major funds and nonmajor funds, internal service, business-type funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE E - RECEIVABLES - CONTINUED

	General	Tourism	Capital Project Series 2019	Water and Sewer System	Gas System	Civic Center	Nonmajor Funds	Total
Receivables:								
Taxes	\$ 4,544,175	\$ -	\$ -	\$ -	\$ -	\$ 269,243	\$ 424,534	\$ 5,237,952
Police fines	2,227,163	-	-	-	-	-	-	2,227,163
Accounts	-	-	-	936,467	642,268	11,452	40,147	1,630,334
Franchise fees	145,580	-	-	-	-	-	-	145,580
Accrued interest	-	-	-	-	-	-	1,611	1,611
Gross receivables	6,916,918	-	-	936,467	642,268	280,695	466,292	9,242,640
Less: Allowance for uncollectables	(2,207,334)	-	-	(268,942)	(327,391)	(7,051)	(20,490)	(2,831,208)
Net receivables	\$ 4,709,584	\$ -	\$ -	\$ 667,525	\$ 314,877	\$ 273,644	\$ 445,802	\$ 6,411,432

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE E - RECEIVABLES - CONTINUED

Lease and Loan Receivable

Home loans: The City received grant money to be used to upgrade certain citizens homes. By the terms of the agreements, the annual payment on the loan is forgiven as long as the recipient lives in the home. Summaries of the loans at September 30, 2021 are:

	Loan Balance
Loan #1	\$ 12,508
Loan #2	17,730
Loan #3	<u>9,587</u>
	39,825
Less allowance for uncollectable	<u>(26,902)</u>
	<u><u>\$ 12,923</u></u>

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

<u>Years ending Sept 30</u>	
2022	\$ 2,505
2023	2,505
2024	2,505
2025	2,505
2026	2,505
Thereafter	<u>27,300</u>
	<u><u>\$ 39,825</u></u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE E - RECEIVABLES - CONTINUED

Lease and Loan Receivable - continued

Economic development loans: The grant proceeds of previous CDBG programs are being used to promote industrial growth by making loans to local concerns. All loan repayments will continue to be restricted to the Economic Development Program. Summaries of the loans at September 30, 2021 are:

	<u>Original Term</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Loan Balance</u>
Loan #2	5 years	2012	3.00%	\$ 41,129
Loan #3	10 years	2019	3.00%	414,591
Loan #4	10 years	2022	3.00%	15,200
Loan #5	10 years	2022	3.00%	78,594
Loan #8	1 year	2017	1.00%	1,489
Loan #9	10 years	2030	3.00%	<u>311,766</u>
				\$ 862,769
Less allowance for uncollectable loans				<u>(472,408)</u>
				<u>\$ 390,361</u>

The estimated loans receivable are due as follows:

<u>Years ending Sept 30</u>	
Delinquent	\$ 472,408
2022	64,479
2023	66,441
2024	45,495
2025	34,610
2026	35,663
Thereafter	<u>143,671</u>
	<u>\$ 862,767</u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE E - RECEIVABLES - CONTINUED

Lease and Loan Receivable - continued

Economic development loans - continued:

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

The following is a summary of information pertaining to impaired loans at September 30, 2021:

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

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

Changes in the allowance for loan losses were as follows:

	Home Loans	Economic Development Loans
Balance at beginning of year	\$ 28,843	\$ 472,408
Reserve for loan loss	-	-
Adjustments for home loans	<u>(1,941)</u>	<u>-</u>
Balance at end of year	<u>\$ 26,902</u>	<u>\$ 472,408</u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 1,953,710	\$ -	\$ -	\$ -	\$ 1,953,710
Construction in progress	456,908	-	-	(456,908)	-
Total capital assets not being depreciated	<u>2,410,618</u>	<u>-</u>	<u>-</u>	<u>(456,908)</u>	<u>1,953,710</u>
Capital assets being depreciated					
Building and improvements	7,542,571	3,414,395	-	256,908	11,213,874
Automotive, equipment and fixtures	7,877,913	616,613	(141,059)	200,000	8,553,467
Infrastructure	27,503,079	67,394	-	-	27,570,473
Total capital assets being depreciated	<u>42,923,563</u>	<u>4,098,402</u>	<u>(141,059)</u>	<u>456,908</u>	<u>47,337,814</u>
Less accumulated depreciation for					
Buildings	4,173,863	194,141	-	-	4,368,004
Automotive, equipment and fixtures	6,062,572	284,417	-	-	6,346,989
Infrastructure	20,391,048	1,037,292	(141,059)	-	21,287,281
Total accumulated depreciation	<u>30,627,483</u>	<u>1,515,850</u>	<u>(141,059)</u>	<u>-</u>	<u>32,002,274</u>
Total capital assets being depreciated, net	<u>12,296,080</u>	<u>2,582,552</u>	<u>-</u>	<u>456,908</u>	<u>15,335,540</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 14,706,698	\$ 2,582,552	\$ -	\$ -	\$ 17,289,250

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
BUSINESS-TYPE ACTIVITIES					
WATER AND SEWER SYSTEM					
Capital assets not being depreciated					
Land	\$ 238,500	\$ 85,600	\$ -	\$ -	\$ 324,100
Construction in progress	159,363	69,234	-	(159,363)	69,234
Total capital assets not being depreciated	397,863	154,834	-	(159,363)	393,334
Capital assets being depreciated					
Building	281,268	-	-	-	281,268
Automotive, equipment and fixtures	2,633,430	456,991	-	-	3,090,421
Water and sewer system	31,867,386	287,835	-	159,363	32,314,584
Total capital assets being depreciated	34,782,084	744,826	-	159,363	35,686,273
Less accumulated depreciation for					
Buildings	198,526	5,648	-	-	204,174
Automotive, equipment and fixtures	1,499,403	223,161	-	-	1,722,564
Water and sewer system	19,369,844	830,408	-	-	20,200,252
Total accumulated depreciation	21,067,773	1,059,217	-	-	22,126,990
Total capital assets being depreciated, net	13,714,311	(314,391)	-	159,363	13,559,283
WATER AND SEWER SYSTEM CAPITAL ASSETS, NET	\$ 14,112,174	\$ (159,557)	\$ -	\$ -	\$ 13,952,617

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
BUSINESS-TYPE ACTIVITIES - CONTINUED					
GAS SYSTEM					
Capital assets not being depreciated					
Land	\$ 15,000	-	\$ -	-	\$ 15,000
Total capital assets not being depreciated	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Capital assets being depreciated					
Building	97,779	-	-	-	97,779
Automotive, equipment and fixtures	510,030	90,994	-	-	601,024
Gas system	3,167,279	93,991	-	-	3,261,270
Total capital assets being depreciated	<u>3,775,088</u>	<u>184,985</u>	<u>-</u>	<u>-</u>	<u>3,960,073</u>
Less accumulated depreciation for					
Buildings	56,683	3,306	-	-	59,989
Automotive, equipment and fixtures	344,248	35,243	-	-	379,491
Gas system	1,998,645	66,826	-	-	2,065,471
Total accumulated depreciation	<u>2,399,576</u>	<u>105,375</u>	<u>-</u>	<u>-</u>	<u>2,504,951</u>
Total capital assets being depreciated, net	<u>1,375,512</u>	<u>79,610</u>	<u>-</u>	<u>-</u>	<u>1,455,122</u>
GAS SYSTEM CAPITAL ASSETS, NET	\$ 1,390,512	\$ 79,610	\$ -	\$ -	\$ 1,470,122

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
BUSINESS-TYPE ACTIVITIES					
CIVIC CENTER					
Capital assets not being depreciated					
Land	\$ 185,000	\$ -	\$ -	\$ -	\$ 185,000
Total capital assets not being depreciated	185,000	-	-	-	185,000
Capital assets being depreciated					
Building	10,588,848	4,800	-	-	10,593,648
Automotive, equipment and fixtures	630,125	93,220	-	-	723,345
Total capital assets being depreciated	11,218,973	98,020	-	-	11,316,993
Less accumulated depreciation for					
Buildings	3,882,524	221,078	-	-	4,103,602
Automotive, equipment and fixtures	556,584	19,704	-	-	576,288
Total accumulated depreciation	4,439,108	240,782	-	-	4,679,890
Total capital assets being depreciated, net	6,779,865	(142,762)	-	-	6,637,103
CIVIC CENTER CAPITAL ASSETS, NET	\$ 6,964,865	\$ (142,762)	\$ -	\$ -	\$ 6,822,103
BUSINESS-TYPE CAPITAL ASSETS - NET	\$ 22,467,551	\$ (222,709)	\$ -	\$ -	\$ 22,244,842

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 45,650
City court	4,137
Police	241,932
Fire	157,965
Streets	931,894
Public health and sanitation	4,417
Library	32,354
Parks and recreation	78,813
Code	<u>18,688</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,515,850</u>
--	---------------------

Business-Type Activities

Water and sewer	\$ 1,059,217
Gas	105,375
Civic center	<u>240,782</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 1,405,374</u>
---	---------------------

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

Other Postemployment Benefits

The City allows retired employees who have completed 25 years of service with the City of Batesville and are age 55 or older to remain on the City's health care insurance coverage until the former employee becomes eligible for Medicare. All other terminated or retired employees are allowed under COBRA to continue on the City's health care insurance coverage for a period of 18 months (36 months if on Medicare). This continuation of coverage is paid entirely by the retired employee. At September 30, 2021, the City had 3 retired employees participating in their health care insurance coverage.

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,169.7 million and members contributed \$594.9 million for fiscal year 2021 statewide.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership services (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan - continued

General Information about the Pension Plan - continued

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

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

Contributions. PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The rate prior to June 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. City of Batesville, Mississippi contributions (employer share only) to PERS for the years ended September 30, 2021, 2020, and 2019 were \$1,264,143, \$1,194,005, and \$1,067,460, respectively, equal 100% of the required contributions for each year.

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

At September 30, 2021, the City reported a liability of \$15,899,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participation entities actuarially determined. At June 30, 2021, the City's proportion was 0.107573%, which was an increase of 0.004879%, from its proportion measured as of June 30, 2020.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan - continued

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,009,988. At September 30, 2021, 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	\$ 254,237	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,788,328
Changes of assumptions	1,223,477	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,392,011	411,936
City contributions subsequent to the measurement date	<u>293,819</u>	<u>-</u>
	<u>\$ 3,163,544</u>	<u>\$ 5,200,264</u>

\$293,819 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

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

Year ended Sept 30	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
2022	\$ 1,199,376	\$ (1,321,313)	\$ (121,937)
2023	971,957	(1,207,465)	(235,508)
2024	698,392	(1,244,590)	(546,198)
2025	<u>-</u>	<u>(1,426,896)</u>	<u>(1,426,896)</u>
	<u>\$ 2,869,725</u>	<u>\$ (5,200,264)</u>	<u>\$ (2,330,539)</u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan - continued

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

Acturial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Price inflation	2.40 percent
Salary increases	2.65-17.9 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disabled retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL, were based on the results of an actuarial experience study for the period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan - continued

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.50%
Global Equity	12.00%	4.80%
Fixed Income	20.00%	-0.25%
Real Estate	10.00%	3.75%
Private Equity	8.00%	6.00%
Cash	<u>1.00%</u>	-1.00%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability of the cost sharing plan, calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.55%) or one percentage point higher (8.55%) than the current rate:

	1% Decrease <u>(6.55%)</u>	Current Discount Rate <u>(7.55%)</u>	1% Increase <u>(8.55%)</u>
City's proportionate share of the net pension liability	\$ 22,517,787	\$ 15,899,760	\$ 10,445,978

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Defined Benefit Pension Plan - continued

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

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued 2021 PERS Comprehensive Annual Report on the PERS website, www.PERS.ms.gov for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

Changes of Assumptions

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2021 there were the following changes of assumptions.

- A. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 95% of male rates up to 60, 110% for ages 61 to 75, and 101% for ages above 77; (2) for females, 84% of female rates up to age 72, and 100% for ages above 76; (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- B. In 2021 the expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: (1) for males, 134% of male rates at all ages; (2) for females, 121% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- C. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: (1) for males, 97% of male rates at all ages; (2) for females, 110% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- D. The price inflation assumption was reduced from 2.75% to 2.40%.
- E. The wage inflation assumption was reduced from 3.00% to 2.65%
- F. The investment rate of return assumption was changed from 7.75% to 7.55%.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Changes of Assumptions - continued

- G. The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- H. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- I. The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- J. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

Payables to the Pension Plan

At September 30, 2021, the City reported a payable of \$0 for the outstanding amount of employer and employee contributions to the pension plan for the required amount due for the month ended September 30, 2021.

Section 125 Cafeteria Reduction Plan and Deferred Compensation

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$164,567.

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

Deferred compensation for employees included in the accompanying financial statements totaled \$132,156.

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE H - LONG-TERM AND SHORT-TERM DEBT

General Long-Term Debt

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

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

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

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

The margin for additional debt under the above debt limits as of September 30, 2021 is approximately:

Current Total Assessed Valuation	\$ 125,660,500	
	<u>15% Limit</u>	<u>20% Limit</u>
Total Capacity	\$ 18,849,075	\$ 25,132,100
Outstanding Debt	<u>8,395,000</u>	<u>17,268,245</u>
Remaining Debt Capacity	<u>\$ 10,454,075</u>	<u>\$ 7,863,855</u>

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

General long-term debt balances and transactions for the year ended September 30, 2021 are as follows:

GOVERNMENTAL ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2020	Additions	Repayments	Ending Balance 9/30/2021	Amounts Due Within One Year
Notes From Direct Borrowings and Direct Placements:							
General Obligation Bonds		3.00% to					
Series 2019	3/1/2050	4.00%	\$ 5,400,000	\$ -	\$ 105,000	\$ 5,295,000	\$ 105,000
Series 2019A	3/1/2050	3.00% to	2,600,000	-	50,000	2,550,000	50,000
Unamortized Premium			541,020	-	29,043	511,977	-
Total general obligation debt			8,541,020	-	184,043	8,356,977	155,000
Lease Obligations Payable							
BancorpSouth Equipment Finance	8/1/2021	3.35%	\$ 212,531	\$ -	\$ 212,531	\$ -	\$ -
Stonehenge Properties	1/12/2025	3.35%	-	22,736	4,852	17,884	4,253
Total lease obligations payable			212,531	22,736	217,383	17,884	4,253
Net Pension Liability	---	---	15,403,541	-	3,434,167	11,969,374	-
Compensated Absences	---	---	401,312	15,031	-	416,343	24,396
TOTAL GOVERNMENTAL ACTIVITIES			\$ 24,558,404	\$ 37,767	\$ 3,835,593	\$ 20,760,578	\$ 183,649

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

GOVERNMENTAL ACTIVITIES - continued

The principal and interest requirements of the above general obligation debt and other debt payable at September 30, 2021 are as follows:

Years Ending Sept. 30,	General Obligation Payable			Lease Obligations Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 155,000	\$ 297,575	\$ 452,575	\$ 4,253	\$ 599	\$ 4,852
2023	160,000	292,850	452,850	4,395	457	4,852
2024	165,000	287,975	452,975	4,542	309	4,851
2025	170,000	282,950	452,950	4,694	157	4,851
2026	175,000	277,775	452,775	-	-	-
2027 - 2031	970,000	1,300,625	2,270,625	-	-	-
2032 - 2036	1,175,000	1,095,900	2,270,900	-	-	-
2037 - 2041	1,435,000	835,900	2,270,900	-	-	-
2042 - 2046	1,755,000	518,100	2,273,100	-	-	-
2047 - 2051	<u>1,685,000</u>	<u>138,100</u>	<u>1,823,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,845,000</u>	<u>\$ 5,327,750</u>	<u>\$ 13,172,750</u>	<u>\$ 17,884</u>	<u>\$ 1,522</u>	<u>\$ 19,406</u>

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

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

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2020	Additions	Repayments	Ending Balance 9/30/2021	Amounts Due Within One Year
Water and Sewer Fund:							
Notes From Direct Borrowings and							
Direct Placements:							
Revenue Bonds series 2019	3/1/2050	5.00%	\$ 8,000,000	- \$	-	\$ 8,000,000	\$ 160,000
Unamortized Premium			759,761	-	38,890	720,871	-
Total revenue bonds			8,759,761	-	38,890	8,720,871	160,000
Other Debt							
State of Mississippi	3/1/2022	3.00%	18,526	-	12,931	5,595	5,595
State of Mississippi	5/1/2023	2.00%	45,584	-	17,148	28,436	17,493
SRF loan - auto meters	3/1/2034	1.95%	632,473	-	41,360	591,113	42,173
SRF loan GF/Covenant Crossing	8/1/2027	1.75%	271,024	-	22,923	248,101	23,327
Total other debt			967,607	-	94,362	873,245	88,588
Net Pension Liability	---	---	2,530,799	-	346,881	2,183,918	-
Compensated Absences	---	---	100,131	-	5,429	94,702	3,049
Total water and sewer fund			12,358,298	-	485,562	11,872,736	251,637
Gas Fund							
Net Pension Liability	---	---	1,396,836	-	141,570	1,255,266	-
Compensated Absences	---	---	58,713	5,272	-	63,985	33
Total gas fund			\$ 1,455,549	\$ 5,272	\$ 141,570	\$ 1,319,251	\$ 33

**CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

BUSINESS-TYPE ACTIVITIES - Continued

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2020	Additions	Repayments	Ending Balance 9/30/2021	Amounts Due Within One Year
<u>Waste Collection Fund</u>							
Net Pension Liability	---	---	\$ -	\$ 81,724	\$ -	\$ 81,724	\$ -
Compensated Absences	---	---	-	82	-	82	-
Total waste collection fund			-	81,806	-	81,806	-
<u>Civic Center Fund</u>							
Notes From Direct Borrowings and Direct Placements:							
General Obligation Bonds - Series 2010	7/1/2022	3.00%	1,085,000	-	535,000	550,000	550,000
Total general obligation debt			1,085,000	-	535,000	550,000	550,000
Net Pension Liability	---	---	549,189	-	139,711	409,478	-
Compensated Absences	---	---	20,281	-	767	19,514	-
Total civic center fund			1,654,470	-	675,478	978,992	550,000
TOTAL BUSINESS TYPE ACTIVITIES			\$ 15,468,317	\$ 87,078	\$ 1,302,610	\$ 14,252,785	\$ 801,670

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above revenue bonds and lease obligations payable at September 30, 2021 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 550,000	\$ 16,500	\$ 566,500	\$ 88,590	\$ 15,758	\$ 104,348
2023	-	-	-	77,685	14,142	91,827
2024	-	-	-	68,006	12,800	80,806
2025	-	-	-	69,295	11,511	80,806
2026	-	-	-	70,609	10,198	80,807
2027 - 2031	-	-	-	369,051	30,401	399,452
2032 - 2036	-	-	-	130,009	3,300	133,309
2037 - 2041	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-
Total	<u>\$ 550,000</u>	<u>\$ 16,500</u>	<u>\$ 566,500</u>	<u>\$ 873,245</u>	<u>\$ 98,110</u>	<u>\$ 971,355</u>

Years Ending Sept. 30	Revenue Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 160,000	\$ 324,000	\$ 484,000	\$ 798,590	\$ 356,258	\$ 1,154,848
2023	165,000	319,125	484,125	242,685	333,267	575,952
2024	170,000	314,100	484,100	238,006	326,900	564,906
2025	175,000	308,925	483,925	244,295	320,436	564,731
2026	180,000	303,600	483,600	250,609	313,798	564,407
2027 - 2031	995,000	1,427,975	2,422,975	1,364,051	1,458,376	2,822,427
2032 - 2036	1,185,000	1,237,100	2,422,100	1,315,009	1,240,400	2,555,409
2037 - 2041	1,440,000	980,350	2,420,350	1,440,000	980,350	2,420,350
2042 - 2046	1,770,000	653,275	2,423,275	1,770,000	653,275	2,423,275
2047 - 2051	1,760,000	181,750	1,941,750	1,760,000	181,750	1,941,750
Total	<u>\$ 8,000,000</u>	<u>\$ 6,050,200</u>	<u>\$ 14,050,200</u>	<u>\$ 9,423,245</u>	<u>\$ 6,164,810</u>	<u>\$ 15,588,055</u>

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

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I - COMPONENTS OF RESTRICTED CASH

	<u>General Fund Cash</u>	<u>Sewer System Fund Cash</u>	<u>Gas System Fund Cash</u>	<u>Other Funds Cash</u>	<u>Total</u>
Customer deposits	\$ -	\$ 239,281	\$ 279,516	\$ -	\$ 518,797
Police capital additions	-	-	-	138,637	138,637
Library operations	690,679	-	-	-	690,679
Building compliance bond	17,911	-	-	-	17,911
Unemployment	62,231	-	-	-	62,231
Debt service	-	92,008	-	1,177,225	1,269,233
Excess tax collection and other	16,632	-	-	15,242	31,874
Tourism	-	-	-	2,464,301	2,464,301
Fire truck	339,328	-	-	-	339,328
Capital projects	-	6,560,076	-	2,747,919	9,307,995
Street capital projects	-	-	-	476,929	476,929
Economic development	-	-	-	1,427,209	1,427,209
Total	<u>\$ 1,126,781</u>	<u>\$ 6,891,365</u>	<u>\$ 279,516</u>	<u>\$ 8,447,462</u>	<u>\$ 16,745,124</u>

NOTE J - INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisition, or maintaining debt service on a routine basis. The excess funds in the gas fund of \$1,000,000 were transferred to the general fund. Tourism funds totaling \$700,000 were transferred to the civic center fund to fund operations. The general fund interfund receivables of \$142,776 consists of \$49,246 funds due from the capital project series 2019A fund for debt expenditures paid from the wrong account, and \$93,530 from the capital project series 2019 fund for debt expenditures paid from the wrong account. The capital project fund series 2019 fund interfund receivable consisted of \$4,500 due from the water and sewer fund for expenditures paid from the wrong fund. The water and sewer fund interfund receivable of \$149,750 consisted of \$89,775 due from the capital project series 2019 fund and \$59,975 due from the general fund for expenditures paid out of the wrong account. The gas system fund interfund receivables of \$132,537 consisted of \$122,394 due from the water and sewer system for revenues collected not transferred at year end and \$10,143 due from the general fund for expenditures paid from the wrong account. The civic center fund interfund receivable of \$23,513 consisted of \$23,513 due from the general fund for expenditures paid from the wrong account. The waste collection fund interfund receivables of \$49,373 consisted of \$49,373 due from the water and sewer system for revenues collected not transferred at year end.

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 142,776	\$ 93,631
Capital Project Fund - Series 2019	4,500	183,305
Nonmajor Funds - Other Governmental Funds	-	49,246
Water and Sewer System Fund	149,750	176,267
Gas System Fund	132,537	-
Civic Center Fund	23,513	-
Nonmajor Business-Type Funds	<u>49,373</u>	<u>-</u>
	<u>\$ 502,449</u>	<u>\$ 502,449</u>

Transfers between funds during the year were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds:		
General Fund	\$ 1,000,000	\$ -
Tourism Fund	<u>-</u>	<u>700,000</u>
Total Major Governmental Funds	<u>1,000,000</u>	<u>700,000</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,000,000
Civic Center Fund	<u>700,000</u>	<u>-</u>
Total Major Enterprise Funds	<u>700,000</u>	<u>1,000,000</u>
Total all funds	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>

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

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE K - LEASES

Capital Leases

The City has entered into various capital lease agreements for capital assets under which they will become the property of the City when all terms of the lease agreement are met. The following schedules present the future minimum lease payments as of September 30, 2021.

Governmental Activities

Minimum lease payments	Rackmount 8 channel server
Year Ending September 30,	
2022	\$ 4,852
2023	4,852
2024	4,851
2025	<u>4,851</u>
	19,406
Less: amounts representing interest	<u>(1,523)</u>
Present value of minimum lease payments	<u>\$ 17,883</u>

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

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

	Rackmount 8 channel server
Capital asset discounted cost	\$ 22,736
Less: accumulated amortization	<u>(3,251)</u>
Total	<u>\$ 19,485</u>

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

Operating Lease

The City periodically leases various equipment on monthly, annual, or as needed basis. Rental expenses for the year ended September 30, 2021, was as follows:

General Fund	\$ 40,258
Water and Sewer Fund	912
Gas Fund	<u>912</u>
	<u>\$ 42,082</u>

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The City did not comply with all the requirements of the State Department of Audit or grant and loan requirements as set forth in the Municipal Compliance Questionnaire and grant and loan contracts. The results of our tests disclosed the instances of noncompliance listed in the schedule of findings and responses on pages 102 - 107. The ultimate resolution of these findings cannot presently be determined. Accordingly, no provision for any liability, if any, that may result has been recognized in the accompanying financial statements.

NOTE M - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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

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

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

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

The individual Enterprise Funds have the following net working capital (deficit) (current assets less current liabilities) at September 30, 2021:

Water and Sewer System	\$ 13,491,440
Gas System	8,109,008
Civic Center	(43,447)
Waste Collection System	<u>47,612</u>
Total	<u>\$ 21,604,613</u>

Enterprise Funds operate in the City of Batesville, Mississippi geographic area. Their revenues are subject to the economic conditions of Batesville, Mississippi. At September 30, 2021, the Gas System Fund had extended credit to customers totaling \$314,877 and to others totaling \$0. Gas System Fund receivables are secured by customer deposits totaling \$279,516. No other collateral has been obtained.

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE M - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

At September 30, 2021, the Combined Water and Sewer System Fund had extended credit to customers totaling \$667,525 and to others totaling \$0. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$239,281. No other collateral has been obtained.

At September 30, 2021, the Civic Center Fund had extended credit to customers totaling \$10,633. The Civic Center Fund receivables are not secured.

At September 30, 2021, the Nonmajor Enterprise Fund had extended credit to customers totaling \$19,657. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$106,653 for natural gas purchases and \$11,692 for professional fees. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$25,947 for repairs and supplies, \$34,766 for professional fees, and \$5,000 for insurance and electricity. The Civic Center Fund accounts payable operations consist mainly of \$9,185 for professional fees and \$14,211 for utilities. The Nonmajor Enterprise Fund accounts payable - operations consist mainly of \$57,360 for contract waste collection.

NOTE N - RELATED PARTY TRANSACTIONS

The City purchased \$5,318 in supplies from a company owned by a relative of an Alderman. The City received a Mississippi ethics opinion 19-015-E that says it is not a violation of Section 25-4-105(2) as long as the Alderman recuses himself and leaves the room during discussion and voting.

NOTE O - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

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

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE O - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Grant Audit

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

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

Subsequent Events

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

NOTE P - ECONOMIC DEPENDENCE

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

NOTE Q - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

Significant losses are covered by commercial insurance for all major programs except unemployment. The City has segregated cash and reserved \$62,231 for potential future unemployment. There were no material claims or unemployment charges to these funds during the current year or the three previous years. It is at least reasonably possible that management's estimate of no liability in excess of insurance coverage or unemployment reserve could change in the near term.

NOTE R - NET POSITION

The government-wide statement of net position reports \$8,098,105 of restricted net position, of which \$0 is restricted by enabling legislation.

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE S - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and construction in progress	\$ 1,953,710	\$ 593,334
Other capital assets (net of accumulated depreciation)	15,335,540	21,651,508
Portion of debt related to unspent bond proceeds	2,747,919	6,560,076
Less bonds and notes payable	(8,356,977)	(10,144,117)
Less obligations under capital leases payable	<u>(17,884)</u>	<u>-</u>
Net investment in capital asset	<u>\$ 11,662,308</u>	<u>\$ 18,660,801</u>

NOTE T - TAX ABATEMENTS

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

For the year ended September 30, 2021, the City abated property taxes totaling \$685,865 under this program to induce companies to add additional production facilities or by acquiring equipment to be used in its facilities and thereby inducing the company to remain in operation at the facility located in the City of Batesville. These tax abatements include the following agreements that each exceed 10% of the total amount abated:

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$84,365,731 beginning for the tax rolls as follows: 2012 \$110,345, 2013 \$115,934, 2014 \$54,761, 2015 \$13,335, 2016 \$67,642, 2017 \$18,225, 2018 \$47,209, 2019 \$11,291, 2020 \$9,693, and 2021 \$11,822. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$460,257 net of any depreciation applied to assessed values.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$27,072,380 beginning for the tax rolls as follows: 2012 \$50,193, 2013 \$0, 2014 \$11,660, 2015 \$3,135, 2016 \$20,213, 2017 \$7,782, 2018 \$47,209, 2019 \$0, 2020 \$7,501, and 2021 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$147,693 net of any depreciation applied to assessed values.

CITY OF BATESVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE U - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted (deficit) net position amount of (\$12,669,582) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$221,186 resulted from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$1,850,233 balance of deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years. The \$3,898,798 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The business type activities' unrestricted net position amount of \$11,278,133 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$72,633 resulted from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$936,918 balance of deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years. The \$1,218,892 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

NOTE V - EARLY IMPLEMENTATION OF GASB 89

Effective October 1, 2020 the City elected to early implement GASB 89 *Accounting for Interest Cost During the Period of Construction*. Implementation of this standard had no effect on beginning fund balances or net assets.

CITY OF BATESVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Public Employee Retirement System of Mississippi
Last 10 Fiscal Years*
For the fiscal year ended September 30, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.089505%	0.086490%	0.009563%	0.010338%	0.097540%	0.099602%	0.102694%	0.107573%
City's proportionate share of the net pension liability (asset)	\$ 10,864,268	\$ 13,369,648	\$ 17,081,906	\$ 17,185,431	\$ 16,223,801	\$ 17,521,957	\$ 19,880,365	\$ 15,899,760
City's covered payroll	\$ 5,439,789	\$ 5,641,028	\$ 6,201,078	\$ 6,468,355	\$ 6,170,247	\$ 6,616,524	\$ 6,862,093	\$ 7,265,188
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	199.72%	237.01%	275.47%	265.68%	262.94%	264.82%	289.71%	218.85%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%	61.59%	59.97%	70.44%

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

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

CITY OF BATESVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Last 10 Fiscal Years*
For the fiscal year ended September 30, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 856,768	\$ 888,463	\$ 976,670	\$ 1,018,766	\$ 971,814	\$ 1,067,460	\$ 1,194,005	\$ 1,264,143
Contributions in relation to the statutorily required contribution	(856,768)	(888,463)	(976,670)	(1,018,766)	(971,814)	(1,067,460)	(1,194,005)	(1,264,143)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 5,439,789	\$ 5,641,028	\$ 6,201,078	\$ 6,468,355	\$ 6,170,247	\$ 6,616,524	\$ 6,862,093	\$ 7,265,188
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	16.13%	17.40%	17.40%

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

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

Schedule 3

CITY OF BATESVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
REVENUES					
Ad valorem taxes, penalties and interest	\$ 3,930,000	\$ 3,930,000	\$ 3,907,377	\$ (113,430)	\$ (136,053)
Road and bridge taxes	566,000	566,000	582,180	(17,883)	(1,703)
In lieu of taxes - General Electric	-	-	102,386	-	102,386
License, permits, and fees	90,000	70,000	86,968	-	16,968
Intergovernmental revenues:					
Federal grants	501,000	501,000	25,432	172,626	(302,942)
State shared revenues:					
Sales tax	4,100,000	4,100,000	5,399,134	(23,797)	1,275,337
Liquor privilege tax	-	-	12,525	300	12,825
Fire protection	-	-	46,480	(46,480)	-
Police academy training	-	-	7,200	-	7,200
Gasoline tax and municipal aid	-	-	14,383	(3,716)	10,667
Homestead reimbursement	120,000	120,000	124,564	-	4,564
In lieu of taxes - TVA	-	-	204,495	-	204,495
Franchise taxes	302,500	302,500	392,192	(86,587)	3,105
Municipal court fines and bond fees	200,700	230,700	130,653	(863)	(100,910)
Cops in school charges	-	-	257,832	(2,765)	255,067
Parks and recreation	8,500	8,500	26,637	-	18,137
Fire department revenue - local	40,000	40,000	2,004	-	(37,996)
Interest income	40,000	40,000	13,593	(187)	(26,594)
Rents	232,400	232,400	44,933	-	(187,467)
Contributions and donations	-	-	150	-	150
Other	65,500	65,500	12,781	1,070	(51,649)
Total revenues	\$ 10,196,600	\$ 10,206,600	\$ 11,393,899	\$ (121,712)	\$ 1,065,587

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

Schedule 3

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

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Actual on Budgetary Total	
EXPENDITURES					
General Government					
Personnel services	\$ 350,400	\$ 385,400	\$ 351,229	\$ 351,229	\$ 34,171
Supplies	22,500	42,500	17,860	17,897	24,603
Other services and charges	645,100	645,100	602,102	(5,240)	48,238
Capital outlay	2,490,018	2,433,018	11,620	-	2,421,398
Debt Service	351,704	353,704	148,706	-	204,998
Total	3,859,722	3,859,722	1,131,317	(5,003)	2,733,408
City Court					
Personnel services	148,000	158,000	148,561	(7,551)	16,990
Supplies	6,600	11,600	1,616	583	9,401
Other services and charges	76,000	76,000	70,523	(4,457)	9,934
Capital outlay	134,000	99,000	974	-	98,026
Total	364,600	344,600	221,674	(11,425)	134,351
Public Safety - Police					
Personnel services	3,800,000	3,830,000	3,606,395	27,058	196,547
Supplies	205,200	235,200	145,240	1,309	88,651
Other services and charges	1,090,000	1,090,000	713,825	(59,081)	435,256
Capital outlay	843,230	813,230	131,216	104,533	577,481
Debt service	-	-	112,306	(112,043)	(263)
Total	\$ 5,938,430	\$ 5,968,430	\$ 4,708,982	\$ (38,224)	\$ 1,297,672

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

Schedule 3

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

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
EXPENDITURES - continued					
Public Safety - Fire					
Personnel services	\$ 2,145,250	\$ 2,165,250	\$ 2,056,461	\$ 4,039	\$ 104,750
Supplies	51,000	71,000	41,333	671	28,996
Other services and charges	318,100	368,100	296,300	(9,122)	80,922
Capital outlay	3,113,665	3,023,665	195,659	86,681	2,741,325
Debt service	-	-	112,306	(112,043)	(263)
Total	5,628,015	5,628,015	2,702,059	(29,774)	2,955,730
Street					
Personnel services	1,127,000	1,187,000	877,202	3,810	305,988
Supplies	120,000	180,000	165,652	(1,021)	15,369
Other services and charges	628,600	628,600	627,462	(7,339)	8,477
Capital outlay	2,503,390	2,383,390	103,823	17,480	2,262,087
Total	4,378,990	4,378,990	1,774,139	12,930	2,591,921
Public Health and Sanitation					
Personnel services	275,535	275,535	192,920	-	82,615
Supplies	55,000	55,000	48,681	4,999	1,320
Other services and charges	105,200	105,200	79,630	(1,336)	26,906
Capital outlay	267,000	267,000	2,650	-	264,350
Total	\$ 702,735	\$ 702,735	\$ 323,881	\$ 3,663	\$ 375,191

The accompanying notes to the required supplementary information are an integral part of this schedule.
Page 84

Schedule 3

CITY OF BATESVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>EXPENDITURES - continued</u>						
Library						
Personnel services	\$ 130,400	\$ 135,400	\$ 130,400	\$ -	\$ 130,400	\$ 5,000
Supplies	6,100	6,100	2,215	-	2,215	3,885
Other services and charges	167,300	162,300	152,322	(4,670)	147,652	14,648
Capital outlay	20,000	20,000	23,620	-	23,620	(3,620)
Total	323,800	323,800	308,557	(4,670)	303,887	19,913
Park and Recreation						
Personnel services	183,400	203,400	186,130	(2,508)	183,622	19,778
Supplies	38,050	58,050	61,294	(11,811)	49,483	8,567
Other services and charges	130,100	150,100	99,706	(2,888)	97,018	53,082
Capital outlay	682,362	622,362	70,577	(179)	70,398	551,964
Total	1,033,912	1,033,912	417,707	(17,186)	400,521	633,391
Code						
Personnel services	322,500	312,500	258,193	-	258,193	54,307
Supplies	11,000	11,000	2,487	-	2,487	8,513
Other services and charges	103,300	103,300	86,864	(4,400)	82,464	20,836
Capital outlay	40,000	30,000	436	-	436	29,564
Total	\$ 476,800	\$ 456,800	\$ 347,980	\$ (4,400)	\$ 343,580	\$ 113,220

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

Schedule 3

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

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<u>EXPENDITURES - continued</u>					
Total expenditures	\$ 22,707,004	\$ 22,697,004	\$ 11,936,296	\$ (94,089)	\$ 10,854,797
Excess (deficit) of revenues over (under) expenditures	(12,510,404)	(12,490,404)	(542,397)	(27,623)	11,920,384
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from capital lease	-	-	22,736	(22,736)	-
Non-revenue receipts	823,362	823,362	128,583	-	(694,779)
Operating transfers in	2,022,600	2,022,600	1,000,000	-	(1,022,600)
Total other financing sources (uses)	2,845,962	2,845,962	1,151,319	(22,736)	(1,717,379)
Excess (deficit) of revenues and other financing sources over (under) expenditures and sources over (under) expenditures and other uses	(9,664,442)	(9,644,442)	608,922	(50,359)	10,203,005
Fund balances - beginning of year	4,207,779	4,207,779	4,207,779	-	-
Fund balances - end of year	\$ (5,456,663)	\$ (5,436,663)	\$ 4,816,701	\$ (50,359)	\$ 10,203,005

CITY OF BATESVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

Tourism Fund

For the fiscal year ended September 30, 2021

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	
<u>REVENUES</u>						
Tourism tax	\$ 1,300,000	\$ 1,300,000	\$ 1,464,963	\$ (39,172)	\$ 1,425,791	\$ 125,791
Interest income	10,000	10,000	938	-	938	(9,062)
Total revenues	1,310,000	1,310,000	1,465,901	(39,172)	1,426,729	116,729
<u>EXPENDITURES</u>						
Other services and charges	92,500	92,500	88,078	-	88,078	4,422
Capital outlay	-	450,000	407,633	-	407,633	42,367
Total expenditures	92,500	542,500	495,711	-	495,711	46,789
Excess (deficit) of revenues over (under) expenditures	1,217,500	767,500	970,190	(39,172)	931,018	163,518
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers out	(1,950,000)	(1,490,000)	(700,000)	-	(700,000)	790,000
Total other financing sources (uses)	(1,950,000)	(1,490,000)	(700,000)	-	(700,000)	790,000
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(732,500)	(722,500)	270,190	(39,172)	231,018	953,518
Fund balances - beginning of year	2,444,730	2,444,730	2,444,730	-	2,444,730	-
Fund balances - end of year	\$ 1,712,230	\$ 1,722,230	\$ 2,714,920	\$ (39,172)	\$ 2,675,748	\$ 953,518

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

CITY OF BATESVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2021

NOTE 1 - PENSION SCHEDULES

- A. *Changes in benefit provisions.* Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.
- B. *Changes in assumptions.* Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

In 2021 the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 95% of male rates up to 60, 110% for ages 61 to 75, and 101% for ages above 77; (2) for females, 84% of female rates up to age 72, and 100% for ages above 76; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

In 2021 the expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: (1) for males, 134% of male rates at all ages; (2) for females, 121% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

In 2021 the expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: (1) for males, 97% of male rates at all ages; (2) for females, 110% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

In 2021 the price inflation assumption was reduced from 2.75% to 2.4%.

In 2021 the wage inflation assumption was reduced from 3.00% to 2.65%

In 2021 the investment rate of return assumption was changed from 7.75% to 7.55%.

In 2021 the assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

In 2021 withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

In 2021 the percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

In 2021 the percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

CITY OF BATESVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2021

NOTE 1 - PENSION SCHEDULES - CONTINUED

B. *Changes in assumptions: - continued*

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

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

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

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

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

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

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

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

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

CITY OF BATESVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2021

NOTE 1 - PENSION SCHEDULES - CONTINUED

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

D. *Method and assumptions used in calculations of actuarially determined contributions.* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentages of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

E. *Contribution deficiency.* The April 2021 Public Employee Retirement System of Mississippi report was computed using the February 2021 payroll in error. This resulted in an underpayment of the required contributions by \$4,974. The City filed a corrected report subsequent to September 30, 2021 that corrected this error.

CITY OF BATESVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2021

NOTE 2 - BUDGETARY INFORMATION

A. *Budgetary Information.* The City is legally subject to the budgetary control requirements of the State of Mississippi. The City follows the following procedures in establishing the budgetary comparison schedule:

- 1 Prior to September 1, the City Clerk submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The State of Mississippi requires at a minimum expenditures be adopted in four categories (personnel services, supplies, other services and charges, and capital outlay).
- 2 Public hearings are conducted to obtain taxpayer comments.
- 3 Prior to September 15, the budget is legally enacted through passage of an ordinance.
- 4 The budget must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
- 5 The budget must be amended when necessary.
- 6 Debt cannot be entered into unless permitted by law.
- 7 Expenditures, except for capital outlay, cannot exceed budget appropriations.
- 8 Expenditures cannot be made unless authorized in the budget.
- 9 Appropriations lapse at the end of each fiscal year.

B. *Basis of Presentation.* Budgets are adopted on a modified cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires the budgetary comparison schedule be prepared according to budgetary laws, which is the modified cash basis (GAAP).

CITY OF BATESVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2021

NOTE 2 - BUDGETARY INFORMATION - CONTINUED

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

Revenues	<u>General Fund</u>	<u>Tourism Fund</u>
Deferred revenues	\$ (249,842)	\$ -
Receivables	175,930	(39,173)
Payables	<u>(47,800)</u>	<u>-</u>
Total	<u>(121,712)</u>	<u>(39,173)</u>
 Expenditures		
Accounts payable paid after 30 days	(101,053)	-
Vacation accrual paid after 30 days	24,848	-
Reduction of capital outlay acquired with lease purchase	(17,884)	-
Debt service for capital lease budgeted in capital outlay	(219,760)	-
Capital lease budgeted in capital outlay	<u>219,760</u>	<u>-</u>
Total	<u>(94,089)</u>	<u>-</u>
 Other Financing Sources (Uses)		
Proceeds from capital lease not applicable to budget	<u>(22,736)</u>	<u>-</u>
Total	<u>(22,736)</u>	<u>-</u>
 Net difference in budgetary basis and actual	 <u>\$ (50,359)</u>	 <u>\$ (39,173)</u>

- D.** The General Fund budgetary comparison schedule has a deficit of revenues over expenditures of \$570,020 and the Tourism Fund has an excess of revenues over expenditures of \$931,018.

CITY OF BATESVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2021

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	Modern- ization Use Tax Fund	Debt Service Fund	Capital Project Series 2019A Fund	Total Nonmajor Governmental Funds
ASSETS									
Restricted cash and cash equivalents	\$ 63,986	\$ 1	\$ 1,427,209	\$ 15,242	\$ 74,650	\$ 476,929	\$ 289,924	\$ 572,423	\$ 3,807,665
Receivables (net of allowance for uncollectibles)									
Taxes	-	-	-	-	-	-	424,534	-	424,534
Interest	-	-	1,611	-	-	-	-	-	1,611
Due from other governments	-	-	-	-	-	245,168	-	-	245,168
Notes and loans receivable - net	-	-	390,361	-	-	-	-	-	390,361
Total assets	\$ 63,986	\$ 1	\$ 1,819,181	\$ 15,242	\$ 74,650	\$ 722,097	\$ 714,458	\$ 572,423	\$ 4,869,339
LIABILITIES									
Accounts payable - operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,219	\$ 81,219
Unearned revenue	-	-	-	-	-	887,255	-	-	887,255
Due to other funds	-	-	-	-	-	-	-	49,246	49,246
Accounts payable	-	-	5,269	-	-	-	-	-	5,269
Builders compliance bonds and seized funds held	7,233	-	-	-	-	-	-	-	7,233
Total liabilities	7,233	-	5,269	-	-	887,255	-	130,465	1,030,222
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	245,168	413,559	-	658,727
Total deferred inflows of resources	-	-	-	-	-	245,168	413,559	-	658,727
FUND BALANCES									
Restricted	56,753	1	1,813,912	15,242	74,650	46	300,899	441,958	3,180,390
Total fund balance	56,753	1	1,813,912	15,242	74,650	46	300,899	441,958	3,180,390
Total liabilities and fund balances	\$ 63,986	\$ 1	\$ 1,819,181	\$ 15,242	\$ 74,650	\$ 887,301	\$ 714,458	\$ 572,423	\$ 4,869,339

CITY OF BATESVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2021

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	ARPA Fund	Modern- ization Use Tax Fund	Debt Service Fund	Capital Project Series 2019 A Fund	Total Nonmajor Governmental Funds
REVENUES										
Ad valorem taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,824	\$ -	\$ 389,824
Intergovernmental revenues:										
State shared revenues:										
Sales and modernization tax	-	-	-	-	-	-	390,243	-	-	390,243
Municipal court fines and bond fees	7,384	-	-	-	(1)	-	-	-	-	7,383
Interest income	111	-	16,762	31	155	46	601	9	2,781	20,496
Total revenues	7,495	-	16,762	31	154	46	390,844	389,833	2,781	807,946
EXPENDITURES										
Current										
General government	-	-	6,556	-	-	-	-	12,044	-	18,600
Police	2,287	-	-	-	54	-	-	-	-	2,341
Fire	-	-	-	54	-	-	-	-	-	54
Economic development	-	-	-	-	-	-	-	-	1,208,204	1,208,204
Capital outlay	-	-	-	-	-	-	30,140	-	-	30,140
Principal retirement - general obligation	-	-	-	-	-	-	-	105,000	-	105,000
Interest and paying agent	-	-	-	-	-	-	-	206,019	-	206,019
Total expenditures	2,287	-	6,556	54	54	-	30,140	323,063	1,208,204	1,570,358
Excess (deficit) of revenues over (under) expenditures	5,208	-	10,206	(23)	100	46	360,704	66,770	(1,205,423)	(762,412)
OTHER FINANCING SOURCES (USES)										
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BATESVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2021

	COFB Confiscated Fund	Fire Grant Fund	Economic Development Revolving Fund	Risk Reduction Fund	Federal Asset Forfeiture Fund	ARPA Fund	Modern- ization Use Tax Fund	Debt Service Fund	Capital Project Series 2019 A Fund	Total Nonmajor Governmental Funds
Excess (deficit) of revenues and other sources over (under)	\$ 5,208	\$ -	\$ 10,206	\$ (23)	\$ 100	\$ 46	\$ 360,704	\$ 66,770	\$ (1,205,423)	\$ (762,412)
expenditures and other uses	51,545	1	1,803,706	15,265	74,550	-	116,225	234,129	1,647,381	3,942,802
Fund balance - beginning	\$ 56,753	\$ 1	\$ 1,813,912	\$ 15,242	\$ 74,650	\$ 46	\$ 476,929	\$ 300,899	\$ 441,958	\$ 3,180,390
Fund balance - end of year										

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2021

Name	Position	Amount	Insurance Company	Expiration Date
Hal Ferrell	Mayor	\$ 50,000	Liberty Mutual	7/1/2025
Teddy Morrow	Alderman at large	100,000	Liberty Mutual	7/1/2025
Bill Dugger	Alderman	100,000	Liberty Mutual	7/1/2025
Bobby Walton Jr	Alderman	100,000	Liberty Mutual	7/1/2025
Stan Harrison	Alderman	100,000	Liberty Mutual	7/1/2025
Dennis Land	Alderman	100,000	Liberty Mutual	7/1/2025
Kerry Pittman	Chief of Police	50,000	Liberty Mutual	11/5/2021
Susan Berryhill	City Clerk	50,000	Liberty Mutual	7/1/2025
Shonna Weaver	Assistant City Clerk	50,000	Liberty Mutual	5/15/2022
Angela Austin	Administrative assistant	50,000	Liberty Mutual	5/15/2022
Martha G Holland	Ticket sales	50,000	Liberty Mutual	5/15/2022
Miranda Gail Lance	Bookkeeper	50,000	Liberty Mutual	5/15/2025
Berma Williams	Utility Clerk	50,000	Liberty Mutual	9/27/2025
Beverly Pope	Court Clerk	50,000	Liberty Mutual	9/27/2025
Bradie Bailey	Code Office Secretary	50,000	Liberty Mutual	9/27/2025
Allie Estridge Payne	Court Clerk	50,000	Liberty Mutual	9/27/2025
Heath Fullilove	Park Rec Director	50,000	Liberty Mutual	9/27/2025
Employee theft each employee	Various	50,000	Travelers	5/9/2022

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated October 13, 2022.

The report on Governmental Activities and Business-Type Activities was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2021 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

The report on Water and Sewer Fund, Gas Fund, and Civic Center Fund was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2021 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expense is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expense and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.

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

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are labeled as items 2021-001, 2021-002, and 2021-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. They are labeled as items 2021-004 and 2021-005.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Batesville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-006, 2021-007, 2021-008, and 2021-009.

We noted certain other matters that we reported to management of City of Batesville, Mississippi, in a separate letter dated October 13, 2022.

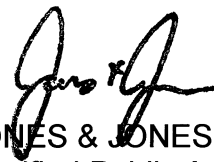
City of Batesville, Mississippi's Response to Findings

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

Purpose of This Report

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

Sincerely yours,

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

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

October 13, 2022

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

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

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

Honorable Mayor and Board of Alderpersons
City of Batesville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2021, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated October 13, 2022.

The report on Governmental Activities and Business-Type Activities was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 1 – Statement of Net Position (Governmental Activities and Business-Type Activities) at September 30, 2021 and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 2 – Statement of Activities (Governmental Activities and Business-Type Activities). The amount by which this departure would affect the liabilities, net position, and expenses of the Governmental Activities and Business-Type Activities has not been determined.

The report on Water and Sewer Fund, Gas Fund, and Civic Center Fund was qualified because the post employment benefits liability for allowing employees who retire from City service with 25 years and are age 55 being allowed to continue on the City's health insurance group plan upon retirement until eligible for Medicare, has not been determined or accrued. We were unable to form an opinion regarding the post employment benefits liability recorded in the accompanying Statement 5 – Proprietary Fund Statement of Net Position at September 30, 2021 (Water and Sewer Fund, Gas Fund, and Civic Center Fund) and the amounts at which the related post employment benefit expenses is recorded in the accompanying Statement 6 – Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Water and Sewer Fund, Gas Fund, and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund, Gas Fund, and Civic Center Fund has not been determined.

Compliance

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

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which is described in the accompanying schedule of findings and responses as items 2021-006, 2021-007, 2021-008, and 2021-009.

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

City of Batesville, Mississippi's Response to Findings

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

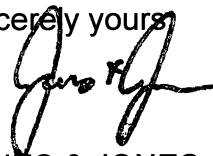
Purpose of This Report

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

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

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

Sincerely yours,



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

October 13, 2022

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weaknesses

2021-001. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

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

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

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

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

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

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

2021-002. Segregation of Duties

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

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

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

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

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

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED

Material Weaknesses - continued

2021-002. Segregation of Duties - continued

Response: We concur with the recommendation.

2021-003. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2021-006, 2021-007, 2021-008, and 2021-009, there were violations of State of Mississippi laws and regulations.

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

Cause: See cause in finding numbers 2021-006, 2021-007, 2021-008, and 2021-009.

Effect: The City did not comply with certain requirements. See additional information in finding numbers 2021-006, 2021-007, 2021-008, and 2021-009.

Recommendation: See recommendation in finding numbers 2021-006, 2021-007, 2021-008, and 2021-009. Controls should be in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

Significant Deficiencies

2021-004. Unaccounted for Natural Gas and Water

Condition: Tennessee Gas Pipeline Company metered natural gas to the City of 381,529 MCF. The City's records reflect gas sold of 357,076 MCF. This is a difference of 24,453 MCF or 6.409%. The City pumped 533,794,000 gallons of water and sold 398,741,000 gallons of water. The City had lost water of 135,053,000 gallons or 25.3%.

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

Cause: The City was not following up on zero read meters.

Effect: The City had unaccounted for natural gas of 6.409% and water of 25.3%; therefore, the City may not be charging for all gas and water going through the meters.

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED

Significant Deficiencies - continued

2021-004. Unaccounted for Natural Gas and Water - continued

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

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

2021-005. Notes Receivable Collection Effort

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

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

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

Effect: No payments were received on this note receivable during the year ended September 30, 2021. This note matured on October 27, 2018 and \$1,489 is still owed. Management has not entered legal action for collateral or personal guarantee on this loan.

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

Response: We have consult with our attorney and are pursuing collection efforts.

Compliance and Other Matters and Compliance with State Laws and Regulations

2021-006. Certain Park Expenses Were Paid With Cash Collections

Condition: The City collected cash from entry fees, gate fees and concessions that were represented to be used to pay referees and or other expenses without first being approved by the Board of Alderpersons. No records were maintained to substantiate these expenditures.

Criteria: State laws require all City revenues to be deposited into the City depositories and all expenditures be documented by time records or invoices and be paid under the proper approval process.

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED

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

2021-006. Certain Park Expenses Were Paid With Cash Collections - continued

Cause: Cash was withheld to pay referees because it was represented that referees would not work if they were given a check.

Effect: The City could have misappropriated cash collections.

Recommendation: We recommend that all City funds collected be deposited daily and that all expenditures be documented by time records or invoices. All park receipts should be documented by receipt books and/or cash registers. City Hall should require that collection records be turned into them and verified when funds were received or should have been received.

Response: The City personnel have been instructed to stop this procedure and deposit all funds collected.

2021-007. Firemen Swap Time

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

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

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

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

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

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

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED

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

2021-008. Privilege Taxes were not Properly Billed and Collected

Condition: The privilege taxes for the year ended September 30, 2021 were not all billed and there was no follow-up to collect unpaid privilege taxes.

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

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

Effect: The City did not mail all bills for privilege taxes due during the year ended September 30, 2021. The City did not follow up on uncollected privilege taxes.

Recommendation: We recommend the City obtain a list of unpaid privilege licenses for the year ended September 30, 2021 and previous and bill and collect from the business the privilege taxes due.

Response: We have obtained a list of unpaid privilege taxes and have developed spread sheets to compute the balance due including interest. We are notifying vendors and collecting the required privilege taxes.

2021-009. Enterprise Fund Receivables that were not Receiving Service were Removed from the Accounts Receivable Subledger

Condition: The City changed software providers and did not include the old receivables that were not receiving service in the accounts receivable program.

Criteria: Mississippi law prohibits the City from writing off the old accounts receivable.

Cause: This was done by the new software provider without discussing with City management. City management did not discover this error until advised by the auditor.

CITY OF BATESVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED

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

2021-009. Enterprise Fund Receivables that were not Receiving Service were Removed from the Accounts Receivable Subledger - continued

Effect: Accounts receivable that were not being billed of approximately \$385,000 were left off of the accounts receivable subledger. Management obtained a list of unbilled receivables from the prior software provider and it totaled \$304,111. Management reinstated \$304,111 to the receivables as of September 30, 2021. Management stated there were other customers not receiving service that had unpaid bills, but had not been transferred to the dormant list. This omission would not have any effect on the net receivables due to these being uncollectable.

Recommendation: We recommend the City reinstate all customers not being billed to the receivable list including those that had not been transferred to the dormant list.

Response: We have changed enterprise billing and accounts receivable software and have advised them of the need to add the customers not being billed to the receivable list.

CITY OF BATESVILLE, MISSISSIPPI
Results of Prior Year Findings
For the fiscal year ended September 30, 2021

Financial Statement Findings

Finding Number	Finding Title	Status
2020-001	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2015-001)	Repeated - see current year finding 2021-001
2020-002	Segregation of Duties (original finding 2016-003)	Repeated - see current year finding 2021-002
2020-003	Violation of Laws and Regulations (original finding 2016-005)	Repeated - see current year finding 2021-003
2020-004	Unaccounted for Natural Gas and Water (original finding 2017-004)	Repeated - see current year finding 2021-004
2020-005	Notes Receivable Collection Effort (original finding 2019-005)	Repeated - see current year finding 2021-005
2020-006	Utility Bill Adjustment Approval Process (original finding 2020-006)	Corrected
2020-007	Purchase Law Violations (original finding 2016-016)	Corrected
2020-008	Ad valorem Tax Increase (original finding 2020-008)	Corrected
2020-009	Ethics (original finding 2019-009)	Corrected
2020-010	Firemen Swap Time (original finding 2016-011)	Repeated - see current year finding 2021-007
2020-011	Bond Ordinance (original finding 2020-011)	Corrected
2020-012	Ineligible Expense Paid From the Bond Proceeds Account (original finding 2020-012)	Corrected
2020-013	Privilege Taxes were not Properly Billed and Collected (original finding 2020-013)	Repeated - see current year finding 2021-008

Federal Award Findings and Questioned Costs

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