

## 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, 2022**

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Basic Financial Statements**  
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**September 30, 2022**

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# ***JONES & JONES***

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

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

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Batesville, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **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             |
| ARPA Fund                            | Unmodified             |
| Water and Sewer Fund                 | Qualified              |
| Gas Fund                             | Qualified              |
| Civic Center Fund                    | Qualified              |
| Aggregate Remaining Fund Information | Unmodified             |

*Qualified Opinions on the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Gas Fund, and Civic Center Fund*

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the 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, 2022, 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 on General Fund, Tourism Fund, ARPA Fund, and Aggregate Remaining Fund Information***

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, the ARPA Fund and the aggregate remaining fund information of the City of Batesville, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Batesville, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

#### ***Matter Giving Rise to the Qualified Opinion on the 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, 2022 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.

#### ***Matter Giving Rise to the Qualified Opinion on the Water and Sewer 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, 2022 (Water and Sewer 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 and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund and Civic Center Fund has not been determined.

#### ***Matters Giving Rise to the Qualified Opinion on the Gas 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, 2022 (Gas 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 (Gas Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Gas Fund has not been determined.

Natural gas revenue as reported on the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund) exceeded the natural gas billing by \$73,598. The City changed billing software shortly before the beginning of the year and again in August 2022. The City had significant problems implementing these software programs resulting in the software company making manual corrections to natural gas billing that did not show up on the natural gas billing reports. This scope limitation prevented us from reconciling the natural gas billing reports to the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund).

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Batesville, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Batesville, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Batesville, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 19, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 87, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 88, and budgetary comparison information (Schedules 3, 4, and 5) on pages 89 through 95, and notes to required supplementary information on pages 96 through 100 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements (Schedules 6 and 7) and the schedule of surety bonds for municipal officials and employees (Schedule 8), 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 6 and 7) and the schedule of surety bonds for municipal officials and employees (Schedule 8) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the City of Batesville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Batesville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Batesville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", written in a cursive style.

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

September 28, 2023

**CITY OF BATESVILLE, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2022**

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, 2022. 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 \$36,980,053 (net position).

The government's total net position decreased by \$1,137,772 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,898,136, a decrease of \$17,633 during the current fiscal year. The City reported an unassigned fund balance of \$854,229.

At the end of the current fiscal year, unassigned fund balance for the general fund had a balance of \$854,229 or 6.2 percent of total general fund expenditures.

The City had fixed asset net additions of \$5,320,227 during the current year. Of this amount \$2,313,265 occurred in the governmental activities and \$3,006,962 occurred in the business-type activities.

The City's total debt decreased by \$451,817 during the current fiscal year. This change resulted from new debt issued of \$729,852 and debt repayments net of amortization of bond premium \$1,181,669.

During the current fiscal year, the City's operating grants and contributions increased \$4,595 (6.42 percent) mainly due to normal variance in grants received; capital grants and contributions increased \$46,063 (46063.00 percent) mainly due to new grants during current year; property taxes increased \$58,502 (1.29 percent) mainly due to an increase in assessed valuation; charges for services increased \$928,929 (10.02 percent) mainly due to due to higher natural gas costs, and an increase in sanitation fees due to increased costs; and total expenses increased \$2,684,326 (11.71 percent) mainly due to higher gas prices, increased sanitation costs, and inflation.

## 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. However, these boards have minimal or no financial activity and these activities are not considered material to the financial statements. Any assets, liabilities, revenues, or expenses of these activities are budgeted and accounted for in the general fund.

The government-wide financial statements can be found on pages 20 – 22 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, tourism fund and the ARPA fund has been provided in the financial statements on pages 89 – 95 to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 23 – 27 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 28 – 33 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 34 – 86 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 87 – 100 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 101 – 103 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 \$36,980,053 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 79.1 percent or \$29,253,325) 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 21.6 percent or \$7,996,783) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position deficit is approximately 0.7 percent or \$270,055.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in governmental activities of \$10,829,724 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 \$367,047 during the current fiscal year. This decrease was mainly due to the increase in net position from the governmental activities of \$207,618 including a prior period adjustment and the decrease in business-type activities of -\$574,665 after transfers 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               |          |                     |
|-----------------------------------|-------------------------|---------------|---------------------|--------------------------|---------------|---------------|---------------------|----------|---------------------|
|                                   | 2022                    | 2021          | Increase (Decrease) | % Change                 | 2022          | 2021          | Increase (Decrease) | % Change | Increase (Decrease) |
| Current and other assets          | \$ 21,461,789           | \$ 20,385,634 | \$ 1,076,155        | 5.3%                     | \$ 21,671,245 | \$ 23,673,086 | \$ (2,001,841)      | -8.5%    | \$ 44,058,720       |
| Capital assets                    | 18,937,322              | 17,289,250    | 1,648,072           | 9.5%                     | 23,850,141    | 22,244,842    | 1,605,299           | 7.2%     | \$ 39,534,092       |
| Total assets                      | 40,399,111              | 37,674,884    | 2,724,227           | 7.2%                     | 45,521,386    | 45,917,928    | (396,542)           | -0.9%    | 83,592,812          |
| Deferred outflows of resources    | 2,762,898               | 2,071,419     | 691,479             | 33.4%                    | 1,041,287     | 1,092,125     | (50,838)            | -4.7%    | 3,804,185           |
| Long-term liabilities outstanding | 26,763,717              | 20,760,578    | 6,003,139           | 28.9%                    | 15,070,933    | 14,252,786    | 818,147             | 5.7%     | 35,013,364          |
| Other liabilities                 | 3,193,526               | 2,987,391     | 206,135             | 6.9%                     | 2,070,362     | 1,256,468     | 813,894             | 64.8%    | 6,821,286           |
| Total liabilities                 | 29,957,243              | 23,747,969    | 6,209,274           | 26.1%                    | 17,141,295    | 15,509,254    | 1,632,041           | 10.5%    | 1,020,029           |
| Deferred inflows of resources     | 5,596,317               | 8,597,503     | (3,001,186)         | -34.9%                   | 49,774        | 1,554,530     | (1,504,756)         | -96.8%   | 7,841,315           |
| Net position                      | 10,441,390              | 11,662,308    | (1,220,918)         | -10.5%                   | 18,811,935    | 18,660,801    | 151,134             | 0.8%     | 10,152,033          |
| Net investment in capital assets  | 7,996,783               | 8,098,105     | (101,322)           | -1.3%                    | -             | -             | -                   | 0.0%     | (4,505,942)         |
| Restricted                        | (10,829,724)            | (12,359,582)  | 1,529,858           | -12.4%                   | 10,559,669    | 11,285,468    | (725,799)           | -6.4%    | 30,323,109          |
| Unrestricted                      |                         |               |                     |                          |               |               |                     |          | (1,069,784)         |
| Total Net Position                | \$ 7,608,449            | \$ 7,400,831  | \$ 207,618          | 2.8%                     | \$ 29,371,604 | \$ 29,946,269 | \$ (574,665)        | -1.9%    | 8,098,105           |
|                                   |                         |               |                     |                          |               |               |                     |          | (101,322)           |
|                                   |                         |               |                     |                          |               |               |                     |          | 804,059             |
|                                   |                         |               |                     |                          |               |               |                     |          | \$ (367,047)        |
|                                   |                         |               |                     |                          |               |               |                     |          | -1.0%               |

City of Batesville, Mississippi's Changes in Net Position

|                                       | Governmental Activities |               |                     | Business-Type Activities |               |              | Total               |          |                     |
|---------------------------------------|-------------------------|---------------|---------------------|--------------------------|---------------|--------------|---------------------|----------|---------------------|
|                                       | 2022                    | 2021          | Increase (Decrease) | % Change                 | 2022          | 2021         | Increase (Decrease) | % Change | Increase (Decrease) |
| Revenue                               | \$ 490,310              | \$ 442,013    | \$ 48,297           | 10.9%                    | \$ 9,712,262  | \$ 8,831,630 | \$ 880,632          | 10.0%    | \$ 9,273,643        |
| Program Revenues                      | 76,192                  | 71,597        | 4,595               | 6.4%                     | -             | -            | -                   | 0.0%     | 71,597              |
| Charges for services                  | 41,163                  | 100           | 41,063              | 41063.0%                 | 5,000         | -            | 5,000               | 0.0%     | 4,595               |
| Operating grants and contributions    |                         |               |                     |                          |               |              |                     |          | 46,063              |
| Capital grants and contributions      |                         |               |                     |                          |               |              |                     |          | 46063.0%            |
| General Revenues                      | 4,351,597               | 4,284,688     | 66,909              | 1.6%                     | 245,428       | 253,835      | (8,407)             | -3.3%    | 58,502              |
| Taxes                                 | 588,295                 | 582,180       | 6,115               | 1.1%                     | -             | -            | -                   | 0.0%     | 6,115               |
| Property taxes and late fees          | 7,990,742               | 7,374,538     | 616,204             | 8.4%                     | -             | -            | -                   | 0.0%     | 616,204             |
| Road and bridge taxes                 | 344,682                 | 340,121       | 4,561               | 1.3%                     | -             | -            | -                   | 0.0%     | 4,561               |
| Sales, use, and tourism tax           | 258,108                 | 271,707       | (13,599)            | -5.0%                    | -             | -            | -                   | 0.0%     | (13,599)            |
| Franchise tax                         | 200,445                 | 181,440       | 19,005              | 10.5%                    | -             | -            | -                   | 0.0%     | 19,005              |
| In lieu taxes                         | 50,125                  | 44,236        | 5,889               | 13.3%                    | 47,990        | 51,477       | (3,487)             | -6.8%    | 2,402               |
| Other taxes and state shared revenues | -                       | 300           | (300)               | -100.0%                  | -             | -            | -                   | 0.0%     | (300)               |
| Investment income                     | 38,203                  | 40,321        | (2,118)             | -5.3%                    | -             | -            | -                   | 0.0%     | (2,118)             |
| Unrestricted grants and contributions |                         |               |                     |                          |               |              |                     |          | 38,203              |
| Other                                 |                         |               |                     |                          |               |              |                     |          | \$ 22,770,183       |
| Total revenue                         | \$ 14,429,862           | \$ 13,633,241 | \$ 796,621          | 5.8%                     | \$ 10,010,680 | \$ 9,136,942 | \$ 873,738          | 9.6%     | \$ 1,670,359        |
|                                       |                         |               |                     |                          |               |              |                     |          | 7.3%                |

Government-wide Financial Analysis - continued

City of Batesville, Mississippi's Changes in Net Position

|  | Governmental Activities |                     |              |                     | Business-Type Activities |                     |               |                     | Total         |                     |               |                     |
|--|-------------------------|---------------------|--------------|---------------------|--------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|
|  | 2022                    |                     | 2021         |                     | 2022                     |                     | 2021          |                     | 2022          |                     | 2021          |                     |
|  |                         | Increase (Decrease) |              | Increase (Decrease) |                          | Increase (Decrease) |               | Increase (Decrease) |               | Increase (Decrease) |               | Increase (Decrease) |
|  |                         | % Change            |              | % Change            |                          | % Change            |               | % Change            |               | % Change            |               | % Change            |
| Expenses:  |                         |                     |              |                     |                          |                     |               |                     |               |                     |               |                     |
| General government   | \$ 1,485,148            |                     | \$ 1,819,024 |                     | \$ -                     |                     | \$ -          |                     | \$ 1,485,148  |                     | \$ 1,819,024  |                     |
| Public safety  | 8,601,944               | -18.4%              | 7,117,170    | 20.9%               | -                        | -                   | -             | -                   | 8,601,944     | 0.0%                | 7,117,170     | 0.0%                |
| Streets  | 2,964,921               | 20.9%               | 2,591,525    | 14.4%               | -                        | -                   | -             | -                   | 2,964,921     | 0.0%                | 2,591,525     | 0.0%                |
| Other  | 2,465,509               | 14.4%               | 2,915,400    | -15.4%              | -                        | -                   | -             | -                   | 2,465,509     | 0.0%                | 2,915,400     | 0.0%                |
| Interest   | 284,369                 | -15.4%              | 283,154      | 0.4%                | -                        | -                   | -             | -                   | 284,369       | 0.0%                | 283,154       | 0.0%                |
| Water and Sewer  | -                       | 0.4%                | -            | 0.0%                | 4,282,922                | 0.0%                | 4,048,560     | 5.8%                | 4,282,922     | 5.8%                | 4,048,560     | 5.8%                |
| Natural Gas  | -                       | 0.0%                | -            | 0.0%                | 3,857,321                | 0.0%                | 2,758,462     | 39.8%               | 3,857,321     | 39.8%               | 2,758,462     | 39.8%               |
| Civic Center   | -                       | 0.0%                | -            | 0.0%                | 925,110                  | 0.0%                | 856,577       | 8.0%                | 925,110       | 8.0%                | 856,577       | 8.0%                |
| Sanitation   | -                       | 0.0%                | -            | 0.0%                | 740,615                  | 0.0%                | 533,661       | 38.8%               | 740,615       | 38.8%               | 533,661       | 38.8%               |
| Total expenses   | 15,801,891              | 7.3%                | 14,726,273   | 1,075,618           | 9,805,988                | 7.3%                | 8,197,260     | 1,608,708           | 25,607,859    | 19.6%               | 22,923,533    | 11.7%               |
| Increase (decrease) in net assets before contributions and transfers | (1,372,029)             |                     | (1,093,032)  | (278,997)           | 204,712                  | 25.5%               | 939,682       | (734,970)           | (1,167,317)   | -78.2%              | (153,350)     | 661.2%              |
| Gain (loss) on disposition of capital assets                         | 8,922                   |                     | 128,583      | (119,661)           | 20,623                   | -93.1%              | 776           | 19,847              | 29,545        | 2557.6%             | 129,359       | -77.2%              |
| Transfers  | 800,000                 | 166.7%              | 300,000      | 500,000             | (800,000)                | 166.7%              | (300,000)     | (500,000)           | -             | 0.0%                | -             | 0.0%                |
| Increase (decrease) in net position                                  | (563,107)               |                     | (664,449)    | 101,342             | (574,665)                | 0.0%                | 640,458       | (1,215,123)         | (1,137,772)   | -189.7%             | (23,991)      | 4642.5%             |
| Net position--beginning of year                                      | 7,400,831               |                     | 8,065,280    | (664,449)           | 29,946,269               | -8.2%               | 29,305,811    | 640,458             | 37,347,100    | 2.2%                | 37,371,091    | -0.1%               |
| Prior period adjustment  | 770,725                 |                     | -            | 770,725             | -                        | 0.0%                | -             | -                   | 770,725       | 0.0%                | -             | 0.0%                |
| Net position--end of year  | \$ 7,608,449            | 2.8%                | \$ 7,400,831 | \$ 207,618          | \$ 29,371,604            | 2.8%                | \$ 29,946,269 | \$ (574,665)        | \$ 36,980,053 | -1.9%               | \$ 37,347,100 | \$ (367,047)        |

Governmental activities

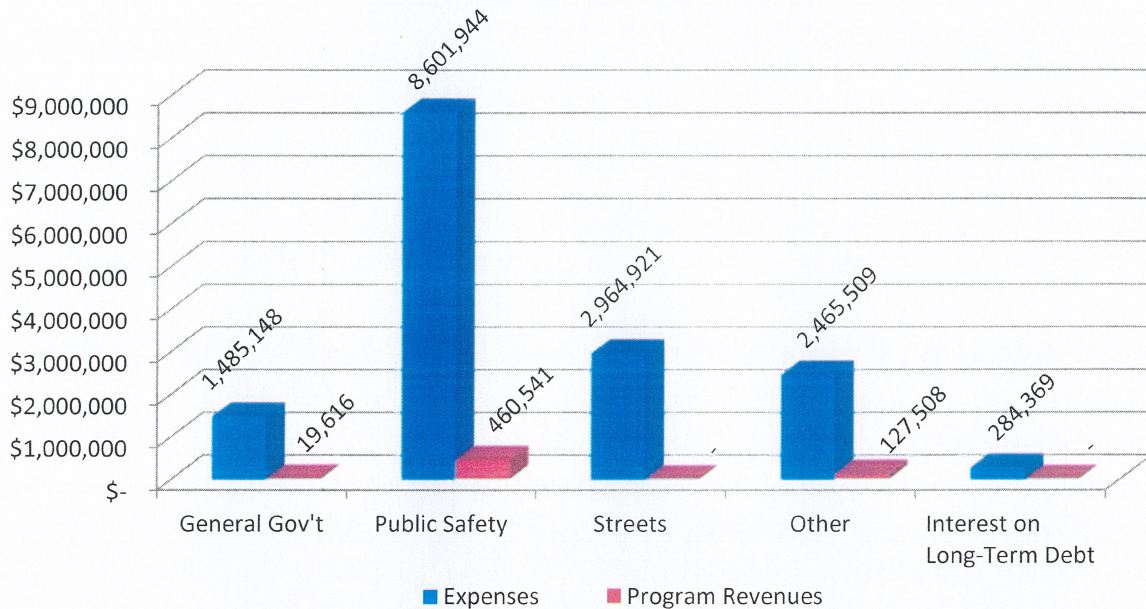
Governmental activities, including transfers and prior period adjustment, increased the City's net position by \$207,618 during the current year. By comparison, governmental activities including transfers reported a decrease in net position from the previous fiscal year of approximately \$664,449. Key elements of the changes are detailed above.



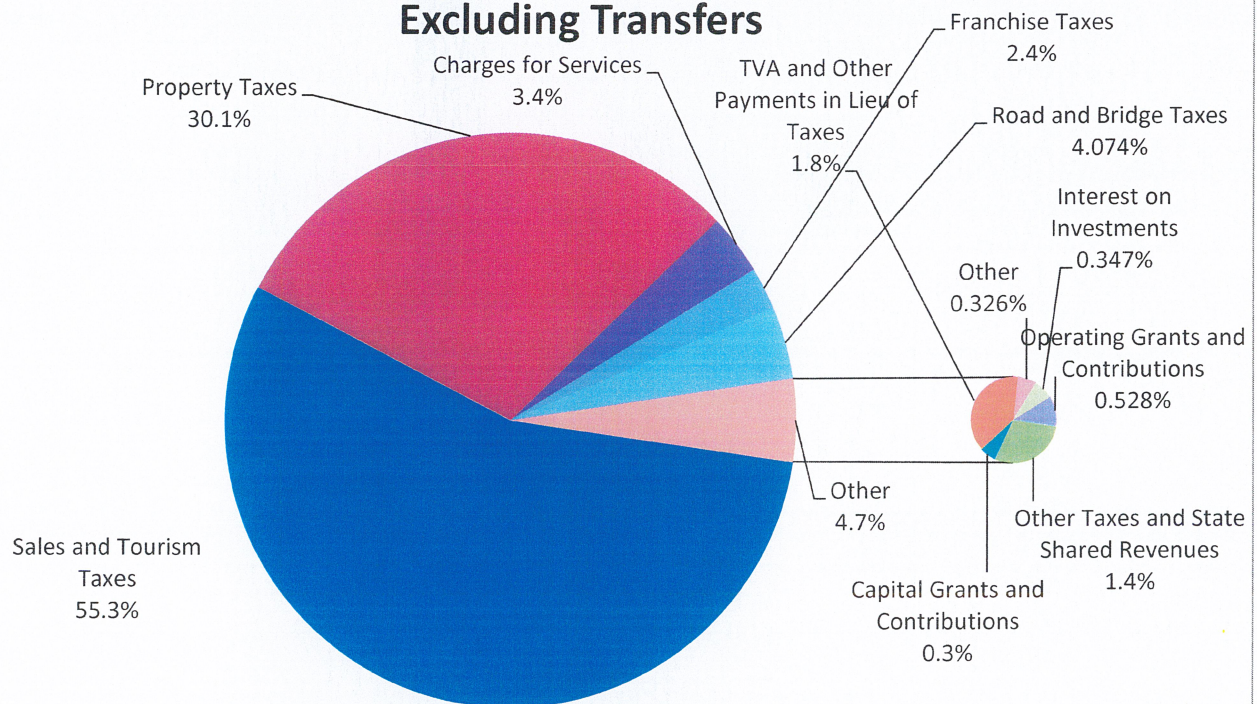
## Government-wide Financial Analysis - continued

### Governmental activities - continued

#### Expense and Program Revenues - Governmental Activities



#### Revenues by Source - Governmental Activities Excluding Transfers

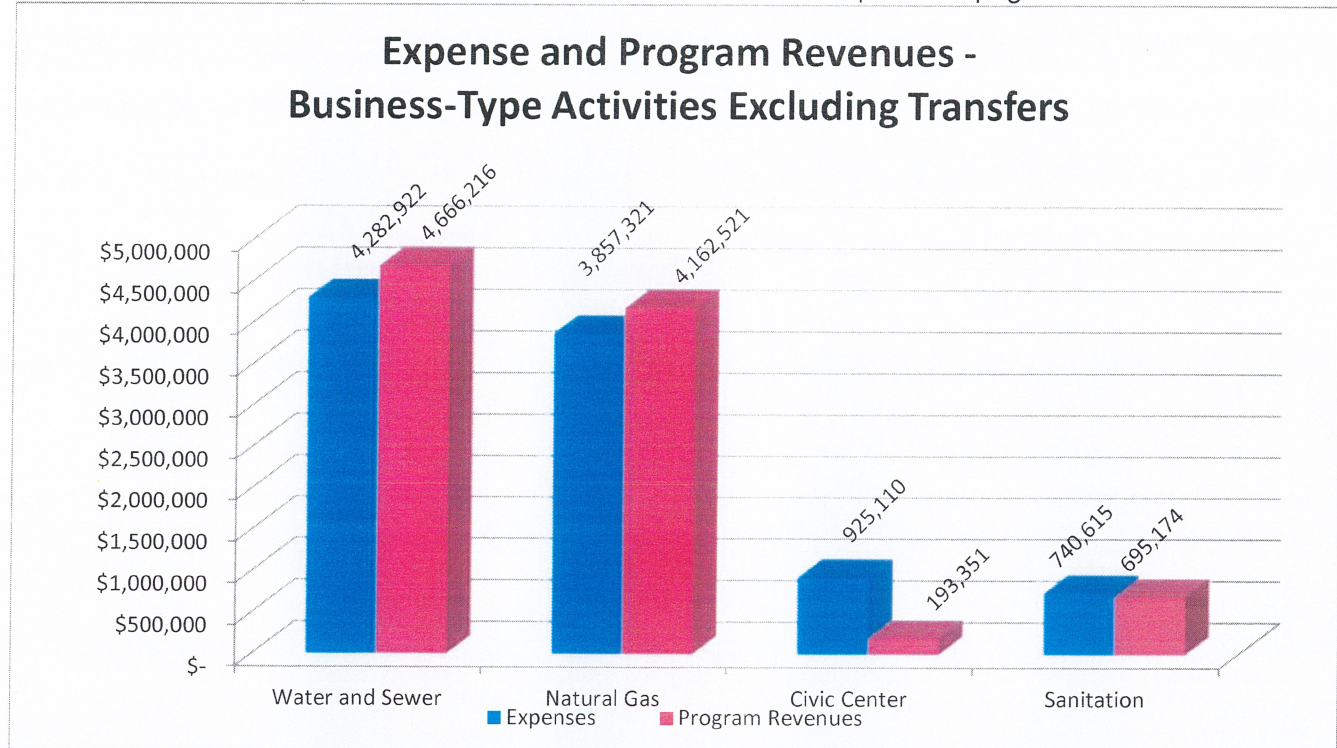




## Government-wide Financial Analysis - continued

### Business-type activities

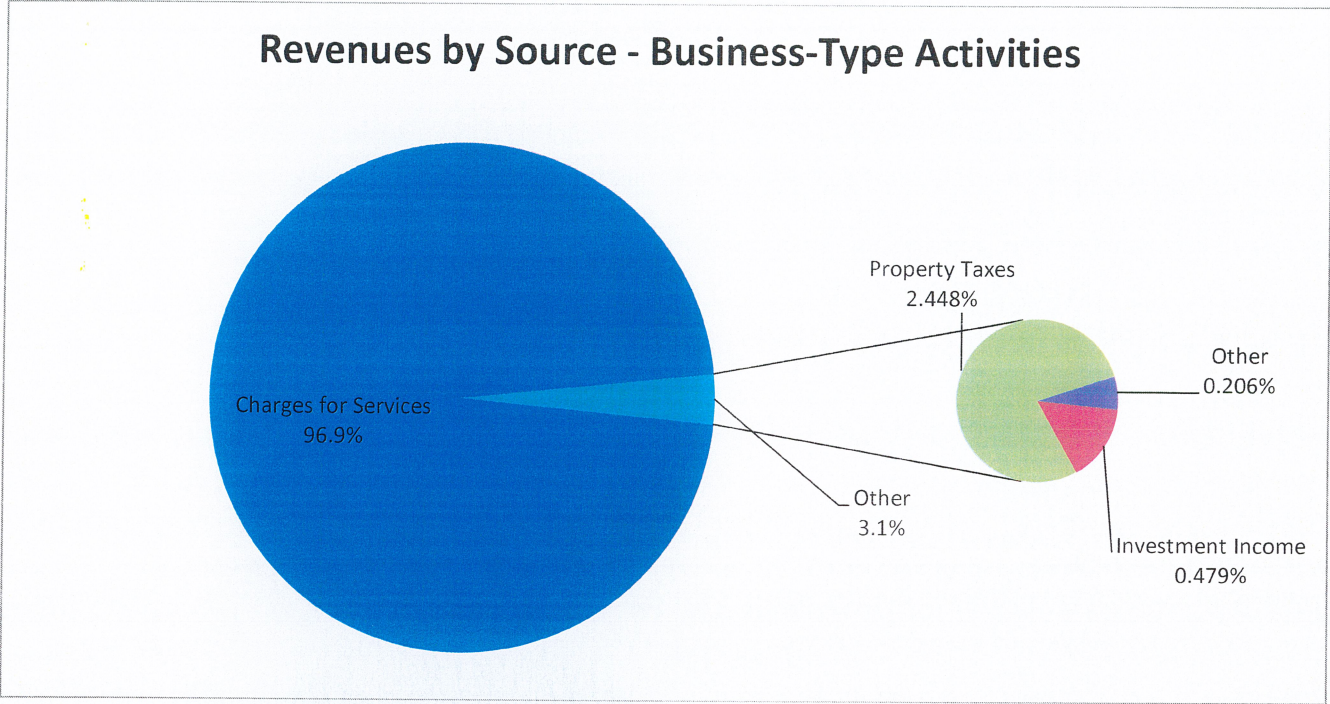
Business-type activities reported a decrease in the City's net position by \$574,665 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$640,458. Key elements of this decrease are detailed on previous pages.





**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 \$11,898,136, a decrease of \$17,633 compared to the prior year. The City reported a balance of \$854,229 in unassigned fund balance.

The remainder of fund balance \$11,043,907 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 \$854,229, while total fund balance was \$4,694,141. 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 6.2 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$122,559 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 \$4,069,167, \$6,886,811, \$(374,636), and \$(21,673), respectively. The water and sewer fund had a decrease in net position for the year of \$1,064,200, the gas fund had an increase in net position for the year of \$320,203, the civic center fund had an increase in net position for the year of \$214,773, and the waste collection fund had a decrease in net position for the year of \$45,441.

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 no amendments to its original budget as detailed on Schedule 3 and 4.

During the year, general fund revenues were more 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 \$2,717,304.

During the year, tourism fund revenues were more than the budgetary estimates and expenditures were more than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$1,035,109.

During the year, ARPA fund revenues were more than the budgetary estimates and expenditures were equal to the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$1,280.



## 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, 2022, amounted to \$42,787,463 (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 8.2 percent (an approximate 9.5 percent increase for governmental activities and an approximate 7.2 percent increase for business-type activities).

Major capital asset additions are as follows:

|   |           |
|---|-----------|
| Court department furniture and equipment                    | \$ 4,382  |
| Code department furniture and equipment                     | 4,811     |
| Fire department furniture, automotive, and equipment        | 221,208   |
| Fire department building and improvements                   | 247,746   |
| Fire department federal grant equipment                     | 13,500    |
| Park and recreation equipment                               | 32,286    |
| Park buildings and improvements                             | 50,750    |
| Police automotive, furniture and equipment                  | 453,192   |
| Police buildings and improvements                           | 14,836    |
| Street automotive, furniture and equipment                  | 405,969   |
| Street paving   | 63,876    |
| Supervision and finance automotive, furniture and equipment | 16,390    |
| Supervision and finance building and improvements           | 4,990     |
| Construction in progress                                    | 623,137   |
| Governmental leased right to use assets                     | 156,194   |
| Gas land easements  | 59,560    |
| Gas automotive, furniture and equipment                     | 12,669    |
| Gas buildings and improvements                              | 12,455    |
| Gas distribution system                                     | 96,290    |
| Gas construction in progress                                | 200,689   |
| Gas leased right to use assets                              | 3,899     |
| Water land easements  | 30,000    |
| Water and sewer automotive, furniture and equipment         | 121,792   |
| Water and sewer construction in progress                    | 927,915   |
| Water and sewer distribution system                         | 1,469,331 |
| Water and Sewer leased right to use assets                  | 62,013    |
| Civic center automotive, furniture and equipment            | 6,930     |
| Civic Center leased right to use assets                     | 3,433     |

## Capital Asset and Debt Administration - continued

### Capital assets - continued

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

|                                       | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|---------------------------------------|------------------------------------|-------------------------------------|----------------------|
| Land                                  | \$ 1,953,710                       | \$ 613,660                          | \$ 2,567,370         |
| Construction in progress              | 623,137                            | 1,128,605                           | 1,751,742            |
| Infrastructure                        | 5,582,853                          | -                                   | 5,582,853            |
| Building and improvements             | 7,675,652                          | 6,386,370                           | 14,062,022           |
| Natural gas system                    | -                                  | 1,222,388                           | 1,222,388            |
| Water and sewer system                | -                                  | 12,867,752                          | 12,867,752           |
| Automotive, equipment and furnishings | 3,014,185                          | 1,594,719                           | 4,608,904            |
| Leased right to use assets            | 87,785                             | 36,647                              | 124,432              |
| <b>Total</b>                          | <b>\$ 18,937,322</b>               | <b>\$ 23,850,141</b>                | <b>\$ 42,787,463</b> |

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 \$18,385,778. Of this amount, \$8,173,382 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

#### City of Batesville, Mississippi's Outstanding Debt

##### General Obligation and Revenue Bonds

|                               | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|-------------------------------|------------------------------------|-------------------------------------|----------------------|
| General obligation bonds      | \$ 8,173,382                       | \$ -                                | \$ 8,173,382         |
| Financed purchase obligations | 786,049                            | -                                   | 786,049              |
| Lease liability               | 84,222                             | 35,185                              | 119,407              |
| Revenue bonds                 | -                                  | 9,306,940                           | 9,306,940            |
| <b>Total</b>                  | <b>\$ 9,043,653</b>                | <b>\$ 9,342,125</b>                 | <b>\$ 18,385,778</b> |

The City's total debt decreased by \$133,200 (approximately 0.7 percent) during the current fiscal year. There were new capital and operating lease agreements totaling \$784,018 issued during the year.

## **Capital Asset and Debt Administration - continued**

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 \$12,039,922. Additional information on the City's long-term debt can be found in Note H on pages 67 – 73 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 2023 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 \$854,229.

## **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, 2022**

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>            |
|---|------------------------------------|-------------------------------------|-------------------------|
| <b>ASSETS</b>   |                                    |                                     |                         |
| Cash and cash equivalents   | \$ 4,348,173                       | \$ 14,901,641                       | \$ 19,249,814           |
| Restricted cash and cash equivalents                                  | 8,346,910                          | 4,918,968                           | 13,265,878              |
| Receivables (Net, where applicable, of allowances for uncollectibles) |                                    |                                     |                         |
| Property taxes (net of allowances of \$96,682)                        | 5,292,651                          | 6,445                               | 5,299,096               |
| Police fines (net of allowances of \$2,332,826)                       | 95,064                             | -                                   | 95,064                  |
| Accounts (net of allowances of \$501,588)                             | -                                  | 1,505,501                           | 1,505,501               |
| Franchise fees (net of allowances of \$0)                             | 156,581                            | -                                   | 156,581                 |
| Accrued interest (net of allowances of \$0)                           | 894                                | -                                   | 894                     |
| Lease receivables (net of allowances of \$0)                          | 323,780                            | 31,971                              | 355,751                 |
| Loans receivable (net of allowances of \$496,184)                     | 338,240                            | -                                   | 338,240                 |
| Prepaid items   | 298,792                            | 168,192                             | 466,984                 |
| Inventory   | -                                  | 646,217                             | 646,217                 |
| Due from other governments  | 1,725,614                          | 27,400                              | 1,753,014               |
| Due (to) from other funds   | 535,090                            | (535,090)                           | -                       |
| Land and construction in progress                                     | 2,576,847                          | 1,742,265                           | 4,319,112               |
| Right to use leased assets (net of accumulated amortization)          | 87,785                             | 36,647                              | 124,432                 |
| Other capital assets (net of accumulated depreciation)                | <u>16,272,690</u>                  | <u>22,071,229</u>                   | <u>38,343,919</u>       |
| <br>Total Assets  | <br><u>40,399,111</u>              | <br><u>45,521,386</u>               | <br><u>85,920,497</u>   |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                                    |                                     |                         |
| Deferred outflows pertaining to pensions                              | <u>2,762,898</u>                   | <u>1,041,287</u>                    | <u>3,804,185</u>        |
| <br>Total Deferred Outflows of Resources                              | <br><u>\$ 2,762,898</u>            | <br><u>\$ 1,041,287</u>             | <br><u>\$ 3,804,185</u> |

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2022**

|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>LIABILITIES</b>                                 |                                    |                                     |                      |
| Accounts payable - operations                      | \$ 825,012                         | \$ 624,775                          | \$ 1,449,787         |
| Accounts payable - capital assets                  | 6,511                              | 620,844                             | 627,355              |
| Bank overdraft                                     | -                                  | -                                   |                      |
| Accrued interest                                   | 31,746                             | 26,855                              | 58,601               |
| Accrued liabilities                                | 507,451                            | 182,839                             | 690,290              |
| Unearned revenue                                   | 1,783,010                          | -                                   | 1,783,010            |
| Customer deposits                                  | -                                  | 615,049                             | 615,049              |
| Liabilities payable from restricted assets:        |                                    |                                     |                      |
| Accounts payable - operations                      | 19,272                             | -                                   | 19,272               |
| Builders compliance bonds and seized funds held    | 20,524                             | -                                   | 20,524               |
| Long-term debt and capital leases                  |                                    |                                     |                      |
| Due within one year                                |                                    |                                     |                      |
| Bonds, notes, and financed purchase obligations    | 348,496                            | 242,702                             | 591,198              |
| Lease liability                                    | 71,046                             | 33,306                              | 104,352              |
| Compensated absence                                | 42,228                             | 19,204                              | 61,432               |
| Due in more than one year                          |                                    |                                     |                      |
| Net pension liability                              | 17,291,664                         | 5,551,646                           | 22,843,310           |
| Bonds, notes, and financed purchase obligations    | 8,610,935                          | 9,064,238                           | 17,675,173           |
| Lease liability                                    | 13,176                             | 1,879                               | 15,055               |
| Compensated absense                                | 386,172                            | 157,958                             | 544,130              |
| <b>Total Liabilities</b>                           | <b>29,957,243</b>                  | <b>17,141,295</b>                   | <b>47,098,538</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                                    |                                     |                      |
| Deferred inflows pertaining to leases              | 317,405                            | 31,706                              | 349,111              |
| Deferred inflows pertaining to pensions            | 141,183                            | 13,050                              | 154,233              |
| Deferred inflows pertaining to unavailable revenue | 5,137,729                          | 5,018                               | 5,142,747            |
| <b>Total Deferred Inflows of Resources</b>         | <b>5,596,317</b>                   | <b>49,774</b>                       | <b>5,646,091</b>     |
| <b>NET POSITION</b>                                |                                    |                                     |                      |
| Net investment in capital assets                   | 10,441,390                         | 18,811,935                          | 29,253,325           |
| Restricted for:                                    |                                    |                                     |                      |
| Debt service - expendable                          | 250,009                            | -                                   | 250,009              |
| Library operations - expendable                    | 407,872                            | -                                   | 407,872              |
| Capital improvements - expendable                  | 1,727,002                          | -                                   | 1,727,002            |
| Economic development - expendable                  | 1,818,992                          | -                                   | 1,818,992            |
| Other - expendable                                 | 153,964                            | -                                   | 153,964              |
| Tourism development - expendable                   | 3,576,579                          | -                                   | 3,576,579            |
| Unemployment - expendable                          | 62,365                             | -                                   | 62,365               |
| Unrestricted (deficit)                             | (10,829,724)                       | 10,559,669                          | (270,055)            |
| <b>TOTAL NET POSITION</b>                          | <b>\$ 7,608,449</b>                | <b>\$ 29,371,604</b>                | <b>\$ 36,980,053</b> |

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Statement of Activities**  
**For the fiscal year ended September 30, 2022**

| 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               |
|   |                      | Expenses                       | Operating Grants & Contributions |   |                                |                     |
| <b>Governmental Activities:</b>                     |                      |                                |                                  |   |                                |                     |
| General government                                  | \$ 1,485,148         | \$ 236                         | \$ 2,455                         | \$ 16,925                                       | \$ (1,465,532)                 | \$ (1,465,532)      |
| City court  | 211,931              | 2,872                          | -                                | -   | (209,059)                      | (209,059)           |
| Police  | 5,013,491            | 344,659                        | 25,133                           | 8,238   | (4,635,461)                    | (4,635,461)         |
| Fire  | 3,588,453            | 17,907                         | 48,604                           | 16,000  | (3,505,942)                    | (3,505,942)         |
| Streets   | 2,964,921            | -                              | -                                | -   | (2,964,921)                    | (2,964,921)         |
| Public health and sanitation                        | 423,421              | 10,183                         | -                                | -   | (413,238)                      | (413,238)           |
| Library   | 319,719              | -                              | -                                | -   | (319,719)                      | (319,719)           |
| Parks and recreation                                | 481,699              | 35,033                         | -                                | -   | (446,666)                      | (446,666)           |
| Code  | 385,452              | 79,420                         | -                                | -   | (306,032)                      | (306,032)           |
| Economic development                                | 643,287              | -                              | -                                | -   | (643,287)                      | (643,287)           |
| Interest on long term debt                          | 284,369              | -                              | -                                | -   | (284,369)                      | (284,369)           |
| Total Governmental Activities                       | 15,801,891           | 490,310                        | 76,192                           | 41,163  | (15,194,226)                   | (15,194,226)        |
| <b>Business-Type Activities:</b>                    |                      |                                |                                  |   |                                |                     |
| Water   | 1,890,504            | 2,458,729                      | -                                | -   | 568,225                        | 568,225             |
| Sewer   | 2,392,418            | 2,202,487                      | -                                | 5,000   | (184,931)                      | (184,931)           |
| Gas   | 3,857,321            | 4,162,521                      | -                                | -   | 305,200                        | 305,200             |
| Civic center  | 925,110              | 193,351                        | -                                | -   | (731,759)                      | (731,759)           |
| Sanitation  | 740,615              | 695,174                        | -                                | -   | (45,441)                       | (45,441)            |
| Total Business-Type Activities                      | 9,805,968            | 9,712,262                      | -                                | 5,000   | (88,706)                       | (88,706)            |
| <b>TOTAL PRIMARY GOVERNMENT</b>                     | <b>\$ 25,607,859</b> | <b>\$ 10,202,572</b>           | <b>\$ 76,192</b>                 | <b>\$ 46,163</b>                                | <b>(15,194,226)</b>            | <b>(15,282,932)</b> |
| <b>General Revenues</b>                             |                      |                                |                                  |   |                                |                     |
| <b>Taxes</b>  |                      |                                |                                  |   |                                |                     |
| Property taxes and late fees                        |                      |                                |                                  | 4,351,597                                       | 245,428                        | 4,597,025           |
| Road and bridge taxes                               |                      |                                |                                  | 588,295   | -                              | 588,295             |
| Sales, modernization use tax and tourism tax        |                      |                                |                                  | 7,990,742                                       | -                              | 7,990,742           |
| Homestead   |                      |                                |                                  | 123,996   | -                              | 123,996             |
| Franchise tax                                       |                      |                                |                                  | 344,682   | -                              | 344,682             |
| TVA and other payments in lieu of taxes             |                      |                                |                                  | 258,108   | -                              | 258,108             |
| Other taxes   |                      |                                |                                  | 65,536  | -                              | 65,536              |
| Municipal aid and gasoline tax                      |                      |                                |                                  | 10,913  | -                              | 10,913              |
| Investment income                                   |                      |                                |                                  | 50,125  | 47,990                         | 98,115              |
| Reduction for uncollectable loans                   |                      |                                |                                  | 1,186   | -                              | 1,186               |
| Other   |                      |                                |                                  | 37,017  | -                              | 37,017              |
| Gain (loss) on sale or retirement of capital assets |                      |                                |                                  | 8,922   | 20,623                         | 29,545              |
| Transfers   |                      |                                |                                  | 800,000   | (800,000)                      | -                   |
| Total   |                      |                                |                                  | 14,631,119                                      | (485,959)                      | 14,145,160          |
| Change in Net Position                              |                      |                                |                                  | (563,107)                                       | (574,665)                      | (1,137,772)         |
| NET POSITION--BEGINNING                             |                      |                                |                                  | 7,400,831                                       | 29,946,269                     | 37,347,100          |
| Prior period adjustment                             |                      |                                |                                  | 770,725   | -                              | 770,725             |
| RESTATED NET POSITION--BEGINNING                    |                      |                                |                                  | 8,171,556                                       | 29,946,269                     | 38,117,825          |
| NET POSITION--ENDING                                |                      |                                |                                  | \$ 7,608,449                                    | \$ 29,371,604                  | \$ 36,980,053       |

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

**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2022**

|   |                         |                         |                      | <b>Nonmajor<br/>Other</b>     |   |
|---|-------------------------|-------------------------|----------------------|-------------------------------|---|
|   | <b>General<br/>Fund</b> | <b>Tourism<br/>Fund</b> | <b>ARPA<br/>Fund</b> | <b>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| <b>ASSETS</b>   |                         |                         |                      |                               |   |
| Cash and cash equivalents   | \$ 4,348,172            | \$ -                    | \$ -                 | \$ -                          | \$ 4,348,172                            |
| Restricted cash and cash equivalents                                | 896,425                 | 3,281,257               | 888,581              | 3,280,648                     | 8,346,911                               |
| Receivables (net of allowance for uncollectibles)                   |                         |                         |                      |                               |   |
| Taxes   | 4,824,203               | -                       | -                    | 468,448                       | 5,292,651                               |
| Police fines  | 95,064                  | -                       | -                    | -                             | 95,064                                  |
| Interest  | -                       | -                       | -                    | 894                           | 894                                     |
| Franchise fees  | 156,581                 | -                       | -                    | -                             | 156,581                                 |
| Due from other funds  | 788,916                 | -                       | 887,255              | 346,998                       | 2,023,169                               |
| Due from other governments  | 1,107,449               | 297,168                 | -                    | 320,997                       | 1,725,614                               |
| Lease receivable - net  | 323,780                 | -                       | -                    | -                             | 323,780                                 |
| Loans receivable - net  | 12,359                  | -                       | -                    | 325,881                       | 338,240                                 |
| Total assets  | <u>\$ 12,552,949</u>    | <u>\$3,578,425</u>      | <u>\$1,775,836</u>   | <u>\$ 4,743,866</u>           | <u>\$ 22,651,076</u>                    |
| <b>LIABILITIES</b>  |                         |                         |                      |                               |   |
| Accounts payable - operations                                       | \$ 675,551              | \$ 1,846                | \$ -                 | \$ 147,616                    | \$ 825,013                              |
| Accounts payable - fixed assets                                     | 6,511                   | -                       | -                    | -                             | 6,511                                   |
| Accrued liabilities   | 507,451                 | -                       | -                    | -                             | 507,451                                 |
| Unearned revenue  | 8,500                   | -                       | 1,774,510            | -                             | 1,783,010                               |
| Compensated absences  | 42,228                  | -                       | -                    | -                             | 42,228                                  |
| Due to other funds  | 1,304,774               | -                       | -                    | 183,305                       | 1,488,079                               |
| Liabilities payable from restricted assets                          |                         |                         |                      |                               |   |
| Accounts payable  | 16,627                  | -                       | -                    | 2,644                         | 19,271                                  |
| Builders compliance bonds and seized funds held                     | 16,888                  | -                       | -                    | 3,636                         | 20,524                                  |
| Total liabilities   | <u>2,578,530</u>        | <u>1,846</u>            | <u>1,774,510</u>     | <u>337,201</u>                | <u>4,692,087</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                         |                         |                      |                               |   |
| Leases  | 317,405                 | -                       | -                    | -                             | 317,405                                 |
| Unavailable revenue   | 4,962,873               | -                       | -                    | 780,575                       | 5,743,448                               |
| Total deferred inflows of resources                                 | <u>5,280,278</u>        | <u>-</u>                | <u>-</u>             | <u>780,575</u>                | <u>6,060,853</u>                        |
| <b>FUND BALANCES</b>  |                         |                         |                      |                               |   |
| Nonspendable  | 18,734                  | -                       | -                    | -                             | 18,734                                  |
| Restricted  | 470,237                 | 3,576,579               | 1,326                | 3,626,090                     | 7,674,232                               |
| Committed   | 528,160                 | -                       | -                    | -                             | 528,160                                 |
| Assigned  | 2,822,781               | -                       | -                    | -                             | 2,822,781                               |
| Unassigned  | 854,229                 | -                       | -                    | -                             | 854,229                                 |
| Total fund balance  | <u>4,694,141</u>        | <u>3,576,579</u>        | <u>1,326</u>         | <u>3,626,090</u>              | <u>11,898,136</u>                       |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,552,949</u>    | <u>\$3,578,425</u>      | <u>\$1,775,836</u>   | <u>\$ 4,743,866</u>           | <u>\$ 22,651,076</u>                    |

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

**CITY OF BATESVILLE, STATE OF MISSISSIPPI**  
**Reconciliation of Fund Balances of Governmental Funds to the**  
**Governmental Activities in the Statement of Net Position**  
**September 30, 2022**

|                                     |               |
|-------------------------------------|---------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 11,898,136 |
|-------------------------------------|---------------|

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

Capital assets used in governmental activities are not financial resources and; therefore, were not reported in the governmental funds. The capital assets were adjusted as follows:

|  |              |
|--|--------------|
| Land improvements and construction in progress | 2,576,847    |
| Other capital assets                           | 49,909,421   |
| Less accumulated depreciation                  | (33,636,731) |
| Leased right to use assets                     | 156,194      |
| Less accumulated amortization                  | (68,409)     |

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            | 61,375  |
| Revenues - modernization use tax   | 320,997 |
| Revenues - payments in lieu of tax | 172,413 |
| Revenues - privilege tax           | 21,514  |
| Revenues - property taxes          | 17,839  |
| Revenues - grants                  | 2,418   |
| Revenues - municipal aid           | 3,761   |
| Revenues - franchise fees          | 5,402   |

|  |         |
|--|---------|
| The City's policy is to not recognize prepaid items as assets at the fund level; therefore they are not reported in the funds. | 298,792 |
|--|---------|

|  |          |
|--|----------|
| 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. | (31,746) |
|--|----------|

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 | (8,173,382) |
| Capital leases           | (786,049)   |
| GASB 87 operating leases | (84,222)    |
| Compensated absences     | (386,172)   |

|   |              |
|---|--------------|
| Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements. | (17,291,664) |
|---|--------------|

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 | 2,762,898 |
| Deferred inflows related to pensions     | (141,183) |

|   |                     |
|---|---------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ <u>7,608,449</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, 2022**

|   | <b>General</b> | <b>Tourism Fund</b> | <b>ARPA Fund</b> | <b>Nonmajor<br/>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|----------------|---------------------|------------------|--|---|
| <b><u>REVENUES</u></b>                                    |                |                     |                  |  |   |
| Advalorem taxes, penalties and interest                   | \$ 3,931,289   | -                   | -                | \$ 414,966   | \$ 4,346,255                            |
| Road and bridge taxes                                     | 588,295        | -                   | -                | -  | 588,295                                 |
| In lieu of taxes - General Electric                       | 85,694         | -                   | -                | -  | 85,694                                  |
| License, permits, and fees                                | 118,498        | -                   | -                | -  | 118,498                                 |
| Federal grants  | 57,614         | -                   | -                | -  | 57,614                                  |
| Sales tax   | 5,514,532      | -                   | -                | 710,250  | 6,224,782                               |
| Liquor privilege tax                                      | 14,925         | -                   | -                | -  | 14,925                                  |
| Fire protection   | 46,091         | -                   | -                | -  | 46,091                                  |
| Police academy training                                   | 12,545         | -                   | -                | -  | 12,545                                  |
| Gasoline tax and municipal aid                            | 7,153          | -                   | -                | -  | 7,153                                   |
| Homestead reimbursement                                   | 123,996        | -                   | -                | -  | 123,996                                 |
| In lieu of taxes - TVA                                    | 169,322        | -                   | -                | -  | 169,322                                 |
| Tourism tax   | -              | 1,690,130           | -                | -  | 1,690,130                               |
| Franchise taxes   | 339,279        | -                   | -                | -  | 339,279                                 |
| Municipal court fines and bond fees                       | 75,764         | -                   | -                | 11,634   | 87,398                                  |
| Cops in school charges                                    | 260,786        | -                   | -                | -  | 260,786                                 |
| Parks and recreation                                      | 32,283         | -                   | -                | -  | 32,283                                  |
| Fire department revenue - local                           | 20,420         | -                   | -                | -  | 20,420                                  |
| Interest income   | 23,237         | 5,735               | 1,280            | 19,873   | 50,125                                  |
| Rents   | 32,274         | -                   | -                | -  | 32,274                                  |
| Contributions and donations                               | 5,205          | -                   | -                | -  | 5,205                                   |
| Reduction for uncollectable loans                         | -              | -                   | -                | 1,186  | 1,186                                   |
| Other   | 28,794         | -                   | -                | 696  | 29,490                                  |
| Total revenues  | 11,487,996     | 1,695,865           | 1,280            | 1,158,605  | 14,343,746                              |
| <b><u>EXPENDITURES</u></b>                                |                |                     |                  |  |   |
| <b>Current</b>  |                |                     |                  |  |   |
| General government  | 1,399,688      | 114,000             | -                | 29,358   | 1,543,046                               |
| City court  | 193,338        | -                   | -                | -  | 193,338                                 |
| Police  | 4,289,469      | -                   | -                | 1,710  | 4,291,179                               |
| Fire  | 2,905,573      | -                   | -                | -  | 2,905,573                               |
| Streets   | 1,935,677      | -                   | -                | -  | 1,935,677                               |
| Public health and sanitation                              | 361,510        | -                   | -                | -  | 361,510                                 |
| Library   | 288,976        | -                   | -                | -  | 288,976                                 |
| Parks and recreation                                      | 367,780        | -                   | -                | -  | 367,780                                 |
| Code  | 342,024        | -                   | -                | -  | 342,024                                 |
| Economic development                                      | -              | 7,033               | -                | 486,425  | 493,458                                 |
| Capital outlay  | 1,575,309      | 13,173              | -                | 993,295  | 2,581,777                               |
| Principal retirement - capital lease                      | 54,766         | -                   | -                | -  | 54,766                                  |
| Principal retirement - operating lease                    | 71,973         | -                   | -                | -  | 71,973                                  |
| Principal retirement - general obligation                 | -              | -                   | -                | 155,000  | 155,000                                 |
| Interest and paying agent                                 | 8,561          | -                   | -                | 300,075  | 308,636                                 |
| Total expenditures  | 13,794,644     | 134,206             | -                | 1,965,863  | 15,894,713                              |
| Excess (deficit) of revenues<br>over (under) expenditures | \$ (2,306,648) | \$ 1,561,659        | \$ 1,280         | \$ (807,258)   | \$ (1,550,967)                          |

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, 2022

|   | General             | Tourism<br>Fund     | ARPA<br>Fund    | Nonmajor<br>Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|-----------------|--|--------------------------------|
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>  |                     |                     |                 |  |                                |
| Proceeds from disposition of fixed assets   | \$ 18,660           | \$ -                | \$ -            | \$ -                                       | \$ 18,660                      |
| Proceeds from financed purchase obligations   | 558,480             | -                   | -               | -  | 558,480                        |
| Proceeds from leases  | 156,194             | -                   | -               | -  | 156,194                        |
| Operating transfers in  | 1,500,001           | -                   | -               | 49,246                                     | 1,549,247                      |
| Operating transfers out   | <u>(49,246)</u>     | <u>(700,000)</u>    | <u>-</u>        | <u>(1)</u>                                 | <u>(749,247)</u>               |
| Total other financing sources (uses)  | <u>2,184,089</u>    | <u>(700,000)</u>    | <u>-</u>        | <u>49,245</u>                              | <u>1,533,334</u>               |
| Excess (deficit) of revenues and<br>other sources over (under)<br>expenditures and other uses | (122,559)           | 861,659             | 1,280           | (758,013)                                  | (17,633)                       |
| Fund balance - beginning  | <u>4,816,700</u>    | <u>2,714,920</u>    | <u>46</u>       | <u>4,384,103</u>                           | <u>11,915,769</u>              |
| Fund balance - end of year  | <u>\$ 4,694,141</u> | <u>\$ 3,576,579</u> | <u>\$ 1,326</u> | <u>\$ 3,626,090</u>                        | <u>\$ 11,898,136</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, 2022**

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ (17,633)

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

Governmental funds report capital outlay as expenditures; however, in the statement of activities, 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              | 2,313,265   |
| Basis of assets disposed of | (9,738)     |
| Depreciation expense        | (1,695,014) |

|   |         |
|---|---------|
| 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. | 281,732 |
|---|---------|

|   |           |
|---|-----------|
| The proceeds from financed purchase obligation is reported as revenue when issued in governmental funds, but as an increase in financed purchase obligation outstanding in the statement of activities. | (558,480) |
|---|-----------|

|   |           |
|---|-----------|
| The proceeds from a lease is reported as revenue when issued in governmental funds, but as an increase in lease liability outstanding in the statement of activities. | (156,194) |
|---|-----------|

|   |        |
|---|--------|
| 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. | 35,296 |
|---|--------|

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                     | 5,352    |
| Municipal aid and gasoline tax     | 3,760    |
| Franchise tax                      | 5,403    |
| Hazard mitigation grant            | 6,254    |
| Municipal court fines              | (13,198) |
| Privilege license                  | (8,353)  |
| Payment in lieu of taxes           | 3,092    |
| Modernization use tax              | 75,829   |
| Operating grants and contributions | 6,254    |
| Capital grant and contributions    | 2,418    |

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 | (873,196) |
| Compensated absences    | 5,775     |
| Interest expense        | 24,267    |

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (563,107)

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2022**

|   | Business-Type Activities--Enterprise Fund |                   |                      |   |                                 |
|---|---|-------------------|----------------------|---|---------------------------------|
|   | Water and<br>Sewer Fund                   | Gas<br>Fund       | Civic Center<br>Fund | Nonmajor Fund<br>Waste<br>Collection Fund | Total<br>Business-Type<br>Funds |
| <b>ASSETS</b>   |   |                   |                      |   |                                 |
| Current Assets  |   |                   |                      |   |                                 |
| Cash and cash equivalents - unrestricted                          | \$ 9,443,148                              | \$ 5,306,060      | \$ 152,433           | \$ -                                      | \$ 14,901,641                   |
| Cash and cash equivalents - restricted                            | 4,595,616                                 | 323,352           | -                    | -   | 4,918,968                       |
| Receivables (net of allowance<br>for uncollectibles)              |   |                   |                      |   |                                 |
| Accounts  | 932,532                                   | 524,901           | 88                   | 47,981                                    | 1,505,502                       |
| Property and franchise tax  | -   | -                 | 6,444                | -   | 6,444                           |
| Inventory   | 106,397                                   | 539,820           | -                    | -   | 646,217                         |
| Due from other governments  | -   | -                 | -                    | 27,400                                    | 27,400                          |
| Due from other funds  | 130,775                                   | 2,406,407         | 23,878               | 710,099                                   | 3,271,159                       |
| Leases receivable - current portion                               | 11,398                                    | -                 | -                    | -   | 11,398                          |
| Prepaid items   | 105,080                                   | 20,514            | 42,598               | -   | 168,192                         |
| Total current assets  | <u>15,324,946</u>                         | <u>9,121,054</u>  | <u>225,441</u>       | <u>785,480</u>                            | <u>25,456,921</u>               |
| Noncurrent Assets   |   |                   |                      |   |                                 |
| Leases receivable, net of current maturity                        | 20,573                                    | -                 | -                    | -   | 20,573                          |
| Nondepreciable land, improvements<br>and construction in progress | 1,282,016                                 | 275,249           | 185,000              | -   | 1,742,265                       |
| Depreciable capital assets, net<br>of accumulated depreciation    | 14,206,890                                | 1,462,667         | 6,401,672            | -   | 22,071,229                      |
| Right to use leased assets, net<br>of accumulated amortization    | <u>32,671</u>                             | <u>2,234</u>      | <u>1,742</u>         | <u>-</u>                                  | <u>36,647</u>                   |
| Total noncurrent assets   | <u>15,542,150</u>                         | <u>1,740,150</u>  | <u>6,588,414</u>     | <u>-</u>                                  | <u>23,870,714</u>               |
| Total assets  | <u>30,867,096</u>                         | <u>10,861,204</u> | <u>6,813,855</u>     | <u>785,480</u>                            | <u>49,327,635</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |   |                   |                      |   |                                 |
| Deferred outflows pertaining to pensions                          | <u>524,668</u>                            | <u>357,783</u>    | <u>97,614</u>        | <u>61,222</u>                             | <u>1,041,287</u>                |
| Total deferred outflows of resources                              | <u>\$ 524,668</u>                         | <u>\$ 357,783</u> | <u>\$ 97,614</u>     | <u>\$ 61,222</u>                          | <u>\$ 1,041,287</u>             |

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2022**

|   | <b>Business-Type Activities--Enterprise Fund</b> |                     |                              |  |  |
|---|--|---------------------|------------------------------|--|--|
|   | <b>Water and<br/>Sewer Fund</b>                  | <b>Gas<br/>Fund</b> | <b>Civic Center<br/>Fund</b> | <b>Nonmajor Fund<br/>Waste<br/>Collection Fund</b> | <b>Total<br/>Business-Type<br/>Funds</b> |
| <b>LIABILITIES</b>  |  |                     |                              |  |  |
| Current Liabilities   |  |                     |                              |  |  |
| Accounts payable - operations   | \$ 240,326                                       | \$ 290,637          | \$ 32,153                    | \$ 61,659  | \$ 624,775                               |
| Accounts payable - fixed assets   | 515,926  | 104,918             | -                            | -  | 620,844                                  |
| Accrued interest  | 26,848   | 6                   | 1                            | -  | 26,855                                   |
| Accrued liabilities   | 104,838  | 57,455              | 19,454                       | 1,092  | 182,839                                  |
| Customer deposits payable from restricted assets                            | 291,697  | 323,352             | -                            | -  | 615,049                                  |
| Compensated absences  | 7,443  | 10,333              | 1,428                        | -  | 19,204                                   |
| Due to other funds  | 3,110,863  | -                   | -                            | 695,386  | 3,806,249                                |
| Current portion of bonds, notes, and financed<br>purchase obligations       | 242,702  | -                   | -                            | -  | 242,702                                  |
| Current portion of lease liabilities  | 30,207   | 1,675               | 1,424                        | -  | 33,306                                   |
| Total current liabilities   | <u>4,570,850</u>                                 | <u>788,376</u>      | <u>54,460</u>                | <u>758,137</u>                                     | <u>6,171,823</u>                         |
| Noncurrent Liabilities  |  |                     |                              |  |  |
| Net pension liability   | 3,080,098  | 1,750,482           | 610,920                      | 110,146  | 5,551,646                                |
| Compensated absences  | 87,357   | 54,843              | 15,666                       | 92   | 157,958                                  |
| Bonds, notes, and financed purchase obligations,<br>less current maturities | 9,064,238  | -                   | -                            | -  | 9,064,238                                |
| Lease liability less current maturities                                     | 1,048  | 612                 | 219                          | -  | 1,879                                    |
| Total noncurrent liabilities  | <u>12,232,741</u>                                | <u>1,805,937</u>    | <u>626,805</u>               | <u>110,238</u>                                     | <u>14,775,721</u>                        |
| Total liabilities   | <u>16,803,591</u>                                | <u>2,594,313</u>    | <u>681,265</u>               | <u>868,375</u>                                     | <u>20,947,544</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                     |                              |  |  |
| Unavailable revenue   | -  | -                   | 5,018                        | -  | 5,018                                    |
| Leases  | 31,706   | -                   | -                            | -  | 31,706                                   |
| Deferred inflows pertaining to pensions                                     | -  | -                   | 13,050                       | -  | 13,050                                   |
| Total deferred inflows of resources   | <u>31,706</u>                                    | <u>-</u>            | <u>18,068</u>                | <u>-</u>   | <u>49,774</u>                            |
| <b>NET POSITION</b>   |  |                     |                              |  |  |
| Net investment in capital assets  | 10,487,300                                       | 1,737,863           | 6,586,772                    | -  | 18,811,935                               |
| Unrestricted  | <u>4,069,167</u>                                 | <u>6,886,811</u>    | <u>(374,636)</u>             | <u>(21,673)</u>                                    | <u>10,559,669</u>                        |
| Total net position  | <u>\$ 14,556,467</u>                             | <u>\$ 8,624,674</u> | <u>\$ 6,212,136</u>          | <u>\$ (21,673)</u>                                 | <u>\$ 29,371,604</u>                     |

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

**CITY OF BATESVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the fiscal year ended September 30, 2022**

|  | <b>Business-Type Activities--Enterprise Fund</b> |                     |                              |  |  |
|--|--|---------------------|------------------------------|--|--|
|  | <b>Water and<br/>Sewer Fund</b>                  | <b>Gas<br/>Fund</b> | <b>Civic<br/>Center Fund</b> | <b>Nonmajor Fund<br/>Waste<br/>Collection Fund</b> | <b>Total<br/>Business-Type<br/>Funds</b> |
| <b><u>OPERATING REVENUES</u></b>                           |  |                     |                              |  |  |
| Charges for sales and services                             |  |                     |                              |  |  |
| Water sales  | \$ 2,274,398                                     | \$ -                | \$ -                         | \$ -   | \$ 2,274,398                             |
| Sewer sales  | 2,147,082  | -                   | -                            | -  | 2,147,082                                |
| Gas sales  | -  | 4,029,825           | -                            | -  | 4,029,825                                |
| Facility fees  | -  | -                   | 191,679                      | -  | 191,679                                  |
| Sanitation fees  | -  | -                   | -                            | 695,174  | 695,174                                  |
| Service charges and other                                  | 239,736  | 132,696             | -                            | -  | 372,432                                  |
| Total operating revenues                                   | <u>4,661,216</u>                                 | <u>4,162,521</u>    | <u>191,679</u>               | <u>695,174</u>                                     | <u>9,710,590</u>                         |
| <b><u>OPERATING EXPENSES</u></b>                           |  |                     |                              |  |  |
| Personnel services   | 1,615,439  | 998,411             | 289,425                      | 78,053   | 2,981,328                                |
| Professional services                                      | 314,069  | 186,005             | 38,804                       | 659,386  | 1,198,264                                |
| Supplies   | 322,448  | 75,574              | 17,284                       | -  | 415,306                                  |
| Repairs  | 68,227   | 16,666              | 64,229                       | -  | 149,122                                  |
| Operational  | 617,146  | 130,960             | 258,527                      | 3,176  | 1,009,809                                |
| Purchase of gas for resale                                 | -  | 2,334,050           | -                            | -  | 2,334,050                                |
| Depreciation and amortization                              | 1,042,082  | 115,529             | 244,052                      | -  | 1,401,663                                |
| Total operating expenses                                   | <u>3,979,411</u>                                 | <u>3,857,195</u>    | <u>912,321</u>               | <u>740,615</u>                                     | <u>9,489,542</u>                         |
| Operating income (loss)                                    | <u>681,805</u>                                   | <u>305,326</u>      | <u>(720,642)</u>             | <u>(45,441)</u>                                    | <u>221,048</u>                           |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>             |  |                     |                              |  |  |
| Property taxes   | -  | -                   | 247,100                      | -  | 247,100                                  |
| Interest revenue   | 31,878   | 15,008              | 1,104                        | -  | 47,990                                   |
| Interest expense and fiscal charges                        | (303,511)  | (126)               | (12,789)                     | -  | (316,426)                                |
| Gain (loss) on sale of fixed assets                        | 20,628   | (5)                 | -                            | -  | 20,623                                   |
| Total nonoperating revenues and expenses                   | <u>(251,005)</u>                                 | <u>14,877</u>       | <u>235,415</u>               | <u>-</u>   | <u>(713)</u>                             |
| Income (loss) before operating transfers and contributions | 430,800  | 320,203             | (485,227)                    | (45,441)   | 220,335                                  |
| Capital contributions                                      | 5,000  | -                   | -                            | -  | 5,000                                    |
| Operating transfers in                                     | -  | -                   | 700,000                      | -  | 700,000                                  |
| Operating transfers out                                    | <u>(1,500,000)</u>                               | <u>-</u>            | <u>-</u>                     | <u>-</u>   | <u>(1,500,000)</u>                       |
| Changes in net position                                    | (1,064,200)                                      | 320,203             | 214,773                      | (45,441)   | (574,665)                                |
| Net position - beginning                                   | <u>15,620,667</u>                                | <u>8,304,471</u>    | <u>5,997,363</u>             | <u>23,768</u>                                      | <u>29,946,269</u>                        |
| Net position - ending                                      | <u>\$ 14,556,467</u>                             | <u>\$ 8,624,674</u> | <u>\$ 6,212,136</u>          | <u>\$ (21,673)</u>                                 | <u>\$ 29,371,604</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, 2022**

|  | <b>Water and<br/>Sewer Fund</b> | <b>Gas<br/>Fund</b> | <b>Civic Center<br/>Fund</b> | <b>Nonmajor Fund<br/>Waste<br/>Collection Fund</b> | <b>Total<br/>Business-Type<br/>Funds</b> |
|--|---------------------------------|---------------------|------------------------------|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                 |                     |                              |  |  |
| Receipts from customers and users                                    | \$ 4,448,357                    | \$ 3,996,464        | \$ 210,744                   | \$ 639,452   | \$ 9,295,017                             |
| Payments to employees including fringe benefits                      | (1,446,120)                     | (815,227)           | (284,539)                    | (52,881)   | (2,598,767)                              |
| Payments to suppliers for goods and services                         | (1,309,243)                     | (2,853,754)         | (397,569)                    | (662,266)  | (5,222,832)                              |
| Net cash provided by operating activities                            | <u>1,692,994</u>                | <u>327,483</u>      | <u>(471,364)</u>             | <u>(75,695)</u>                                    | <u>1,473,418</u>                         |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>              |                                 |                     |                              |  |  |
| Operating transfers in   | -                               | -                   | 700,000                      | -  | 700,000                                  |
| Operating transfers out  | (1,500,000)                     | -                   | -                            | -  | (1,500,000)                              |
| Net changes in due from other funds                                  | 18,974                          | (2,273,870)         | (365)                        | (660,726)  | (2,915,987)                              |
| Net changes in due to other funds                                    | <u>2,934,596</u>                | <u>-</u>            | <u>-</u>                     | <u>695,386</u>                                     | <u>3,629,982</u>                         |
| Net cash provided (used) by non-capital financing activities         | <u>1,453,570</u>                | <u>(2,273,870)</u>  | <u>699,635</u>               | <u>34,660</u>                                      | <u>(86,005)</u>                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                                 |                     |                              |  |  |
| Proceeds from capital grant  | 5,000                           | -                   | -                            | -  | 5,000                                    |
| Proceeds from disposition of fixed assets                            | 20,628                          | -                   | -                            | -  | 20,628                                   |
| Taxes levied for debt services                                       | -                               | -                   | 247,100                      | -  | 247,100                                  |
| Principal payments - revenue bonds                                   | (287,176)                       | -                   | (550,000)                    | -  | (837,176)                                |
| Principal payments - leases  | (30,758)                        | (1,612)             | (1,791)                      | -  | (34,161)                                 |
| Payment on payables used to acquire fixed assets                     | (2,355)                         | (3,339)             | -                            | -  | (5,694)                                  |
| Acquisition and construction of capital assets                       | (2,095,116)                     | (276,745)           | (6,929)                      | -  | (2,378,790)                              |
| Interest and fiscal charges paid                                     | <u>(303,857)</u>                | <u>(120)</u>        | <u>(16,959)</u>              | <u>-</u>   | <u>(320,936)</u>                         |
| Net cash provided (used) by capital and related financing activities | <u>\$ (2,693,634)</u>           | <u>\$ (281,816)</u> | <u>\$ (328,579)</u>          | <u>\$ -</u>  | <u>\$ (3,304,029)</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, 2022**

|  | Water and<br>Sewer Fund | Gas<br>Fund  | Civic Center<br>Fund | Nonmajor Fund<br>Waste<br>Collection Fund | Total<br>Business-Type<br>Funds |
|--|-------------------------|--------------|----------------------|---|---------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                         |              |                      |   |                                 |
| Interest income  | \$ 31,878               | \$ 15,008    | \$ 1,104             | \$ -                                      | \$ 47,990                       |
| Net cash provided (used) by investment activities              | 31,878                  | 15,008       | 1,104                | -   | 47,990                          |
| <b>NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION</b>      |                         |              |                      |   |                                 |
| Acquisition of fixed assets on account and leases              | (577,939)               | (108,816)    | (3,433)              | -   | (690,188)                       |
| Assumption of accounts payable for acquisition of fixed assets | 515,926                 | 104,918      | -                    | -   | 620,844                         |
| Borrowing under leases   | 62,013                  | 3,898        | 3,433                | -   | 69,344                          |
| Recognition of lease receivable                                | (42,275)                | -            | -                    | -   | (42,275)                        |
| Acquisition of lease deferred inflow                           | 42,275                  | -            | -                    | -   | 42,275                          |
| Net effect of non cash transactions                            | -                       | -            | -                    | -   | -                               |
| Net increase (decrease) in cash and cash equivalents           | 484,808                 | (2,213,195)  | (99,204)             | (41,035)                                  | (1,868,626)                     |
| Cash and cash equivalents, beginning of year                   | 13,553,956              | 7,842,607    | 251,637              | 41,035                                    | 21,689,235                      |
| Cash and cash equivalents, end of year                         | \$ 14,038,764           | \$ 5,629,412 | \$ 152,433           | \$ -                                      | \$ 19,820,609                   |

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, 2022**

|  | Water and<br>Sewer Fund | Gas<br>Fund | Civic Center<br>Fund | Nonmajor Fund<br>Waste<br>Collection Fund | Total<br>Business-Type<br>Funds |
|--|-------------------------|-------------|----------------------|---|---------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                         |             |                      |   |                                 |
| Operating income (loss)  | \$ 681,805              | \$ 305,326  | \$ (720,642)         | \$ (45,441)                               | \$ 221,048                      |
| Adjustments to reconcile net income to net cash<br>from operating activities:                            |                         |             |                      |   |                                 |
| Depreciation and amortization  | 1,042,082               | 115,529     | 244,052              | -   | 1,401,663                       |
| Difference between leased amortization and recognition of rent income                                    | (265)                   | -           | -                    | -   | (265)                           |
| (Increase) decrease in accounts receivable   | (265,006)               | (210,022)   | 267,112              | (55,724)                                  | (263,640)                       |
| (Increase) decrease in inventory   | (5,796)                 | (217,944)   | -                    | -   | (223,740)                       |
| (Increase) decrease in deferred outflows pertaining to pensions  | (8,573)                 | 64,809      | (26,750)             | -   | 29,486                          |
| (Increase) decrease in prepaid items   | (34,814)                | (8,685)     | (17,930)             | -   | (61,429)                        |
| Increase (decrease) in accounts payable - operations   | 71,461                  | 128,675     | (476)                | 2,033                                     | 201,693                         |
| Increase (decrease) in accrued liabilities - other than payroll  | (18,209)                | (12,416)    | (320)                | (1,735)                                   | (32,680)                        |
| Increase (decrease) in compensated absences  | 98                      | 1,191       | (2,420)              | 9   | (1,122)                         |
| Increase (decrease) in pension liability   | 896,180                 | 495,216     | 201,442              | 28,422                                    | 1,621,260                       |
| Increase (decrease) in deferred inflows pertaining to pensions   | (718,385)               | (378,032)   | (167,386)            | (3,259)                                   | (1,267,062)                     |
| Increase (decrease) in unavailable revenue operations  | -                       | -           | (248,046)            | -   | (248,046)                       |
| Increase (decrease) in customer deposits   | 52,416                  | 43,836      | -                    | -   | 96,252                          |
| Total adjustments  | 1,011,189               | 22,157      | 249,278              | (30,254)                                  | 1,252,370                       |
| Net cash provided (used) by operating activities   | \$ 1,692,994            | \$ 327,483  | \$ (471,364)         | \$ (75,695)                               | \$ 1,473,418                    |

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

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022**

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

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 have minimal or no financial activity and these activities are not considered material to the financial statements. Any assets, liabilities, revenues, or expenses of these activities are budgeted and accounted for in the general fund. 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, 2022**

**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, 2022**

**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, 2022**

**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.

ARPA Fund accounts for the collection of ARPA funds and related capital expenditures as designated by the City Board of Alderpersons.

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 and operating 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, 2022**

**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 and operating 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. The fund also accounts for the accumulation of resources for, and payment of, long term debt principal and interest on bonds and obligations under capital and operating leases when due during the year
- 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, 2022**

**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<br>Sewer          | Gas                        | Civic<br>Center          |
|---|-----------------------------|----------------------------|--------------------------|
| Cash and cash equivalents               | \$ 9,443,148                | \$ 5,306,060               | \$ 152,433               |
| Restricted cash and<br>cash equivalents | <u>4,595,616</u>            | <u>323,352</u>             | <u>-</u>                 |
|   | <u><u>\$ 14,038,764</u></u> | <u><u>\$ 5,629,412</u></u> | <u><u>\$ 152,433</u></u> |

|   | Waste<br>Collection | Total                       |
|---|---------------------|-----------------------------|
| Cash and cash equivalents               | \$ -                | \$ 14,901,641               |
| Restricted cash and<br>cash equivalents | <u>-</u>            | <u>4,918,968</u>            |
|   | <u><u>\$ -</u></u>  | <u><u>\$ 19,820,609</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, 2022**

**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.

Property, plant and equipment of the primary government, is depreciated/amortized 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     |
| Right of use equipment           | 2 to 5       |
| Right of use land                | 10           |

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, 2022**

**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 \$316,426. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$316,426 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, 2022**

**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. Leases**

As lessee, the City recognizes a lease liability and an intangible right of use lease asset in the government-wide financial statements and recognizes lease liabilities.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The City's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

11. Leases - continued

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use assets and lease liabilities are reported as leased liability on the statement of net position.

12. 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<br>Sewer | Gas        |
|---------------------------------|--------------------|------------|
| Customer deposits               | \$ 291,697         | \$ 323,352 |
| Accounts payable - fixed assets | 515,926            | 104,918    |

13. 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 reports deferred outflows pertaining to pensions that meets this criterion, 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, 2022**

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

13. 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 three 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, (2) the unavailable revenue reported in the government-wide statement of net position and the governmental and enterprise funds balance sheet and (3) deferred inflows pertaining to leases. The amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

14. 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, 2022**

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

**14. 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>ARPA Fund</u> | <u>Nonmajor Governmental Funds</u> |
|--------------------------|---------------------|---------------------|------------------|------------------------------------|
| Fund Balances:           |                     |                     |                  |                                    |
| Nonspendable:            |                     |                     |                  |                                    |
| Lease receivable - net   | \$ 6,375            | \$ -                | \$ -             | \$ -                               |
| Loans receivable - net   | <u>12,359</u>       | <u>-</u>            | <u>-</u>         | <u>-</u>                           |
| Total - Nonspendable     | <u>\$ 18,734</u>    | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ -</u>                        |
| Fund Balances:           |                     |                     |                  |                                    |
| Restricted:              |                     |                     |                  |                                    |
| Library operations       | \$ 407,872          | \$ -                | \$ -             | \$ -                               |
| Tourism                  | -                   | 3,576,579           | -                | -                                  |
| COFB confiscated         | -                   | -                   | -                | 60,699                             |
| Fire protection          | -                   | -                   | -                | -                                  |
| Economic development     | -                   | -                   | -                | 1,813,627                          |
| Capital improvements     | -                   | -                   | 1,326            | 1,408,718                          |
| Debt service             | -                   | -                   | -                | 248,496                            |
| Risk reduction           | -                   | -                   | -                | 15,275                             |
| Federal asset forfeiture | -                   | -                   | -                | 77,949                             |
| TIF reserve              | -                   | -                   | -                | 1,326                              |
| Unemployment             | <u>62,365</u>       | <u>-</u>            | <u>-</u>         | <u>-</u>                           |
| Total Restricted         | <u>\$ 470,237</u>   | <u>\$ 3,576,579</u> | <u>\$ 1,326</u>  | <u>\$ 3,626,090</u>                |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

14. Fund Equity/Net Position - continued

|                                     | <u>General Fund</u> | <u>Tourism Fund</u> | <u>Capital Project<br/>Series 2019<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> |
|-------------------------------------|---------------------|---------------------|---|--|
| Committed:                          |                     |                     |   |  |
| Resurfacing roads                   | \$ 528,160          | \$ -                | \$ -  | \$ -                                       |
| Total Committed                     | <u>\$ 528,160</u>   | <u>\$ -</u>         | <u>\$ -</u>                                     | <u>\$ -</u>                                |
| Assigned:                           |                     |                     |   |  |
| Subsequent year<br>budget shortfall | \$ 2,822,781        | \$ -                | \$ -  | \$ -                                       |
| Total Assigned                      | <u>\$ 2,822,781</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. ARPA are spent when appropriated.

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.”

15. 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, 2022**

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

**16. Sales Tax**

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

**17. 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.

**18. Impact of Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87 – Leases, effective for financial statements for periods beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance which postponed the effective date of GASB Statements No. 87 by eighteen months. This delayed the effective date of GASB No. 87 for financial statements for periods beginning after June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management has implemented GASB Statement No. 87 in the current financial statements. Adoption of this Statement had no effect on beginning net position or beginning fund balances.

**19. 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.

**20. Subsequent Events**

Subsequent events have been evaluated through September 28, 2023, which is the date the financial statements are available to be issued.



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 not amended . There was no change to the general fund, major special revenue Tourism Fund, or ARPA fund original budget revenue or expenditures.

A comparison of the General Fund budget, the Tourism Fund budget, and the ARPA Fund budget with statements of budgetary basis revenues and expenditures are included in required supplementary information as Schedule 3, Schedule 4, and Schedule 5. This budgetary comparison schedule reflects General Fund expenditures exceeding budgets. See Schedule 3, Schedule 4, and Schedule 5 for General Fund, Tourism Fund, and ARPA Fund expenditures compared to budgets.

The notes to required supplementary information budgetary reporting on pages 96 - 100 also provides additional budgetary information.

**NOTE C - DEPOSITS AND INVESTMENTS**

At September 30, 2022, cash and investments included the following:

| <u>Account Balances</u> |                      | <u>Ownership of Funds</u> |                      |
|-------------------------|----------------------|---------------------------|----------------------|
| Petty cash/cash on hand | \$ 4,200             | Governmental Funds        | \$ 12,695,083        |
| Demand deposits         | <u>32,511,492</u>    | Enterprise Funds          | <u>19,820,609</u>    |
|                         | <u>\$ 32,515,692</u> |                           | <u>\$ 32,515,692</u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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, 2022, the demand deposits held with various local financial institutions had carrying amounts totaling \$32,511,492 and bank balances totaling \$32,684,778 of which \$253,176 was covered by federal depository insurance and \$32,431,602 was covered by the Statewide Collateral Pool Program.

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

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, 2022.

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.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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, 2022.

Concentration of Credit Risks

The City of Batesville had no investments at September 30, 2022, but had demand deposits with more than 5% of the total in First Security Bank. These demand deposits represented approximately 99.9% of total demand deposits.

**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 2021 taxes are collected in December, 2021 and January, 2022. The 2021 taxes are levied to fund the 2021-2022 budget year. The assessed value upon which the 2021 taxes were based was \$134,018,086.

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 2022 taxes intended to fund the 2022-2023 budget year of \$5,137,728. 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 2022 taxes of \$5,137,728 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 2022-2023 budget year.

The City assessed a tax rate of 36.37 mills for both the 2021 and 2022 taxes.

**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE E - RECEIVABLES**

Receivables at September 30, 2022 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:

|                                    | General      | Tourism | ARPA | Water and<br>Sewer<br>System | Gas<br>System | Civic<br>Center | Nonmajor<br>Funds | Total        |
|------------------------------------|--------------|---------|------|------------------------------|---------------|-----------------|-------------------|--------------|
| Receivables:                       |              |         |      |                              |               |                 |                   |              |
| Taxes                              | \$ 4,916,325 | \$ -    | \$ - | \$ -                         | \$ -          | \$ 11,004       | \$ 468,448        | \$ 5,395,777 |
| Police fines                       | 2,427,890    | -       | -    | -                            | -             | -               | -                 | 2,427,890    |
| Accounts                           | -            | -       | -    | 1,160,130                    | 779,679       | 1,205           | 66,076            | 2,007,090    |
| Franchise fees                     | 156,581      | -       | -    | -                            | -             | -               | -                 | 156,581      |
| Accrued interest                   | -            | -       | -    | -                            | -             | -               | 894               | 894          |
| Gross receivables                  | 7,500,796    | -       | -    | 1,160,130                    | 779,679       | 12,209          | 535,418           | 9,988,232    |
| Less: Allowance for uncollectables | (2,424,948)  | -       | -    | (227,598)                    | (254,778)     | (5,677)         | (18,095)          | (2,931,096)  |
| Net receivables                    | \$ 5,075,848 | \$ -    | \$ - | \$ 932,532                   | \$ 524,901    | \$ 6,532        | \$ 517,323        | \$ 7,057,136 |

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, 2022**

**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, 2022 are:

|                                  | <u>Loan<br/>Balance</u> |
|----------------------------------|-------------------------|
| Loan #1                          | \$ 11,675               |
| Loan #2                          | 16,622                  |
| Loan #3                          | <u>9,023</u>            |
|                                  | 37,320                  |
| Less allowance for uncollectable | <u>(24,961)</u>         |
|                                  | <u><u>\$ 12,359</u></u> |

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

| <u>Years ending Sept 30</u> |                         |
|-----------------------------|-------------------------|
| 2023                        | \$ 2,505                |
| 2024                        | 2,505                   |
| 2025                        | 2,505                   |
| 2026                        | 2,505                   |
| 2027                        | 2,505                   |
| Thereafter                  | <u>24,795</u>           |
|                             | <u><u>\$ 37,320</u></u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 are:

|  | Original<br><u>Term</u> | <u>Due Date</u> | Interest<br><u>Rate</u> | Loan<br><u>Balance</u> |
|--|-------------------------|-----------------|-------------------------|------------------------|
| Loan #2                                | 5 years                 | 2012            | 3.00%                   | \$ 41,129              |
| Loan #3                                | 10 years                | 2019            | 3.00%                   | 414,591                |
| Loan #4                                | 10 years                | 2022            | 3.00%                   | 14,015                 |
| Loan #5                                | 10 years                | 2022            | 3.00%                   | 45,750                 |
| Loan #8                                | 1 year                  | 2017            | 1.00%                   | 1,489                  |
| Loan #9                                | 10 years                | 2030            | 3.00%                   | <u>280,130</u>         |
|  |                         |                 |                         | \$ 797,104             |
| Less allowance for uncollectable loans |                         |                 |                         | <u>(471,223)</u>       |
|  |                         |                 |                         | <u>\$ 325,881</u>      |

The estimated loans receivable are due as follows:

| <u>Years ending Sept 30</u> |                   |
|-----------------------------|-------------------|
| Delinquent                  | \$ 457,209        |
| 2023                        | 74,728            |
| 2024                        | 51,222            |
| 2025                        | 34,611            |
| 2026                        | 35,663            |
| 2027                        | 36,748            |
| Thereafter                  | <u>106,923</u>    |
|                             | <u>\$ 797,104</u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022:

|  |                   |
|--|-------------------|
| Impaired loans without a valuation allowance | \$ -              |
| Impaired loans with a valuation allowance    | <u>471,222</u>    |
| Total impaired loans                         | <u>\$ 471,222</u> |
| Average investment in impaired loans         | <u>\$ 471,222</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<br>Loans    | Economic<br>Development<br>Loans |
|------------------------------|------------------|----------------------------------|
| Balance at beginning of year | \$ 26,902        | \$ 472,408                       |
| Reserve for loan loss        | -                | (1,185)                          |
| Adjustments for home loans   | <u>(1,941)</u>   | <u>-</u>                         |
| Balance at end of year       | <u>\$ 24,961</u> | <u>\$ 471,223</u>                |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022 was as follows:

|   | Balance<br>September 30,<br>2021<br>(Restated) | Additions         | Retirements       | Transfers<br>and Other<br>Adjustments | Balance<br>September 30,<br>2022 |
|---|--|-------------------|-------------------|---------------------------------------|----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                        |  |                   |                   |                                       |                                  |
| Capital assets not being depreciated/amortized        |  |                   |                   |                                       |                                  |
| Land  | \$ 1,953,710                                   | \$ -              | \$ -              | \$ -                                  | \$ 1,953,710                     |
| Construction in progress                              | -  | 623,137           | -                 | -                                     | 623,137                          |
| Total capital assets not being depreciated/amortized  | <u>1,953,710</u>                               | <u>623,137</u>    | <u>-</u>          | <u>-</u>                              | <u>2,576,847</u>                 |
| Capital assets being depreciated/amortized            |  |                   |                   |                                       |                                  |
| Building and improvements                             | 11,186,405                                     | 318,322           | -                 | 792,931                               | 12,297,658                       |
| Automotive, equipment and fixtures                    | 8,553,467                                      | 1,151,738         | (19,710)          | 264,450                               | 9,949,945                        |
| Infrastructure  | 27,597,942                                     | 63,876            | -                 | -                                     | 27,661,818                       |
| Right of use lease assets                             |  |                   |                   |                                       |                                  |
| Land  | 5,707  | -                 | -                 | -                                     | 5,707                            |
| Automotive, equipment and fixtures                    | 36,240   | 114,247           | -                 | -                                     | 150,487                          |
| Total capital assets being depreciated/amortized      | <u>47,379,761</u>                              | <u>1,648,183</u>  | <u>(19,710)</u>   | <u>1,057,381</u>                      | <u>50,065,615</u>                |
| Less accumulated depreciation/amortization for        |  |                   |                   |                                       |                                  |
| Buildings   | 4,368,004                                      | 253,038           | -                 | 964                                   | 4,622,006                        |
| Automotive, equipment and fixtures                    | 6,346,989                                      | 581,884           | (9,972)           | 16,859                                | 6,935,760                        |
| Infrastructure  | 21,287,281                                     | 791,684           | -                 | -                                     | 22,078,965                       |
| Right of use lease assets                             |  |                   |                   |                                       |                                  |
| Land  | -  | 2,140             | -                 | -                                     | 2,140                            |
| Automotive, equipment and fixtures                    | -  | 66,269            | -                 | -                                     | 66,269                           |
| Total accumulated depreciation/amortization           | <u>32,002,274</u>                              | <u>1,695,015</u>  | <u>(9,972)</u>    | <u>17,823</u>                         | <u>33,705,140</u>                |
| Total capital assets being depreciated/amortized, net | <u>15,377,487</u>                              | <u>(46,832)</u>   | <u>(9,738)</u>    | <u>1,039,558</u>                      | <u>16,360,475</u>                |
| <b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>    | <b>\$ 17,331,197</b>                           | <b>\$ 576,305</b> | <b>\$ (9,738)</b> | <b>\$ 1,039,558</b>                   | <b>\$ 18,937,322</b>             |



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE F - CAPITAL ASSETS - CONTINUED**

|   | Balance<br>September 30,<br>2021<br>(Restated) | Additions           | Retirements | Transfers<br>and Other<br>Adjustments | Balance<br>September 30,<br>2022 |
|---|--|---------------------|-------------|---------------------------------------|----------------------------------|
| <b>BUSINESS-TYPE ACTIVITIES</b>                       |  |                     |             |                                       |                                  |
| <b>WATER AND SEWER SYSTEM</b>                         |  |                     |             |                                       |                                  |
| Capital assets not being depreciated/amortized        |  |                     |             |                                       |                                  |
| Land  | \$ 324,100                                     | \$ 30,000           | \$ -        | \$ -                                  | \$ 354,100                       |
| Construction in progress                              | 69,234   | 927,906             | -           | (69,224)                              | 927,916                          |
| Total capital assets not being depreciated/amortized  | 393,334  | 957,906             | -           | (69,224)                              | 1,282,016                        |
| Capital assets being depreciated/amortized            |  |                     |             |                                       |                                  |
| Building  | 281,268  | -                   | -           | -                                     | 281,268                          |
| Automotive, equipment and fixtures                    | 3,090,421                                      | 121,792             | (71,990)    | -                                     | 3,140,223                        |
| Water and sewer system                                | 32,314,584                                     | 1,469,331           | (146,082)   | 69,224                                | 33,707,057                       |
| Right of use lease assets                             |  |                     |             |                                       |                                  |
| Automotive, equipment and fixtures                    | 4,888  | 57,125              | -           | -                                     | 62,013                           |
| Total capital assets being depreciated/amortized      | 35,691,161                                     | 1,648,248           | (218,072)   | 69,224                                | 37,190,561                       |
| Less accumulated depreciation/amortization for        |  |                     |             |                                       |                                  |
| Buildings   | 204,174  | 5,648               | -           | -                                     | 209,822                          |
| Automotive, equipment and fixtures                    | 1,722,564                                      | 221,957             | (71,990)    | -                                     | 1,872,531                        |
| Water and sewer system                                | 20,200,252                                     | 785,135             | (146,082)   | -                                     | 20,839,305                       |
| Right of use lease assets                             |  |                     |             |                                       |                                  |
| Automotive, equipment and fixtures                    | -  | 29,342              | -           | -                                     | 29,342                           |
| Total accumulated depreciation/amortization           | 22,126,990                                     | 1,042,082           | (218,072)   | -                                     | 22,951,000                       |
| Total capital assets being depreciated/amortized, net | 13,564,171                                     | 606,166             | -           | 69,224                                | 14,239,561                       |
| <b>WATER AND SEWER SYSTEM CAPITAL ASSETS, NET</b>     | <b>\$ 13,957,505</b>                           | <b>\$ 1,564,072</b> | <b>\$ -</b> | <b>\$ -</b>                           | <b>\$ 15,521,577</b>             |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE F - CAPITAL ASSETS - CONTINUED**

|   | Balance<br>September 30,<br>2021<br>(Restated) | Additions         | Retirements    | Transfers<br>and Other<br>Adjustments | Balance<br>September 30,<br>2022 |
|---|--|-------------------|----------------|---------------------------------------|----------------------------------|
| <b>BUSINESS-TYPE ACTIVITIES - CONTINUED</b>           |  |                   |                |                                       |                                  |
| <b>GAS SYSTEM</b>                                     |  |                   |                |                                       |                                  |
| Capital assets not being depreciated/amortized        |  |                   |                |                                       |                                  |
| Land  | \$ 15,000                                      | \$ 59,560         | \$ -           | \$ -                                  | \$ 74,560                        |
| Construction in progress                              | -  | 200,689           | -              | -                                     | 200,689                          |
| Total capital assets not being depreciated            | <u>15,000</u>                                  | <u>260,249</u>    | <u>-</u>       | <u>-</u>                              | <u>275,249</u>                   |
| Capital assets being depreciated/amortized            |  |                   |                |                                       |                                  |
| Building  | 97,779   | 12,455            | -              | -                                     | 110,234                          |
| Automotive, equipment and fixtures                    | 601,024  | 12,669            | (9,739)        | -                                     | 603,954                          |
| Gas system  | 3,261,270                                      | 96,290            | -              | -                                     | 3,357,560                        |
| Right of use lease assets                             |  |                   |                |                                       |                                  |
| Automotive, equipment and fixtures                    | 3,899  | -                 | -              | -                                     | 3,899                            |
| Total capital assets being depreciated/amortized      | <u>3,963,972</u>                               | <u>121,414</u>    | <u>(9,739)</u> | <u>-</u>                              | <u>4,075,647</u>                 |
| Less accumulated depreciation/amortization for        |  |                   |                |                                       |                                  |
| Buildings   | 59,989   | 3,831             | -              | -                                     | 63,820                           |
| Automotive, equipment and fixtures                    | 379,491  | 40,332            | (9,734)        | -                                     | 410,089                          |
| Gas system  | 2,065,471                                      | 69,701            | -              | -                                     | 2,135,172                        |
| Right of use lease assets                             |  |                   |                |                                       |                                  |
| Automotive, equipment and fixtures                    | -  | 1,665             | -              | -                                     | 1,665                            |
| Total accumulated depreciation/amortization           | <u>2,504,951</u>                               | <u>115,529</u>    | <u>(9,734)</u> | <u>-</u>                              | <u>2,610,746</u>                 |
| Total capital assets being depreciated/amortized, net | <u>1,459,021</u>                               | <u>5,885</u>      | <u>(5)</u>     | <u>-</u>                              | <u>1,464,901</u>                 |
| <b>GAS SYSTEM CAPITAL ASSETS, NET</b>                 | <u>\$ 1,474,021</u>                            | <u>\$ 266,134</u> | <u>\$ (5)</u>  | <u>\$ -</u>                           | <u>\$ 1,740,150</u>              |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE F - CAPITAL ASSETS - CONTINUED**

|   | Balance<br>September 30,<br>2021<br>(Restated) | Additions           | Retirements      | Transfers<br>and Other<br>Adjustments | Balance<br>September 30,<br>2022 |
|---|--|---------------------|------------------|---------------------------------------|----------------------------------|
| <b>BUSINESS-TYPE ACTIVITIES</b>                       |  |                     |                  |                                       |                                  |
| <b>CIVIC CENTER</b>                                   |  |                     |                  |                                       |                                  |
| Capital assets not being depreciated/amortized        |  |                     |                  |                                       |                                  |
| Land  | \$ 185,000                                     | -                   | \$ -             | -                                     | \$ 185,000                       |
| Total capital assets not being depreciated/amortized  | <u>185,000</u>                                 | <u>-</u>            | <u>-</u>         | <u>-</u>                              | <u>185,000</u>                   |
| Capital assets being depreciated/amortized            |  |                     |                  |                                       |                                  |
| Building  | 10,593,648                                     | -                   | -                | -                                     | 10,593,648                       |
| Automotive, equipment and fixtures                    | 723,345  | 6,930               | (186,969)        | -                                     | 543,306                          |
| Right of use lease assets                             |  |                     |                  |                                       |                                  |
| Automotive, equipment and fixtures                    | 3,433  | -                   | -                | -                                     | 3,433                            |
| Total capital assets being depreciated/amortized      | <u>11,320,426</u>                              | <u>6,930</u>        | <u>(186,969)</u> | <u>-</u>                              | <u>11,140,387</u>                |
| Less accumulated depreciation/amortization for        |  |                     |                  |                                       |                                  |
| Buildings   | 4,103,602                                      | 221,536             | -                | -                                     | 4,325,138                        |
| Automotive, equipment and fixtures                    | 576,288  | 20,825              | (186,969)        | -                                     | 410,144                          |
| Right of use lease assets                             |  |                     |                  |                                       |                                  |
| Automotive, equipment and fixtures                    | -  | 1,691               | -                | -                                     | 1,691                            |
| Total accumulated depreciation/amortization           | <u>4,679,890</u>                               | <u>244,052</u>      | <u>(186,969)</u> | <u>-</u>                              | <u>4,736,973</u>                 |
| Total capital assets being depreciated/amortized, net | <u>6,640,536</u>                               | <u>(237,122)</u>    | <u>-</u>         | <u>-</u>                              | <u>6,403,414</u>                 |
| <b>CIVIC CENTER CAPITAL ASSETS, NET</b>               | <u>\$ 6,825,536</u>                            | <u>\$ (237,122)</u> | <u>\$ -</u>      | <u>\$ -</u>                           | <u>\$ 6,588,414</u>              |
| <b>BUSINESS-TYPE CAPITAL ASSETS - NET</b>             | <u>\$ 22,257,062</u>                           | <u>\$ 1,593,084</u> | <u>\$ (5)</u>    | <u>\$ -</u>                           | <u>\$ 23,850,141</u>             |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE F - CAPITAL ASSETS - CONTINUED**

The right-of-use-assets consist of three copiers remaining at September 30, 2022. The leased asset's amortization is presented in depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Fund Net Position related to the City's right-of-use-assets, which are included in the above table as right-of-use-assets. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right-of-use-asset.

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

| <u>Governmental Activities</u>            | <u>Amortization</u> | <u>Depreciation</u> | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| General government                        | \$ 1,665            | \$ 47,853           | \$ 49,518           |
| City court                                | 152                 | 4,882               | 5,034               |
| Police                                    | 6,254               | 316,327             | 322,581             |
| Fire                                      | 1,987               | 229,641             | 231,628             |
| Streets                                   | 27,524              | 896,663             | 924,187             |
| Public health and sanitation              | 29,664              | 2,242               | 31,906              |
| Library                                   | 152                 | 32,612              | 32,764              |
| Parks and recreation                      | 857                 | 80,514              | 81,371              |
| Code                                      | 152                 | 15,872              | 16,024              |
| Total Expense - Governmental Activities   | <u>\$ 68,407</u>    | <u>\$ 1,626,606</u> | <u>\$ 1,695,013</u> |
| <u>Business-Type Activities</u>           |                     |                     |                     |
| Water and sewer                           | \$ 29,342           | \$ 1,012,740        | \$ 1,042,082        |
| Gas                                       | 1,665               | 113,864             | 115,529             |
| Civic center                              | 1,691               | 242,361             | 244,052             |
| Total Expenses - Business-Type Activities | <u>\$ 32,698</u>    | <u>\$ 1,368,965</u> | <u>\$ 1,401,663</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, 2022, the City had 7 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, 2022**

**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 \$1,211.0 million and members contributed \$615.4 million for fiscal year 2022.

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, 2022**

**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](http://www.PERS.ms.gov).

*Contributions.* PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The rate prior to June 30, 2022 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, 2022, 2021, and 2020 were \$1,396,538, \$1,264,143, and \$1,194,005, 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, 2022, the City reported a liability of \$22,843,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.110978%, which was an increase of 0.003405%, from its proportion measured as of June 30, 2021.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, the City recognized pension expense of \$2,653,420. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 323,445                                    | \$ -   |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 1,199,842                                     | -  |
| Changes of assumptions   | 790,062                                       | -  |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 1,129,849                                     | 154,233                                      |
| City contributions subsequent to the measurement date  | <u>360,987</u>                                | <u>-</u>                                     |
|  | <u>\$ 3,804,185</u>                           | <u>\$ 154,233</u>                            |

\$360,987 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, 2023.

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<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> | <u>Net</u>          |
|--------------------|---|--|---------------------|
| 2023               | \$ 1,310,794                                  | \$ (95,262)                                  | \$ 1,215,532        |
| 2024               | 969,106                                       | (70,115)                                     | 898,991             |
| 2025               | (76,248)                                      | 11,144                                       | (65,104)            |
| 2026               | <u>1,239,546</u>                              | <u>-</u>                                     | <u>1,239,546</u>    |
|                    | <u>\$ 3,443,198</u>                           | <u>\$ (154,233)</u>                          | <u>\$ 3,288,965</u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Defined Benefit Pension Plan - continued

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

*Actuarial assumptions.* The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

|                           |   |
|---------------------------|---|
| Price inflation           | 2.40 percent  |
| Salary increases          | 2.65-17.90 percent, including inflation                                   |
| Investment rate of return | 7.55 percent, net of pension plan investment expense, including inflation |

Mortality rates for service retirees 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, 2022**

**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<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|---|
| Domestic Equity        | 25.00%                       | 4.60%   |
| International Equity   | 20.00%                       | 4.50%   |
| Global Equity          | 12.00%                       | 4.85%   |
| Fixed Income           | 18.00%                       | 1.40%   |
| Real Estate            | 10.00%                       | 3.65%   |
| Private Equity         | 10.00%                       | 6.00%   |
| Private Infrastructure | 2.00%                        | 4.00%   |
| Private Credit         | 2.00%                        | 4.00%   |
| Cash                   | <u>1.00%</u>                 | -0.10%  |
| 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.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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**

*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%<br>Decrease<br>(6.55%) | Current<br>Discount<br>Rate<br>(7.55%) | 1%<br>Increase<br>(8.55%) |
|--|----|---------------------------|--|---------------------------|
| City's proportionate share of<br>the net pension liability | \$ | 29,812,854                | \$ 22,843,310                          | \$ 17,097,277             |

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 2022 PERS Comprehensive Annual Report on the PERS website, [www.PERS.ms.gov](http://www.PERS.ms.gov) for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

**Payables to the Pension Plan**

At September 30, 2022, 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, 2022.

Section 125 Cafeteria Reduction Plan and Deferred Compensation

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$184,794.

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 \$163,434.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 is approximately:

|                                  |                      |                     |
|----------------------------------|----------------------|---------------------|
| Current Total Assessed Valuation | \$ 131,532,815       |                     |
|                                  | <u>15% Limit</u>     | <u>20% Limit</u>    |
| Total Capacity                   | \$ 19,729,922        | \$ 26,306,563       |
| Outstanding Debt                 | <u>7,690,000</u>     | <u>16,314,674</u>   |
| Remaining Debt Capacity          | <u>\$ 12,039,922</u> | <u>\$ 9,991,889</u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

General long-term debt balances and transactions for the year ended September 30, 2022 are as follows:

**GOVERNMENTAL ACTIVITIES**

| Notes From Direct Borrowings and<br>Direct Placements: | Final<br>Maturity<br>Date | Interest<br>Rate | Restated<br>Beginning<br>Balance<br>10/1/2021 | Additions           | Repayments        | Ending<br>Balance<br>9/30/2022 | Amounts Due<br>Within One<br>Year |
|--|---------------------------|------------------|---|---------------------|-------------------|--------------------------------|-----------------------------------|
| General Obligation Bonds                               |                           | 3.00% to         |   |                     |                   |                                |                                   |
| Series 2019  | 3/1/2050                  | 4.00%            | \$ 5,295,000                                  | \$ -                | \$ 105,000        | \$ 5,190,000                   | \$ 110,000                        |
|  |                           | 3.00% to         |   |                     |                   |                                |                                   |
| Series 2019A   | 3/1/2050                  | 4%               | 2,550,000                                     | -                   | 50,000            | 2,500,000                      | 50,000                            |
| Unamortized Premium                                    |                           |                  | 511,977                                       | -                   | 28,595            | 483,382                        | -                                 |
| Total general obligation debt                          |                           |                  | 8,356,977                                     | -                   | 183,595           | 8,173,382                      | 160,000                           |
| Financed Purchase Obligations                          |                           |                  |   |                     |                   |                                |                                   |
| BancorpSouth Equipment Finance                         | 1/14/2026                 | 2.34%            | \$ 264,450                                    | \$ -                | \$ 50,513         | \$ 213,937                     | \$ 51,695                         |
| BancorpSouth Equipment Finance                         | 6/6/2026                  | 2.78%            | -   | 206,250             | -                 | 206,250                        | 49,436                            |
| BancorpSouth Equipment Finance                         | 8/25/2026                 | 3.91%            | -   | 352,230             | -                 | 352,230                        | 82,970                            |
| Stonehenge Properties                                  | 1/12/2025                 | 3.35%            | 17,884  | -                   | 4,252             | 13,632                         | 4,395                             |
| Total financed purchase obligations                    |                           |                  | 282,334                                       | 558,480             | 54,765            | 786,049                        | 188,496                           |
| Leases - see details in Note I                         |                           |                  | 41,947  | 114,247             | 71,972            | 84,222                         | 71,048                            |
| Net Pension Liability                                  | ---                       | ---              | 11,969,374                                    | 5,322,290           | -                 | 17,291,664                     | -                                 |
| Compensated Absences                                   | ---                       | ---              | 416,343                                       | 12,057              | -                 | 428,400                        | 42,228                            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>                   |                           |                  | <b>\$21,066,975</b>                           | <b>\$ 6,007,074</b> | <b>\$ 310,332</b> | <b>\$ 26,763,717</b>           | <b>\$ 461,772</b>                 |

The BancorpSouth Equipment Finance financed purchase obligations were collateralized by a street sweeper, a grapple boom truck, eight 2022 Chevrolet Tahoes, a 2022 Dodge Ram 1500 pickup truck, and a 2022 Ford Explorer hybrid. The Stonehenge Properties financed purchase obligation is collateralized by police equipment. See Note I for details on assets that are collateralized on leases.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 are as follows. See lease principal and interest payments in Note I.

| Years Ending<br>Sept. 30, | General Obligation Payable |                     |                      | Financed Purchase Obligations |                  |                   |
|---------------------------|----------------------------|---------------------|----------------------|-------------------------------|------------------|-------------------|
|                           | Principal                  | Interest            | Total                | Principal                     | Interest         | Total             |
| 2023                      | \$ 160,000                 | \$ 292,850          | \$ 452,850           | \$ 188,496                    | \$ 25,292        | \$ 213,788        |
| 2024                      | 165,000                    | 287,975             | 452,975              | 194,547                       | 19,240           | 213,787           |
| 2025                      | 170,000                    | 282,950             | 452,950              | 200,804                       | 12,984           | 213,788           |
| 2026                      | 175,000                    | 277,775             | 452,775              | 202,202                       | 6,734            | 208,936           |
| 2027                      | 185,000                    | 272,375             | 457,375              | -                             | -                | -                 |
| 2028 - 2032               | 1,000,000                  | 1,265,950           | 2,265,950            | -                             | -                | -                 |
| 2033 - 2037               | 1,225,000                  | 1,047,900           | 2,272,900            | -                             | -                | -                 |
| 2038 - 2042               | 1,495,000                  | 777,300             | 2,272,300            | -                             | -                | -                 |
| 2043 - 2047               | 1,825,000                  | 446,500             | 2,271,500            | -                             | -                | -                 |
| 2048 - 2052               | 1,290,000                  | 78,600              | 1,368,600            | -                             | -                | -                 |
| Total                     | <u>\$ 7,690,000</u>        | <u>\$ 5,030,175</u> | <u>\$ 12,720,175</u> | <u>\$ 786,049</u>             | <u>\$ 64,250</u> | <u>\$ 850,299</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, 2022**

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

**BUSINESS-TYPE ACTIVITIES**

|   | Final<br>Maturity<br>Date | Interest<br>Rate | Beginning<br>Balance<br>10/1/2021 | Additions  | Repayments | Ending<br>Balance<br>9/30/2022 | Amounts Due<br>Within One<br>Year |
|---|---------------------------|------------------|-----------------------------------|------------|------------|--------------------------------|-----------------------------------|
| <b>Water and Sewer Fund:</b>                        |                           |                  |                                   |            |            |                                |                                   |
| Notes From Direct Borrowings and Direct Placements: |                           |                  |                                   |            |            |                                |                                   |
| Revenue Bonds series 2019                           | 3/1/2050                  | 3.00% to 5.00%   | \$ 8,000,000                      | \$ -       | \$ 160,000 | \$ 7,840,000                   | \$ 165,000                        |
| Unamortized Premium                                 |                           |                  | 720,871                           | -          | 38,605     | 682,266                        | -                                 |
| Total revenue bonds                                 |                           |                  | 8,720,871                         | -          | 198,605    | 8,522,266                      | 165,000                           |
| <b>Other Debt</b>                                   |                           |                  |                                   |            |            |                                |                                   |
| State of Mississippi                                | 3/1/2022                  | 3.00%            | 5,595                             | -          | 5,595      | -                              | -                                 |
| State of Mississippi                                | 5/1/2023                  | 2.00%            | 28,436                            | -          | 17,475     | 10,961                         | 10,961                            |
| SRF loan - auto meters                              | 3/1/2034                  | 1.95%            | 591,113                           | -          | 42,174     | 548,939                        | 43,003                            |
| SRF loan GF/Covenant Crossing                       | 8/1/2027                  | 1.75%            | 248,102                           | -          | 23,328     | 224,774                        | 23,738                            |
| Total other debt                                    |                           |                  | 873,246                           | -          | 88,572     | 784,674                        | 77,702                            |
| Leases see details in Note I                        |                           |                  | 4,888                             | 57,125     | 30,758     | 31,255                         | 30,207                            |
| Net Pension Liability                               | ---                       | ---              | 2,183,918                         | 896,180    | -          | 3,080,098                      | -                                 |
| Compensated Absences                                | ---                       | ---              | 94,702                            | 98         | -          | 94,800                         | 7,443                             |
| Total water and sewer fund                          |                           |                  | 11,877,625                        | 953,403    | 317,935    | 12,513,093                     | 280,352                           |
| <b>Gas Fund</b>                                     |                           |                  |                                   |            |            |                                |                                   |
| Leases see details in Note I                        |                           |                  | 3,899                             | -          | 1,612      | 2,287                          | 1,675                             |
| Net Pension Liability                               | ---                       | ---              | 1,255,266                         | 495,216    | -          | 1,750,482                      | -                                 |
| Compensated Absences                                | ---                       | ---              | 63,985                            | 1,191      | -          | 65,176                         | 10,333                            |
| Total gas fund                                      |                           |                  | \$ 1,323,150                      | \$ 496,407 | \$ 1,612   | \$ 1,817,945                   | \$ 12,008                         |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

BUSINESS-TYPE ACTIVITIES - Continued

|  | Final<br>Maturity<br>Date | Interest<br>Rate | Beginning<br>Balance<br>10/1/2021 | Additions           | Repayments        | Ending<br>Balance<br>9/30/2022 | Amounts Due<br>Within One<br>Year |
|--|---------------------------|------------------|-----------------------------------|---------------------|-------------------|--------------------------------|-----------------------------------|
| <u>Waste Collection Fund</u>                           |                           |                  |                                   |                     |                   |                                |                                   |
| Net Pension Liability                                  | ---                       | ---              | \$ 81,724                         | \$ 28,422           | \$ -              | \$ 110,146                     | \$ -                              |
| Compensated Absences                                   | ---                       | ---              | 82                                | 10                  | -                 | 92                             | -                                 |
| Total waste collection fund                            |                           |                  | 81,806                            | 28,432              | -                 | 110,238                        | -                                 |
| <u>Civic Center Fund</u>                               |                           |                  |                                   |                     |                   |                                |                                   |
| Notes From Direct Borrowings and<br>Direct Placements: |                           |                  |                                   |                     |                   |                                |                                   |
| General Obligation<br>Bonds - Series 2010              | 7/1/2022                  | 3.00%            | 550,000                           | -                   | 550,000           | -                              | -                                 |
| Total general obligation debt                          |                           |                  | 550,000                           | -                   | 550,000           | -                              | -                                 |
| Leases see details in Note I                           |                           |                  | 3,433                             | -                   | 1,790             | 1,643                          | 1,425                             |
| Net Pension Liability                                  | ---                       | ---              | 409,478                           | 201,442             | -                 | 610,920                        | -                                 |
| Compensated Absences                                   | ---                       | ---              | 19,514                            | -                   | 2,420             | 17,094                         | 1,428                             |
| Total civic center fund                                |                           |                  | 982,425                           | 201,442             | 554,210           | 629,657                        | 2,853                             |
| <b>TOTAL BUSINESS TYPE ACTIVITIES</b>                  |                           |                  | <b>\$ 14,265,006</b>              | <b>\$ 1,679,684</b> | <b>\$ 873,757</b> | <b>\$ 15,070,933</b>           | <b>\$ 295,213</b>                 |

**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

**BUSINESS-TYPE ACTIVITIES - continued**

The principal and interest requirements of the above revenue bonds and other debt at September 30, 2022 are as follows: See Note I for principal and interest requirements of leases.

| Years Ending<br>Sept. 30 | General Obligation Bonds |          |       | Other Debt |           |            |
|--------------------------|--------------------------|----------|-------|------------|-----------|------------|
|                          | Principal                | Interest | Total | Principal  | Interest  | Total      |
| 2023                     | \$ -                     | \$ -     | \$ -  | \$ 77,703  | \$ 14,124 | \$ 91,827  |
| 2024                     | -                        | -        | -     | 68,006     | 12,800    | 80,806     |
| 2025                     | -                        | -        | -     | 69,295     | 11,511    | 80,806     |
| 2026                     | -                        | -        | -     | 70,608     | 10,198    | 80,806     |
| 2027                     | -                        | -        | -     | 71,947     | 8,860     | 80,807     |
| 2028 - 2032              | -                        | -        | -     | 348,350    | 23,620    | 371,970    |
| 2033 - 2037              | -                        | -        | -     | 78,765     | 1,221     | 79,986     |
| 2038 - 2042              | -                        | -        | -     | -          | -         | -          |
| 2043 - 2047              | -                        | -        | -     | -          | -         | -          |
| 2048 - 2052              | -                        | -        | -     | -          | -         | -          |
| Total                    | \$ -                     | \$ -     | \$ -  | \$ 784,674 | \$ 82,334 | \$ 867,008 |

| Years Ending<br>Sept. 30 | Revenue Bonds |              |               | Total        |              |               |
|--------------------------|---------------|--------------|---------------|--------------|--------------|---------------|
|                          | Principal     | Interest     | Total         | Principal    | Interest     | Total         |
| 2023                     | \$ 165,000    | \$ 319,125   | \$ 484,125    | \$ 242,703   | \$ 333,249   | \$ 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       | 250,608      | 313,798      | 564,406       |
| 2027                     | 185,000       | 298,125      | 483,125       | 256,947      | 306,985      | 563,932       |
| 2028 - 2032              | 1,030,000     | 1,393,400    | 2,423,400     | 1,378,350    | 1,417,020    | 2,795,370     |
| 2033 - 2037              | 1,230,000     | 1,192,200    | 2,422,200     | 1,308,765    | 1,193,421    | 2,502,186     |
| 2038 - 2042              | 1,500,000     | 921,550      | 2,421,550     | 1,500,000    | 921,550      | 2,421,550     |
| 2043 - 2047              | 1,850,000     | 571,300      | 2,421,300     | 1,850,000    | 571,300      | 2,421,300     |
| 2048 - 2052              | 1,355,000     | 103,875      | 1,458,875     | 1,355,000    | 103,875      | 1,458,875     |
| Total                    | \$ 7,840,000  | \$ 5,726,200 | \$ 13,566,200 | \$ 8,624,674 | \$ 5,808,534 | \$ 14,433,208 |



**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**BUSINESS-TYPE ACTIVITIES - continued**

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 assessed 2 mills for retirement of the Civic Center debt during the current year. There will be no further assessment since the debt is paid off.

**NOTE I - LEASES**

**Leases Receivable**

**Governmental Activities**

On February 1, 2017, the City governmental activities entered into a long-term lease to rent a building to Institutorm Technologies. The term of the lease is five years plus two renewal options of five years each. The commencement date of the term of the lease is February 1, 2017 and the expiration date is January 31, 2032. The lease requires monthly payments of \$3,333 until January 31, 2027 then \$3,500 from February 1, 2027 to January 31, 2032. Effective October 1, 2021 the City adopted GASB Statement No. 87 Leases.

By adopting this Standard the City governmental activities was required to recognize a lease receivable and a deferred inflow – leases of \$351,412 based on the present value of the remaining lease payments discounted at the City's borrowing rate of 3.65%. During the year ended September 30, 2022 the City received principal payments of \$27,633 and interest of \$12,367 on this lease receivable. The corresponding deferred inflow – leases will be amortized to lease revenue under the straight-line method. The amortization for the year ended September 30, 2022 was \$34,008.

The governmental activities lease receivable will be paid as follows:

|             | Principal         | Interest         | Total             |
|-------------|-------------------|------------------|-------------------|
| 2023        | \$ 28,658         | \$ 11,342        | \$ 40,000         |
| 2024        | 29,722            | 10,278           | 40,000            |
| 2025        | 30,825            | 9,175            | 40,000            |
| 2026        | 31,969            | 8,031            | 40,000            |
| 2027        | 34,503            | 6,830            | 41,333            |
| 2028 - 2032 | 168,103           | 13,899           | 182,002           |
|             | <u>\$ 323,780</u> | <u>\$ 59,555</u> | <u>\$ 383,335</u> |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE I - LEASES - CONTINUED**

Leases Receivable - continued

**Business-Type Activities - Water and Sewer Fund**

On November 1, 2021, the City water and sewer fund entered into a long-term lease agreement with Complete Computers to place equipment on the City's water tanks and use it for transmission and reception of communication signals. The term of the lease is forty-four months with no renewal options. The commencement date of the term of the lease is November 1, 2021 and the expiration date is June 30, 2025. The lease requires monthly payments of \$1,000 during the term of the lease. Effective October 1, 2021 the City adopted GASB Statement No. 87 Leases.

By adopting this Standard the City governmental activities was required to recognize a lease receivable and a deferred inflow – leases of \$42,275 based on the present value of the remaining lease payments discounted at the City's borrowing rate of 2.25%. During the year ended September 30, 2022 the City received principal payments of \$10,304 and interest of \$696 on this lease receivable. The corresponding deferred inflow – leases will be amortized to lease revenue under the straight-line method. The amortization for the year ended September 30, 2022 was \$10,569.

The governmental activities lease receivable will be paid as follows:

|      | Principal        | Interest        | Total            |
|------|------------------|-----------------|------------------|
| 2023 | \$ 11,398        | \$ 602          | \$ 12,000        |
| 2024 | 11,657           | 343             | 12,000           |
| 2025 | 8,916            | 84              | 9,000            |
| 2026 | -                | -               | -                |
| 2027 | -                | -               | -                |
|      | <u>\$ 31,971</u> | <u>\$ 1,029</u> | <u>\$ 33,000</u> |

**CITY OF BATESVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE I - LEASES - CONTINUED**

Lease Liabilities

Effective October 1, 2021 the City adopted GASB Statement No. 87 Leases. By adopting this Standard the City governmental activities and business-type activities were required to recognize a lease liability and a deferred outflow – leases as of October 1, 2021 of \$41,947 and \$12,220 based on the present value of the remaining lease payments discounted at the City's borrowing rate stated below. The City acquired the following lease liabilities for various leases of equipment and land. The following details the lease liabilities:

**Governmental Activities**

| <u>Description</u>                            | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Payment Terms</u>  | <u>Payment Amount</u> | <u>Interest Rate</u> | <u>Restated Original Lease Liability</u> | <u>Lease Liability Balance 9/30/2022</u> |
|---|----------------------|-------------------------|-----------------------|-----------------------|----------------------|--|--|
| Two John Deere WLBH backhoes                  | 10/15/2021           | 10/15/2023              | 2 annual payments     | \$ 57,745             | 2.20%                | \$ 114,247                               | \$ 56,502                                |
| Rubbish site - land                           | 5/1/2019             | 5/1/2024                | 5 annual payments     | 3,000                 | 3.40%                | 5,707                                    | 2,901                                    |
| Copier  | 11/28/2018           | 11/28/2023              | 60 monthly payments   | 160                   | 3.95%                | 4,129                                    | 2,339                                    |
| Copier  | 10/22/2018           | 10/22/2023              | 60 monthly payments   | 200                   | 3.95%                | 4,985                                    | 2,737                                    |
| Copier  | 1/1/2019             | 1/1/2024                | 60 monthly payments   | 132                   | 3.95%                | 3,403                                    | 1,928                                    |
| Copier  | 8/1/2020             | 8/1/2025                | 60 monthly payments   | 212                   | 2.30%                | 9,339                                    | 6,982                                    |
| Copier  | 8/1/2020             | 8/1/2025                | 60 monthly payments   | 119                   | 2.30%                | 5,230                                    | 3,909                                    |
| American legion park - land                   | 1/1/2017             | 12/1/2027               | 10 annual payments    | 1,000                 | 3.25%                | 4,695                                    | 3,695                                    |
| Postage meter                                 | 3/30/2020            | 3/30/2025               | 20 quarterly payments | 335                   | 2.80%                | 4,459                                    | 3,229                                    |
| Total Governmental Activities Lease Liability |                      |                         |                       |                       |                      | \$ 156,194                               | \$ 84,222                                |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE I - LEASES - CONTINUED**

Lease Liabilities - continued

**Business-Type Activities**

Description

Water and Sewer Fund

|  |            |            |                       |           |       |           |           |
|--|------------|------------|-----------------------|-----------|-------|-----------|-----------|
| John Deere WLBH backhoe                    | 10/15/2021 | 10/15/2023 | 2 annual payments     | \$ 28,876 | 2.20% | \$ 57,125 | \$ 28,251 |
| Postage meter                              | 3/30/2020  | 3/30/2025  | 20 quarterly payments | 112       | 2.80% | 1,485     | 1,076     |
| Copier                                     | 1/1/2019   | 1/1/2024   | 60 monthly payments   | 132       | 3.95% | 3,403     | 1,928     |
| Total Water and Sewer Fund Lease Liability |            |            |                       |           |       | \$ 62,013 | \$ 31,255 |

Gas Fund

|                                |           |           |                       |     |       |          |          |
|--------------------------------|-----------|-----------|-----------------------|-----|-------|----------|----------|
| Copier                         | 1/1/2019  | 1/1/2024  | 60 monthly payments   | 132 | 3.95% | \$ 3,411 | \$ 1,928 |
| Postage meter                  | 3/30/2020 | 3/30/2025 | 20 quarterly payments | 37  | 2.80% | 488      | 359      |
| Total Gas Fund Lease Liability |           |           |                       |     |       | \$ 3,899 | \$ 2,287 |

Civic Center

|  |           |           |                       |        |       |           |           |
|--|-----------|-----------|-----------------------|--------|-------|-----------|-----------|
| Copier   | 7/13/2018 | 7/13/2023 | 60 monthly payments   | \$ 145 | 3.95% | \$ 2,945  | \$ 1,284  |
| Postage meter                                    | 3/30/2020 | 3/30/2025 | 20 quarterly payments | 37     | 2.80% | 488       | 359       |
| Total Civic Center Fund Lease Liability          |           |           |                       |        |       | \$ 3,433  | \$ 1,643  |
| Total Business-Type Activities Lease Liabilities |           |           |                       |        |       | \$ 69,345 | \$ 35,185 |

None of the leases are renewable and the City will not acquire the equipment at the end of the leased periods stated above.

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE I - LEASES - CONTINUED**

Lease liability balances and transactions for the year ended September 30, 2022 are as follows:

**GOVERNMENTAL ACTIVITIES**

|                                    | Restated<br>Amount<br>of issue | Final<br>Maturity<br>Date | Interest<br>Rate | Restated<br>Outstanding<br>10/1/2021 | Additions  | Repayments | Ending<br>Balance<br>9/30/2022 |
|------------------------------------|--------------------------------|---------------------------|------------------|--------------------------------------|------------|------------|--------------------------------|
| Two John Deere WLBH backhoes       | \$ 114,247                     | 10/15/2023                | 2.20%            | \$ -                                 | \$ 114,247 | \$ 57,745  | \$ 56,502                      |
| Rubbish site - land                | 5,707                          | 5/1/2024                  | 3.40%            | 5,707                                | -          | 2,806      | 2,901                          |
| Copier                             | 4,129                          | 11/28/2023                | 3.95%            | 4,129                                | -          | 1,790      | 2,339                          |
| Copier                             | 4,985                          | 10/22/2023                | 3.95%            | 4,985                                | -          | 2,248      | 2,737                          |
| Copier                             | 3,403                          | 1/1/2024                  | 3.95%            | 3,403                                | -          | 1,475      | 1,928                          |
| Copier                             | 9,339                          | 8/1/2025                  | 2.30%            | 9,339                                | -          | 2,357      | 6,982                          |
| Copier                             | 5,230                          | 8/1/2025                  | 2.30%            | 5,230                                | -          | 1,321      | 3,909                          |
| American legion park - land        | 4,695                          | 12/1/2027                 | 3.25%            | 4,695                                | -          | 1,000      | 3,695                          |
| Postage meter                      | 4,459                          | 3/30/2025                 | 2.80%            | 4,459                                | -          | 1,230      | 3,229                          |
| Total governmental lease liability | \$ 156,194                     |                           |                  | \$ 41,947                            | \$ 114,247 | \$ 71,972  | \$ 84,222                      |

**BUSINESS-TYPE ACTIVITIES**

|                                       | Restated<br>Amount<br>of issue | Final<br>Maturity<br>Date | Interest<br>Rate | Restated<br>Outstanding<br>10/1/2021 | Additions | Repayments | Ending<br>Balance<br>9/30/2022 |
|---------------------------------------|--------------------------------|---------------------------|------------------|--------------------------------------|-----------|------------|--------------------------------|
| Water and Sewer Fund                  |                                |                           |                  |                                      |           |            |                                |
| John Deere WLBH backhoe               | \$ 57,125                      | 10/15/2023                | 2.20%            | \$ -                                 | \$ 57,125 | \$ 28,874  | \$ 28,251                      |
| Postage meter                         | 1,485                          | 3/30/2025                 | 2.80%            | 1,485                                | -         | 409        | 1,076                          |
| Copier                                | 3,403                          | 1/1/2024                  | 3.95%            | 3,403                                | -         | 1,475      | 1,928                          |
| Total water and sewer lease liability | \$ 62,013                      |                           |                  | \$ 4,888                             | \$ 57,125 | \$ 30,758  | \$ 31,255                      |
| Gas Fund                              |                                |                           |                  |                                      |           |            |                                |
| Copier                                | \$ 3,411                       | 1/1/2024                  | 3.95%            | \$ 3,411                             | \$ -      | \$ 1,483   | \$ 1,928                       |
| Postage meter                         | 488                            | 3/30/2025                 | 2.80%            | 488                                  | -         | 129        | 359                            |
| Total gas lease liability             | \$ 3,899                       |                           |                  | \$ 3,899                             | \$ -      | \$ 1,612   | \$ 2,287                       |

**CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE I - LEASES - CONTINUED**

Lease liability balances and transactions for the year ended September 30, 2022 are as follows:

**BUSINESS-TYPE ACTIVITIES**

|                                     | Restated<br>Amount<br>of issue | Final<br>Maturity<br>Date | Interest<br>Rate | Restated<br>Outstanding<br>10/1/2021 | Additions | Repayments | Ending<br>Balance<br>9/30/2022 |
|-------------------------------------|--------------------------------|---------------------------|------------------|--------------------------------------|-----------|------------|--------------------------------|
| <u>Civic Center Fund</u>            |                                |                           |                  |                                      |           |            |                                |
| Copier                              | \$ 2,945                       | 7/13/2023                 | 3.95%            | \$ 2,945                             | \$ -      | \$ 1,661   | \$ 1,284                       |
| Postage meter                       | 488                            | 3/30/2025                 | 2.80%            | 488                                  | -         | 129        | 359                            |
| Total civic center lease liability  | \$ 3,433                       |                           |                  | \$ 3,433                             | \$ -      | \$ 1,790   | \$ 1,643                       |
| Total Business-type lease liability | \$ 69,345                      |                           |                  | \$ 12,220                            | \$ 57,125 | \$ 34,160  | \$ 35,185                      |

The total amount of right of use lease assets and the related accumulated amortization are as follows:

|                                    | Governmental<br>Activities | Business-Type<br>Activities |
|------------------------------------|----------------------------|-----------------------------|
| Automotive, equipment and fixtures | \$ 150,487                 | \$ 69,345                   |
| Land                               | 5,707                      | -                           |
| Less accumulated amortization      | (68,409)                   | (32,698)                    |
| Right to use leased assets, net    | \$ 87,785                  | \$ 36,647                   |

Annual requirements to amortize long-term operating lease obligations and related imputed interest are as follows:

|      | <u>Governmental Activities</u> |          | <u>Business-Type Activities</u> |           |
|------|--------------------------------|----------|---------------------------------|-----------|
|      | Principal                      | Interest | Principal                       | Interest  |
| 2023 | \$ 71,048                      | \$ 1,924 | \$ 33,307                       | \$ 785    |
| 2024 | 7,328                          | 263      | 1,509                           | 30        |
| 2025 | 4,878                          | 103      | 369                             | 4         |
| 2026 | 968                            | 32       | -                               | -         |
| 2027 | -                              | -        | -                               | -         |
|      | \$ 84,222                      | \$ 2,322 | \$ 35,185                       | \$ 819    |
|      |                                |          |                                 | \$ 36,004 |

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE J - FINANCED PURCHASES**

Financed Purchases

The City has entered into financed purchase 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, 2022.

**Governmental Activities**

| Minimum lease payments<br>year ending September 30, | Moonsoon<br>Street<br><u>Sweeper</u> | Grapple<br>Boom<br><u>Truck</u> | Eight 2022<br>Tahoes<br>Dodge Ram<br>Ford<br><u>Explorer</u> | Rackmount<br>8 channel<br><u>server</u> | <u>Total</u>      |
|---|--------------------------------------|---------------------------------|--|---|-------------------|
| 2023  | \$ 56,701                            | \$ 55,242                       | \$ 96,992  | \$ 4,852                                | \$ 213,787        |
| 2024  | 56,702                               | 55,243                          | 96,991   | 4,852                                   | 213,788           |
| 2025  | 56,701                               | 55,242                          | 96,991   | 4,851                                   | 213,785           |
| 2026  | <u>56,702</u>                        | <u>55,243</u>                   | <u>96,991</u>  | <u>-</u>                                | <u>208,936</u>    |
|   | 226,806                              | 220,970                         | 387,965  | 14,555                                  | 850,296           |
| Less: amounts representing<br>Interest              | <u>(12,869)</u>                      | <u>(14,720)</u>                 | <u>(35,730)</u>  | <u>(923)</u>                            | <u>(64,242)</u>   |
| Present value of minimum<br>payments                | <u>\$ 213,937</u>                    | <u>\$ 206,250</u>               | <u>\$ 352,235</u>  | <u>\$ 13,632</u>                        | <u>\$ 786,054</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 depreciation under financed purchase obligations are as follows:

|                                | Moonsoon<br>Street<br><u>Sweeper</u> | Grapple<br>Boom<br><u>Truck</u> | Eight 2022<br>Tahoes<br>Dodge Ram<br>Ford<br><u>Explorer</u> | Rackmount<br>8 channel<br><u>server</u> | <u>Total</u>      |
|--------------------------------|--------------------------------------|---------------------------------|--|---|-------------------|
| Capital asset discounted cost  | \$ 264,450                           | \$ 206,250                      | \$ 352,230   | \$ 22,736                               | \$ 845,666        |
| Less: accumulated amortization | <u>(40,660)</u>                      | <u>(7,629)</u>                  | <u>(18,941)</u>  | <u>(7,798)</u>                          | <u>(75,028)</u>   |
| Total                          | <u>\$ 223,790</u>                    | <u>\$ 198,621</u>               | <u>\$ 333,289</u>  | <u>\$ 14,938</u>                        | <u>\$ 770,638</u> |

Depreciation of leased equipment financed acquired with purchase obligations is included with depreciation.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE K - COMPONENTS OF RESTRICTED CASH**

|                                    | General<br><u>Fund Cash</u> | Sewer System<br><u>Fund Cash</u> | Gas System<br><u>Fund Cash</u> | Other<br><u>Funds Cash</u> | <u>Total</u>         |
|------------------------------------|-----------------------------|----------------------------------|--------------------------------|----------------------------|----------------------|
| Customer deposits                  | \$ -                        | \$ 291,697                       | \$ 323,352                     | \$ -                       | \$ 615,049           |
| Police capital additions           | -                           | -                                | -                              | 142,284                    | 142,284              |
| Library operations                 | 407,872                     | -                                | -                              | -                          | 407,872              |
| Building compliance<br>bond        | 16,888                      | -                                | -                              | -                          | 16,888               |
| Unemployment                       | 62,365                      | -                                | -                              | -                          | 62,365               |
| Debt service                       | -                           | -                                | -                              | 1,128,205                  | 1,128,205            |
| Excess tax collection<br>and other | 16,668                      | -                                | -                              | 15,276                     | 31,944               |
| Tourism                            | -                           | -                                | -                              | 3,281,257                  | 3,281,257            |
| Fire truck                         | 392,632                     | -                                | -                              | -                          | 392,632              |
| Capital projects                   | -                           | 4,303,919                        | -                              | 547,721                    | 4,851,640            |
| Street capital projects            | -                           | -                                | -                              | 846,247                    | 846,247              |
| Economic development               | -                           | -                                | -                              | 1,489,496                  | 1,489,496            |
| Total                              | <u>\$ 896,425</u>           | <u>\$ 4,595,616</u>              | <u>\$ 323,352</u>              | <u>\$ 7,450,486</u>        | <u>\$ 13,265,879</u> |

**NOTE L - 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 water and fund of \$1,500,000 were transferred to the general fund. Tourism funds totaling \$700,000 were transferred to the civic center fund to fund operations. The general fund forgave the receivable of \$42,946 due from the capital project series 2019A fund and classified it as a transfer. The general fund interfund receivables of \$788,916 consists of \$93,530 from the capital project series 2019 fund for debt expenditures paid from the wrong account and \$695,386 from the solid waste collection funds for solid waste expenditures paid by the general fund. 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 \$130,775 consisted of \$89,775 due from the capital project series 2019 fund and \$41,000 due from the general fund for expenditures paid out of the wrong account. The gas system fund interfund receivables of \$2,406,407 consisted of \$2,396,264 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 \$23,878 consisted of \$23,878 due from the general fund for expenditures paid from the wrong account. The waste collection fund interfund receivables of \$710,099 consisted of \$710,099 due from the water and sewer system for revenues collected not transferred at year end. The ARPA fund receivable \$887,255 consisted of \$887,255 of ARPA funds collected by the general fund but not transferred at year end. The modernization fund receivable of \$342,498 consisted of \$342,498 modernization funds collected by the general fund not transferred at year end.



CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE L - INTERFUND TRANSACTIONS - CONTINUED**

| Fund                                      | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| General Fund                              | \$ 788,916               | \$ 1,304,774          |
| Nonmajor Funds - Other Governmental Funds | 1,234,253                | 183,305               |
| Water and Sewer System Fund               | 130,775                  | 3,110,863             |
| Gas System Fund                           | 2,406,407                | -                     |
| Civic Center Fund                         | 23,878                   | -                     |
| Nonmajor Business-Type Funds              | 710,099                  | 695,386               |
|   | <u>\$ 5,294,328</u>      | <u>\$ 5,294,328</u>   |

Transfers between funds during the year were as follows:

|                                   | Transfers<br>in     | Transfers<br>out    |
|-----------------------------------|---------------------|---------------------|
| Major Governmental Funds:         |                     |                     |
| General Fund                      | \$ 1,500,001        | \$ 49,246           |
| Capital Project Series 2019A Fund | 49,246              | -                   |
| Tourism Fund                      | -                   | 700,000             |
|                                   | <u>1,549,247</u>    | <u>749,246</u>      |
| Major Enterprise Funds            |                     |                     |
| Water and Sewer System Fund       | \$ -                | \$ 1,500,000        |
| Civic Center Fund                 | 700,000             | -                   |
|                                   | <u>700,000</u>      | <u>1,500,000</u>    |
| Total all funds                   | <u>\$ 2,249,247</u> | <u>\$ 2,249,247</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.

**NOTE M - 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 111 - 117. 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.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE N - 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, 2022:

|                         |                          |
|-------------------------|--------------------------|
| Water and Sewer System  | \$ 10,754,096            |
| Gas System              | 8,332,678                |
| Civic Center            | 170,981                  |
| Waste Collection System | <u>27,343</u>            |
| <br>Total               | <br><u>\$ 19,285,098</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, 2022, the Gas System Fund had extended credit to customers totaling \$524,901 and to others totaling \$0. Gas System Fund receivables are secured by customer deposits totaling \$323,352. No other collateral has been obtained.

At September 30, 2022, the Combined Water and Sewer System Fund had extended credit to customers totaling \$932,532 and to others totaling \$0. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$291,697. No other collateral has been obtained.

At September 30, 2022, the Civic Center Fund had extended credit to customers totaling \$88. The Civic Center Fund receivables are not secured.

At September 30, 2022, the Nonmajor Enterprise Fund had extended credit to customers totaling \$47,981. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$232,345 for natural gas purchases and \$9,192 for professional fees. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$69,374 for repairs and supplies, \$30,974 for professional fees, and \$68,141 for insurance and electricity. The Civic Center Fund accounts payable operations consist mainly of \$9,882 for professional fees and \$15,641 for utilities. The Nonmajor Enterprise Fund accounts payable – operations consist mainly of \$58,060 for contract waste collection.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE O - RELATED PARTY TRANSACTIONS**

The City purchased \$6,118 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 P - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES**

Litigation

The City has outstanding lawsuits against its liability insurance. The City has agreed to a settlement of \$325,000 that has been included in accounts payable to settle a dispute. The amount of liability for other lawsuits, 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 other than discussed above. It is at least reasonably possible that the City's estimate of claims liability could change in the near term.

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 limited, there is considerable uncertainty around the whether these closings will continue. 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 Q - 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. The City mitigates this risk by purchasing fixed price contracts. At September 30, 2022, the City had a fixed price contract for October, November, and December for 10,000 MMBtu per month at a cost of \$6.5398 per MMBtu.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE R - 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 \$62,365 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 S - NET POSITION**

The government-wide statement of net position reports \$7,996,783 of restricted net position, of which \$0 is restricted by enabling legislation.

**NOTE T - 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<br><u>Activities</u> | Business-Type<br><u>Activities</u> |
|--|-----------------------------------|------------------------------------|
| Land and construction in progress                      | \$ 2,664,632                      | \$ 1,742,265                       |
| Other capital assets (net of accumulated depreciation) | 16,272,690                        | 22,107,876                         |
| Portion of debt related to unspent bond proceeds       | 547,721                           | 4,303,919                          |
| Less leases payable                                    | (84,222)                          | (35,185)                           |
| Less bonds, notes, and financed purchase obligations   | <u>(8,959,431)</u>                | <u>(9,306,940)</u>                 |
| Net investment in capital asset                        | <u>\$ 10,441,390</u>              | <u>\$ 18,811,935</u>               |

**NOTE U - 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, 2022, the City abated property taxes totaling \$553,300 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:

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE U - TAX ABATEMENTS - CONTINUED**

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2013 to 2022 with a total cost or value of \$84,365,731 beginning for the tax rolls as follows: 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 \$11,823. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$349,913 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 2013 to 2022 with a total cost or value of \$27,072,380 beginning for the tax rolls as follows: 2013 \$0, 2014 \$11,660, 2015 \$3,135, 2016 \$20,213, 2017 \$7,782, 2018 \$47,209, 2019 \$0, 2020 \$7,501, 2021 \$0, and 2022 \$27,973. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$125,473 net of any depreciation applied to assessed values.

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

The governmental activities' unrestricted (deficit) net position amount of (\$10,829,724) 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 \$273,267 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, 2023. The \$2,489,631 balance of deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$141,183 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The business type activities' unrestricted net position amount of \$10,559,669 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 \$87,720 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, 2023. The \$953,567 balance of deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$13,050 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

**NOTE W - PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2021, the City did not capitalize \$792,931 of capital assets. Depreciation expense of \$964 was also omitted on the September 30, 2021 governmental activities statement of net position. The City corrected this error by increasing its beginning governmental activities other capital assets (net of accumulated depreciation by \$791,967) and increasing its beginning governmental activities net position by \$791,967.

During the year ended September 30, 2021, the City acquired a street sweeper under a capital lease without an upfront payment. The capital asset of \$264,450 and the capital lease of \$264,450 and the related depreciation of \$16,859 and accrued interest of \$4,383 was not recorded on the September 30, 2021 governmental statement of net position. The City corrected this error by increasing other capital assets (net of accumulated depreciation) by \$247,591 and increasing obligations under capital lease by \$264,450, accrued interest by \$4,383, and decreasing beginning governmental activities net position by \$21,242.

CITY OF BATESVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE W - PRIOR PERIOD ADJUSTMENT - CONTINUED**

The following summarizes the effects of the prior period adjustments in the governmental activities statement of net position:

|                                  | Government Activities                         |  |                                 |
|----------------------------------|---|--|---------------------------------|
|                                  | As Previously<br>Reported<br><u>9/30/2021</u> | Summary of<br>Changes<br>and<br><u>Corrections</u> | As Adjusted<br><u>9/30/2021</u> |
| Total Assets                     | <u>\$ 37,674,884</u>                          | <u>\$ 1,039,558</u>                                | <u>\$ 38,714,442</u>            |
| Deferred outflows of resources   | <u>2,071,419</u>                              | <u>-</u>   | <u>2,071,419</u>                |
| Total Liabilities                | <u>23,747,969</u>                             | <u>268,833</u>                                     | <u>24,016,802</u>               |
| Deferred inflows of resources    | <u>8,597,503</u>                              | <u>-</u>   | <u>8,597,503</u>                |
| Net Position                     |   |  |                                 |
| Net investment in capital assets | 11,662,308                                    | 770,725  | 12,433,033                      |
| Restricted                       | 8,098,105                                     | -  | 8,098,105                       |
| Unrestricted                     | <u>(12,359,582)</u>                           | <u>-</u>   | <u>(12,359,582)</u>             |
| Total net position               | <u>\$ 7,400,831</u>                           | <u>\$ 770,725</u>                                  | <u>\$ 8,171,556</u>             |

**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, 2022**

|  | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   | <u>2020</u>   | <u>2021</u>   | <u>2022</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%     | 0.110978%     |
| 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 | \$ 22,843,310 |
| 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  | \$ 8,026,078  |
| 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%       | 284.61%       |
| 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%        | 59.93%        |

\* 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, 2022

|   | <u>2014</u>      | <u>2015</u>      | <u>2016</u>      | <u>2017</u>        | <u>2018</u>      | <u>2019</u>        | <u>2020</u>        | <u>2021</u>        | <u>2022</u>        |
|---|------------------|------------------|------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution                                     | \$ 856,768       | \$ 888,463       | \$ 976,670       | \$ 1,018,766       | \$ 971,814       | \$ 1,067,460       | \$ 1,194,005       | \$ 1,264,143       | \$ 1,396,538       |
| Contributions in relation to the<br>statutorily required contribution | <u>(856,768)</u> | <u>(888,463)</u> | <u>(976,670)</u> | <u>(1,018,766)</u> | <u>(971,814)</u> | <u>(1,067,460)</u> | <u>(1,194,005)</u> | <u>(1,264,143)</u> | <u>(1,396,538)</u> |
| 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       | \$ 8,026,078       |
| Contributions as a percentage of<br>covered payroll                   | 15.75%           | 15.75%           | 15.75%           | 15.75%             | 15.75%           | 16.13%             | 17.40%             | 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, 2022**

|  | Budgeted Amounts     |                      | Actual Amounts       |                                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|--------------------------------------|---|
|  | Original             | Final                | Actual               | Adjustments<br>to Budgetary<br>Basis |   |
| <b>REVENUES</b>                          |                      |                      |                      |                                      |   |
| Ad valorem taxes, penalties and interest | \$ 3,922,959         | \$ 3,922,959         | \$ 3,931,289         | \$ 28,342                            | \$ 36,672   |
| Road and bridge taxes                    | 568,179              | 568,179              | 588,295              | 5,585                                | 25,701  |
| In lieu of taxes - General Electric      | -                    | -                    | 85,694               | -                                    | 85,694  |
| License, permits, and fees               | 89,500               | 89,500               | 118,498              | (3,598)                              | 25,400  |
| Intergovernmental revenues:              |                      |                      |                      |                                      |   |
| Federal grants                           | 300,000              | 300,000              | 57,614               | 5,173                                | (237,213)   |
| State shared revenues:                   |                      |                      |                      |                                      |   |
| Sales tax                                | 4,500,000            | 4,500,000            | 5,514,532            | (23,723)                             | 990,809   |
| Liquor privilege tax                     | -                    | -                    | 14,925               | 150                                  | 15,075  |
| Fire protection                          | -                    | -                    | 46,091               | 46,480                               | 92,571  |
| Police academy training                  | -                    | -                    | 12,545               | -                                    | 12,545  |
| Gasoline tax and municipal aid           | 10,000               | 10,000               | 7,153                | 3,716                                | 869   |
| Homestead reimbursement                  | 120,000              | 120,000              | 123,996              | -                                    | 3,996   |
| In lieu of taxes - TVA                   | 309,000              | 309,000              | 169,322              | -                                    | (139,678)   |
| Franchise taxes                          | 297,100              | 297,100              | 339,279              | (15,939)                             | 26,240  |
| Municipal court fines and bond fees      | 180,400              | 180,400              | 75,764               | 9,374                                | (95,262)  |
| Cops in school charges                   | -                    | -                    | 260,786              | (911)                                | 259,875   |
| Parks and recreation                     | 9,000                | 9,000                | 32,283               | -                                    | 23,283  |
| Fire department revenue - local          | 2,000                | 2,000                | 20,420               | -                                    | 18,420  |
| Interest income                          | 38,000               | 38,000               | 23,237               | (170)                                | (14,933)  |
| Rents                                    | 46,000               | 46,000               | 32,274               | -                                    | (13,726)  |
| Contributions and donations              | -                    | -                    | 5,205                | -                                    | 5,205   |
| Other                                    | 15,500               | 15,500               | 28,794               | (1,483)                              | 11,811  |
| <b>Total revenues</b>                    | <b>\$ 10,407,638</b> | <b>\$ 10,407,638</b> | <b>\$ 11,487,996</b> | <b>\$ 52,996</b>                     | <b>\$ 1,133,354</b>                                     |

The accompanying notes to the required supplementary information are an integral part of this schedule.  
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## Schedule 3

**CITY OF BATESVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended September 30, 2022**

|                               | Budgeted Amounts    |                     | Actual Amounts      |                                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------|---------------------|---------------------|---------------------|--------------------------------------|---|
|                               | Original            | Final               | Actual              | Adjustments<br>to Budgetary<br>Basis |   |
| <b>EXPENDITURES</b>           |                     |                     |                     |                                      |   |
| <b>General Government</b>     |                     |                     |                     |                                      |   |
| Personnel services            | \$ 385,000          | \$ 385,000          | \$ 401,301          | \$ -                                 | \$ (16,301)   |
| Supplies                      | 21,000              | 21,000              | 22,324              | (2,204)                              | 880   |
| Other services and charges    | 614,600             | 614,600             | 976,063             | (313,524)                            | (47,939)  |
| Capital outlay                | 102,500             | 102,500             | 19,604              | (46,934)                             | 129,830   |
| Debt service                  | -                   | -                   | 1,732               | (1,732)                              | -   |
| <b>Total</b>                  | <b>1,123,100</b>    | <b>1,123,100</b>    | <b>1,421,024</b>    | <b>(384,394)</b>                     | <b>66,470</b>   |
| <b>City Court</b>             |                     |                     |                     |                                      |   |
| Personnel services            | 180,000             | 180,000             | 123,198             | 7,316                                | 49,486  |
| Supplies                      | 6,600               | 6,600               | 2,811               | -                                    | 3,789   |
| Other services and charges    | 79,000              | 79,000              | 67,329              | 2,873                                | 8,798   |
| Capital outlay                | 155,000             | 155,000             | 6,846               | (495)                                | 148,649   |
| Debt service                  | -                   | -                   | 149                 | (149)                                | -   |
| <b>Total</b>                  | <b>420,600</b>      | <b>420,600</b>      | <b>200,333</b>      | <b>9,545</b>                         | <b>210,722</b>  |
| <b>Public Safety - Police</b> |                     |                     |                     |                                      |   |
| Personnel services            | 3,850,000           | 3,850,000           | 3,482,004           | (22,404)                             | 390,400   |
| Supplies                      | 220,200             | 220,200             | 187,243             | (5,829)                              | 38,786  |
| Other services and charges    | 1,120,400           | 1,120,400           | 620,222             | 51,879                               | 448,299   |
| Capital outlay                | 914,280             | 914,280             | 531,049             | (297,491)                            | 680,722   |
| Debt service                  | -                   | -                   | 37,694              | (31,243)                             | (6,451)   |
| <b>Total</b>                  | <b>\$ 6,104,880</b> | <b>\$ 6,104,880</b> | <b>\$ 4,858,212</b> | <b>\$ (305,088)</b>                  | <b>\$ 1,551,756</b>                                     |

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

## Schedule 3

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

**General Fund**

**For the fiscal year ended September 30, 2022**

|                                     | Budgeted Amounts  |                   | Actual Amounts    |                                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|-------------------|-------------------|-------------------|--------------------------------------|---|
|                                     | Original          | Final             | Actual            | Adjustments<br>to Budgetary<br>Basis |   |
| <b>EXPENDITURES - continued</b>     |                   |                   |                   |                                      |   |
| <b>Public Safety - Fire</b>         |                   |                   |                   |                                      |   |
| Personnel services                  | \$ 2,330,000      | \$ 2,330,000      | \$ 2,470,004      | \$ (2,891)                           | \$ (137,113)  |
| Supplies                            | 51,000            | 51,000            | 64,775            | (4,456)                              | (9,319)   |
| Other services and charges          | 339,600           | 339,600           | 370,794           | (7,884)                              | (23,310)  |
| Capital outlay                      | 420,000           | 420,000           | 323,133           | (77,836)                             | 174,703   |
| Debt service                        | -                 | -                 | 33,237            | (30,920)                             | (2,317)   |
| <b>Total</b>                        | <b>3,140,600</b>  | <b>3,140,600</b>  | <b>3,261,943</b>  | <b>(123,986)</b>                     | <b>2,644</b>  |
| <b>Street</b>                       |                   |                   |                   |                                      |   |
| Personnel services                  | 1,005,000         | 1,005,000         | 1,000,900         | 639                                  | 3,461   |
| Supplies                            | 82,500            | 82,500            | 252,455           | (5,124)                              | (164,831)   |
| Other services and charges          | 630,600           | 630,600           | 682,322           | (4,300)                              | (47,422)  |
| Capital outlay                      | 363,000           | 363,000           | 524,010           | (264,199)                            | 103,189   |
| Debt service                        | -                 | -                 | 29,021            | 27,680                               | (56,701)  |
| <b>Total</b>                        | <b>2,081,100</b>  | <b>2,081,100</b>  | <b>2,488,708</b>  | <b>(245,304)</b>                     | <b>(162,304)</b>  |
| <b>Public Health and Sanitation</b> |                   |                   |                   |                                      |   |
| Personnel services                  | 245,000           | 245,000           | 267,156           | (3,000)                              | (19,156)  |
| Supplies                            | 55,000            | 55,000            | 29,216            | (342)                                | 26,126  |
| Other services and charges          | 107,200           | 107,200           | 65,138            | 30,867                               | 11,195  |
| Capital outlay                      | 24,000            | 24,000            | 65,830            | (63,956)                             | 22,126  |
| Debt service                        | -                 | -                 | 32,021            | (32,021)                             | -   |
| <b>Total</b>                        | <b>\$ 431,200</b> | <b>\$ 431,200</b> | <b>\$ 459,361</b> | <b>\$ (68,452)</b>                   | <b>\$ 40,291</b>  |

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

## Schedule 3

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

**General Fund**

**For the fiscal year ended September 30, 2022**

|                                 | Budgeted Amounts  |                   | Actual Amounts    |                                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|-------------------|-------------------|-------------------|--------------------------------------|---|
|                                 | Original          | Final             | Actual            | Adjustments<br>to Budgetary<br>Basis |   |
| <b>EXPENDITURES - continued</b> |                   |                   |                   |                                      |   |
| <b>Library</b>                  |                   |                   |                   |                                      |   |
| Personnel services              | \$ 130,400        | \$ 130,400        | \$ -              | \$ -                                 | \$ -  |
| Supplies                        | 6,000             | 6,000             | 7,016             | -                                    | (1,016)   |
| Other services and charges      | 167,500           | 167,500           | 151,560           | (6,285)                              | 22,225  |
| Capital outlay                  | 30,000            | 30,000            | 610               | (498)                                | 29,888  |
| Debt service                    | -                 | -                 | 149               | (149)                                | -   |
| <b>Total</b>                    | <b>333,900</b>    | <b>333,900</b>    | <b>289,735</b>    | <b>(6,932)</b>                       | <b>51,097</b>   |
| <b>Park and Recreation</b>      |                   |                   |                   |                                      |   |
| Personnel services              | 215,000           | 215,000           | 217,353           | 2,508                                | (4,861)   |
| Supplies                        | 46,500            | 46,500            | 45,915            | 9,755                                | (9,170)   |
| Other services and charges      | 129,600           | 129,600           | 104,512           | (5,326)                              | 30,414  |
| Capital outlay                  | 251,500           | 251,500           | 96,770            | (5,326)                              | 160,056   |
| Debt service                    | -                 | -                 | 1,149             | (1,149)                              | -   |
| <b>Total</b>                    | <b>642,600</b>    | <b>642,600</b>    | <b>465,699</b>    | <b>462</b>                           | <b>176,439</b>  |
| <b>Code</b>                     |                   |                   |                   |                                      |   |
| Personnel services              | 315,000           | 315,000           | 248,367           | -                                    | 66,633  |
| Supplies                        | 11,000            | 11,000            | 4,892             | -                                    | 6,108   |
| Other services and charges      | 107,300           | 107,300           | 88,765            | 1,897                                | 16,638  |
| Capital outlay                  | 95,000            | 95,000            | 7,457             | (495)                                | 88,038  |
|                                 | -                 | -                 | 149               | (149)                                | -   |
| <b>Total</b>                    | <b>\$ 528,300</b> | <b>\$ 528,300</b> | <b>\$ 349,630</b> | <b>\$ 1,253</b>                      | <b>\$ 177,417</b>                                       |

## Schedule 3

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

**General Fund**

**For the fiscal year ended September 30, 2022**

|   | Budgeted Amounts |               | Actual Amounts |                                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|---------------|----------------|--------------------------------------|---|
|   | Original         | Final         | Actual         | Adjustments<br>to Budgetary<br>Basis |   |
| <b><u>EXPENDITURES - continued</u></b>  |                  |               |                |                                      |   |
| Total expenditures  | \$ 14,806,280    | \$ 14,806,280 | \$ 13,794,644  | \$ (1,102,896)                       | \$ 2,114,532  |
| Excess (deficit) of revenues over (under) expenditures  | (4,398,642)      | (4,398,642)   | (2,306,648)    | 1,155,892                            | 3,247,886   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>  |                  |               |                |                                      |   |
| Proceeds from financed purchase obligations   | -                | -             | 558,480        | (558,480)                            | -   |
| Proceeds from leases  | -                | -             | 156,194        | (156,192)                            | 2   |
| Non-revenue receipts  | -                | -             | 18,660         | -                                    | 18,660  |
| Operating transfers in  | 2,000,000        | 2,000,000     | 1,500,001      | -                                    | (499,999)   |
| Operating transfers out   | -                | -             | (49,246)       | -                                    | (49,246)  |
| Total other financing sources (uses)  | 2,000,000        | 2,000,000     | 2,184,089      | (714,672)                            | (530,583)   |
| Excess (deficit) of revenues and other financing<br>sources over (under) expenditures and<br>sources over (under) expenditures and other uses | (2,398,642)      | (2,398,642)   | (122,559)      | 441,220                              | 2,717,303   |
| Fund balances - beginning of year   | 4,816,700        | 4,816,700     | 4,816,700      | -                                    | -   |
| Fund balances - end of year   | \$ 2,418,058     | \$ 2,418,058  | \$ 4,694,141   | \$ 441,220                           | \$ 2,717,303  |

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

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

**For the fiscal year ended September 30, 2022**

|  | Budgeted Amounts |              | Actual Amounts |                                      | Actual on<br>Budgetary<br>Total | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|----------------|--------------------------------------|---------------------------------|---|
|  | Original         | Final        | Actual         | Adjustments<br>to Budgetary<br>Basis |                                 |   |
| <b><u>REVENUES</u></b>   |                  |              |                |                                      |                                 |   |
| Tourism tax  | \$ 1,400,000     | \$ 1,400,000 | \$ 1,690,130   | \$ (43,050)                          | \$ 1,647,080                    | \$ 247,080  |
| Interest income  | 10,000           | 10,000       | 5,735          | -                                    | 5,735                           | (4,265)   |
| Total revenues   | 1,410,000        | 1,410,000    | 1,695,865      | (43,050)                             | 1,652,815                       | 242,815   |
| <b><u>EXPENDITURES</u></b>   |                  |              |                |                                      |                                 |   |
| Other services and charges   | 186,500          | 186,500      | 121,033        | 3,000                                | 124,033                         | 62,467  |
| Capital outlay   | 18,000           | 18,000       | 13,173         | -                                    | 13,173                          | 4,827   |
| Total expenditures   | 204,500          | 204,500      | 134,206        | 3,000                                | 137,206                         | 67,294  |
| Excess (deficit) of revenues over (under) expenditures   | 1,205,500        | 1,205,500    | 1,561,659      | (46,050)                             | 1,515,609                       | 310,109   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>   |                  |              |                |                                      |                                 |   |
| Operating transfers out  | (1,425,000)      | (1,425,000)  | (700,000)      | -                                    | (700,000)                       | 725,000   |
| Total other financing sources (uses)   | (1,425,000)      | (1,425,000)  | (700,000)      | -                                    | (700,000)                       | 725,000   |
| Excess (deficit) of revenues and other financing<br>sources over (under) expenditures and other uses | (219,500)        | (219,500)    | 861,659        | (46,050)                             | 815,609                         | 1,035,109   |
| Fund balances - beginning of year  | 2,714,920        | 2,714,920    | 2,714,920      | -                                    | 2,714,920                       | -   |
| Fund balances - end of year  | \$ 2,495,420     | \$ 2,495,420 | \$ 3,576,579   | \$ (46,050)                          | \$ 3,530,529                    | \$ 1,035,109  |

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

## Schedule 5

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

**For the fiscal year ended September 30, 2022**

|  | <u>Budgeted Amounts</u> |              | <u>Actual Amounts</u> |   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------|-----------------------|---|---|
|  | <u>Original</u>         | <u>Final</u> | <u>Actual</u>         | <u>Adjustment<br/>to Budgetar<br/>Basis</u><br><u>Actual on<br/>Budgetary<br/>Total</u> |   |
| <b><u>REVENUES</u></b>   |                         |              |                       |   |   |
| Interest income  | \$ -                    | \$ -         | \$ 1,280              | \$ -  | \$ 1,280  |
| Total revenues   | -                       | -            | 1,280                 | -   | 1,280   |
| <b><u>EXPENDITURES</u></b>   |                         |              |                       |   |   |
| Total expenditures   | -                       | -            | -                     | -   | -   |
| Excess (deficit) of revenues over (under) expenditures   | -                       | -            | 1,280                 | -   | 1,280   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>   |                         |              |                       |   |   |
| Total other financing sources (uses)   | -                       | -            | -                     | -   | -   |
| Excess (deficit) of revenues and other financing<br>sources over (under) expenditures and other uses | -                       | -            | 1,280                 | -   | 1,280   |
| Fund balances - beginning of year  | 46                      | 46           | 46                    | -   | -   |
| Fund balances - end of year  | \$ 46                   | \$ 46        | \$ 1,326              | \$ -  | \$ 1,280  |

**CITY OF BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2022**

**NOTE 1 - PENSION SCHEDULES**

- A.** *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 2.40%.

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, 2022**

**NOTE 1 - PENSION SCHEDULES - CONTINUED**

**A. *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, 2022**

**NOTE 1 - PENSION SCHEDULES - CONTINUED**

- B.** *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.
- 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, 2020 valuation for the June 30, 2022 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 | 27.7 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 during the year ended September 30, 2022 that corrected this error.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2022**

**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, 2022**

**NOTE 2 - BUDGETARY INFORMATION - CONTINUED**

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

|   | <u>General Fund</u> | <u>Tourism Fund</u> | <u>ARPA Fund</u> |
|---|---------------------|---------------------|------------------|
| <b>Revenues</b>   |                     |                     |                  |
| Deferred revenues   | \$ 403,988          | \$ -                | \$ -             |
| Receivables   | (350,161)           | (43,050)            | -                |
| Payables  | <u>(831)</u>        | <u>-</u>            | <u>-</u>         |
| Total   | <u>52,996</u>       | <u>(43,050)</u>     | <u>-</u>         |
| <b>Expenditures</b>                                       |                     |                     |                  |
| Accounts payable paid after 30 days                       | (370,393)           | 3,000               | -                |
| Vacation accrual paid after 30 days                       | (17,832)            | -                   | -                |
| Reduction of capital outlay acquired with lease purchase  | (714,674)           | -                   | -                |
| Debt service for capital lease budgeted in capital outlay | (69,832)            | -                   | -                |
| Capital lease budgeted in capital outlay                  | <u>69,832</u>       | <u>-</u>            | <u>-</u>         |
| Total   | <u>(1,102,899)</u>  | <u>3,000</u>        | <u>-</u>         |
| <b>Other Financing Sources (Uses)</b>                     |                     |                     |                  |
| Proceeds from operating lease not applicable to budget    | (558,480)           | -                   | -                |
| Proceeds from capital lease not applicable to budget      | <u>(156,194)</u>    | <u>-</u>            | <u>-</u>         |
| Total   | <u>(714,674)</u>    | <u>-</u>            | <u>-</u>         |
| <b>Net difference in budgetary basis and actual</b>       | <u>\$ 441,221</u>   | <u>\$ (46,050)</u>  | <u>\$ -</u>      |

D. The General Fund budgetary comparison schedule has an excess of revenues over expenditures of \$318,662, the Tourism Fund has an excess of revenues over expenditures of \$815,609, and the ARPA Fund has an excess of revenues over expenditures of \$1,280.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheets**  
**September 30, 2022**

|   | COFB<br>Confiscated<br>Fund | Fire<br>Grant<br>Fund | Economic<br>Development<br>Revolving<br>Fund | Risk<br>Reduction<br>Fund | Federal<br>Asset<br>Forfeiture<br>Fund | Series 2019A<br>Fund | Modern-<br>ization<br>Use Tax<br>Fund | Debt<br>Service<br>Fund | Capital Project<br>Series 2019<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------|--|---------------------------|--|----------------------|---------------------------------------|-------------------------|--|--|
| <b>ASSETS</b>                                     |                             |                       |  |                           |  |                      |                                       |                         |  |  |
| Restricted cash and cash equivalents              | \$ 64,335                   | \$ -                  | \$ 1,489,496                                 | \$ 15,276                 | \$ 77,949                              | \$ 5,366             | \$ 846,247                            | \$ 239,624              | \$ 542,355                             | \$ 3,280,648                               |
| Receivables (net of allowance for uncollectibles) |                             |                       |  |                           |  |                      |                                       |                         |  |  |
| Taxes   | -                           | -                     | -  | -                         | -                                      | -                    | -                                     | 468,448                 | -                                      | 468,448                                    |
| Interest  | -                           | -                     | 894  | -                         | -                                      | -                    | -                                     | -                       | -                                      | 894  |
| Due (to) from other governmental funds            | -                           | -                     | -  | -                         | -                                      | -                    | 342,498                               | -                       | 4,500                                  | 346,998                                    |
| Due from other governments                        | -                           | -                     | -  | -                         | -                                      | -                    | 320,997                               | -                       | -                                      | 320,997                                    |
| Notes and loans receivable - net                  | -                           | -                     | 325,881                                      | -                         | -                                      | -                    | -                                     | -                       | -                                      | 325,881                                    |
| Total assets                                      | \$ 64,335                   | \$ -                  | \$ 1,816,271                                 | \$ 15,276                 | \$ 77,949                              | \$ 5,366             | \$ 1,509,742                          | \$ 708,072              | \$ 546,855                             | \$ 4,743,866                               |
| <b>LIABILITIES</b>                                |                             |                       |  |                           |  |                      |                                       |                         |  |  |
| Accounts payable - operations                     | \$ -                        | \$ -                  | \$ -   | \$ 1                      | \$ -                                   | \$ -                 | \$ -                                  | \$ -                    | \$ 147,615                             | \$ 147,616                                 |
| Due to other funds                                | -                           | -                     | -  | -                         | -                                      | -                    | -                                     | -                       | 183,305                                | 183,305                                    |
| Accounts payable                                  | -                           | -                     | 2,644  | -                         | -                                      | -                    | -                                     | -                       | -                                      | 2,644                                      |
| Builders compliance bonds and seized funds held   | 3,636                       | -                     | -  | -                         | -                                      | -                    | -                                     | -                       | -                                      | 3,636                                      |
| Total liabilities                                 | 3,636                       | -                     | 2,644  | 1                         | -                                      | -                    | -                                     | -                       | 330,920                                | 337,201                                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                             |                       |  |                           |  |                      |                                       |                         |  |  |
| Unavailable revenue                               | -                           | -                     | -  | -                         | -                                      | 1                    | 320,997                               | 459,576                 | 1                                      | 780,575                                    |
| Total deferred inflows of resources               | -                           | -                     | -  | -                         | -                                      | 1                    | 320,997                               | 459,576                 | 1                                      | 780,575                                    |
| <b>FUND BALANCES</b>                              |                             |                       |  |                           |  |                      |                                       |                         |  |  |
| Restricted  | 60,699                      | -                     | 1,813,627                                    | 15,275                    | 77,949                                 | 5,365                | 1,188,745                             | 248,496                 | 215,934                                | 3,626,090                                  |
| Total fund balance                                | 60,699                      | -                     | 1,813,627                                    | 15,275                    | 77,949                                 | 5,365                | 1,188,745                             | 248,496                 | 215,934                                | 3,626,090                                  |
| Total liabilities and fund balances               | \$ 64,335                   | \$ -                  | \$ 1,816,271                                 | \$ 15,276                 | \$ 77,949                              | \$ 5,366             | \$ 1,509,742                          | \$ 708,072              | \$ 546,855                             | \$ 4,743,866                               |

**CITY OF BATESVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2022**

|   | COFB<br>Confiscated<br>Fund | Fire<br>Grant<br>Fund | Economic<br>Development<br>Revolving<br>Fund | Risk<br>Reduction<br>Fund | Federal<br>Asset<br>Forfeiture<br>Fund | Series 2019 A<br>Fund | Modern-<br>ization<br>Use Tax<br>Fund | Debt<br>Service<br>Fund | Capital Project<br>Series 2019<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------|--|---------------------------|--|-----------------------|---------------------------------------|-------------------------|--|--|
| <b>REVENUES</b>   |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| Advalorem taxes, penalties and interest                   | \$ -                        | \$ -                  | \$ -   | \$ -                      | \$ -                                   | \$ -                  | \$ -                                  | \$ 414,966              | \$ -                                   | \$ 414,966                                 |
| Intergovernmental revenues:                               |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| State shared revenues:                                    |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| Sales and modernization tax                               | -                           | -                     | -  | -                         | -                                      | -                     | 710,250                               | -                       | -                                      | 710,250                                    |
| Municipal court fines and bond fees                       | 5,329                       | -                     | -  | -                         | 6,105                                  | -                     | -                                     | -                       | -                                      | 11,634                                     |
| Interest income   | 127                         | -                     | 14,011                                       | 33                        | 165                                    | 586                   | 1,566                                 | 885                     | 2,498                                  | 19,871                                     |
| Reduction for uncollectable loans                         | -                           | -                     | 1,186  | -                         | -                                      | -                     | -                                     | -                       | -                                      | 1,186                                      |
| Other   | -                           | -                     | 696  | -                         | -                                      | -                     | -                                     | -                       | -                                      | 696  |
| Total revenues  | 5,656                       | -                     | 15,893                                       | 33                        | 6,270                                  | 586                   | 711,816                               | 415,851                 | 2,498                                  | 1,158,603                                  |
| <b>EXPENDITURES</b>                                       |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| <b>Current</b>  |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| General government  | -                           | -                     | 16,178                                       | -                         | -                                      | -                     | -                                     | 13,180                  | -                                      | 29,358                                     |
| Police  | 1,710                       | -                     | -  | -                         | -                                      | -                     | -                                     | -                       | -                                      | 1,710                                      |
| Economic development                                      | -                           | -                     | -  | -                         | -                                      | 486,425               | -                                     | -                       | -                                      | 486,425                                    |
| Capital outlay  | -                           | -                     | -  | -                         | 2,971                                  | -                     | -                                     | -                       | 990,324                                | 993,295                                    |
| Principal retirement - general obligation                 | -                           | -                     | -  | -                         | -                                      | -                     | -                                     | 155,000                 | -                                      | 155,000                                    |
| Interest and paying agent                                 | -                           | -                     | -  | -                         | -                                      | -                     | -                                     | 300,075                 | -                                      | 300,075                                    |
| Total expenditures  | 1,710                       | -                     | 16,178                                       | -                         | 2,971                                  | 486,425               | -                                     | 468,255                 | 990,324                                | 1,965,863                                  |
| Excess (deficit) of revenues<br>over (under) expenditures | 3,946                       | -                     | (285)  | 33                        | 3,299                                  | (485,839)             | 711,816                               | (52,404)                | (987,826)                              | (807,260)                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                             |                       |  |                           |  |                       |                                       |                         |  |  |
| Operating transfers in                                    | -                           | -                     | -  | -                         | -                                      | 49,246                | -                                     | -                       | -                                      | 49,246                                     |
| Operating transfers out                                   | -                           | (1)                   | -  | -                         | -                                      | -                     | -                                     | -                       | -                                      | (1)  |
| Total other financing sources (uses)                      | \$ -                        | \$ (1)                | \$ -   | \$ -                      | \$ -                                   | \$ 49,246             | \$ -                                  | \$ -                    | \$ -                                   | \$ 49,245                                  |

**CITY OF BATESVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2022**

|   | COFB<br>Confiscated<br>Fund | Fire<br>Grant<br>Fund | Economic<br>Development<br>Revolving<br>Fund | Risk<br>Reduction<br>Fund | Federal<br>Asset<br>Forfeiture<br>Fund | Series 2019 A<br>Fund | Modern-<br>ization<br>Use Tax<br>Fund | Debt<br>Service<br>Fund | Capital Project<br>Series 2019<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------|--|---------------------------|--|-----------------------|---------------------------------------|-------------------------|--|--|
| Excess (deficit) of revenues and<br>other sources over (under)<br>expenditures and other uses | \$ 3,946                    | \$ (1)                | \$ (285)                                     | \$ 33                     | \$ 3,299                               | \$ (436,593)          | \$ 711,816                            | \$ (52,404)             | \$ (987,826)                           | \$ (758,015)                               |
| Fund balance - beginning  | 56,753                      | 1                     | 1,813,912                                    | 15,242                    | 74,650                                 | 441,958               | 476,929                               | 300,899                 | 1,203,760                              | 4,384,104                                  |
| Fund balance - end of year  | \$ 60,699                   | \$ -                  | \$ 1,813,627                                 | \$ 15,275                 | \$ 77,949                              | \$ 5,365              | \$ 1,188,745                          | \$ 248,495              | \$ 215,934                             | \$ 3,626,089                               |

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees**  
**September 30, 2022**

| <b>Name</b>                  | <b>Position</b>          | <b>Amount</b> | <b>Insurance Company</b> | <b>Expiration Date</b> |
|------------------------------|--------------------------|---------------|--------------------------|------------------------|
| 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           | 11/5/2022              |
| Susan Berryhill              | City Clerk               | 50,000        | Liberty Mutual           | 7/1/2025               |
| Shonna Weaver                | Assistant City Clerk     | 50,000        | Liberty Mutual           | 5/15/2026              |
| Angela Austin                | Administrative assistant | 50,000        | Liberty Mutual           | 5/15/2026              |
| 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              |
| Rebecca Martin               | Park Rec Employee        | 50,000        | Liberty Mutual           | 3/1/2026               |
| Walter Butler                | Park Rec Employee        | 50,000        | Liberty Mutual           | 3/21/2026              |
| Terry Townsend               | Park & rec Employee      | 50,000        | Liberty Mutual           | 6/14/2026              |
| Debbie J Turner              | Fire Dept Secretary      | 50,000        | Liberty Mutual           | 8/1/2026               |
| Employee theft each employee | Various                  | 50,000        | Travelers                | 5/9/2023               |



**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, 2022, and the related notes to the financial statements, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated September 28, 2023.

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, 2022 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 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, 2022 (Water and Sewer 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 and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund and Civic Center Fund has not been determined.

The report on Gas 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, 2022 (Gas 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 (Gas Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Gas Fund has not been determined.

The report on Gas Fund was qualified because the natural gas revenue as reported on the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund) exceeded the natural gas billing by \$73,598. The City changed billing software shortly before the beginning of the year and again in August 2022. The City had significant problems implementing these software programs resulting in the software company making manual corrections to natural gas billing that did not show up on the natural gas billing reports. This scope limitation prevented us from reconciling the natural gas billing reports to the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund).

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 2022-001, 2022-002, 2022-003, 2022-004 and 2022-005.

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 2022-006 and 2022-007.

### **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 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012.

We noted certain other matters that we reported to management of City of Batesville, Mississippi, in a separate letter dated September 28, 2023.

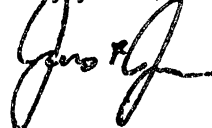
### **City of Batesville, Mississippi's Response to Findings**

*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,



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

September 28, 2023

**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, 2022, which collectively comprise the City of Batesville, Mississippi's basic financial statements and have issued our report thereon dated September 28, 2023.

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, 2022 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 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, 2022 (Water and Sewer 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 and Civic Center Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Water and Sewer Fund and Civic Center Fund has not been determined.

The report on Gas 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, 2022 (Gas 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 (Gas Fund). The amount by which this departure would affect the liabilities, net position, and expenses of the Gas Fund has not been determined.

The report on Gas Fund was qualified because the natural gas revenue as reported on the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund) exceeded the natural gas billing by \$73,598. The City changed billing software shortly before the beginning of the year and again in August 2022. The City had significant problems implementing these software programs resulting in the software company making manual corrections to natural gas billing that did not show up on the natural gas billing reports. This scope limitation prevented us from reconciling the natural gas billing reports to the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund).

## **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 2022-008, 2022-009, 2022-010, 2022-011 and 2022-012.

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**

*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,

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

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

September 28, 2023

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2022**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**Material Weaknesses**

2022-001. 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.

2022-002. 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. 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, 2022**

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

**Material Weaknesses - continued**

2022-002. Segregation of Duties - continued

Response: We concur with the recommendation.

2022-003. Funds not Being Transferred Timely

Condition: The City received deposits into the general fund from ARPA in the amount of \$887,255 in July 2022 that was not transferred to the ARPA fund until February 2023. The general fund received deposits of modernization use tax in the amount of \$342,497 in July 2022 that was not transferred to the modernization use tax account until February 2023. The general fund received fire protection and fire code deposits of \$1,257 in December 2021, \$1,256 in August 2022, and \$47,348 in August 2022 that was not transferred to the fire protection or fire code accounts until May 2023. The water and sewer fund collected revenues for the gas fund and the waste collection fund totaling \$2,396,264 and \$710,099 that was not transferred to the gas fund and the solid waste fund until May 2023.

Criteria: Internal controls should be in place and functioning to timely transfer monies collected to the appropriate fund.

Cause: The City changed the billing software company and did not understand how to compute the balances due to other funds. The bookkeeper had family sickness and missed substantial time and other funds collected had been overlooked until she returned.

Effect: Significant funds were not timely transferred to the appropriate funds.

Recommendation: We recommend that the City establish controls to require funds be transferred as soon as administratively possible.

Response: We have established this control and have now transferred all monies to the correct fund.

2022-004. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012, 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 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012.

Effect: The City did not comply with certain requirements. See additional information in finding numbers 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012.



**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2022**

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

**Material Weaknesses - continued**

2022-004. Violation of Laws and Regulations - continued

Recommendation: See recommendation in finding numbers 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012. Controls should be in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

2022-005. Gas Fund Billing Records Could not be Reconciled to the Financial Statements

Condition: The City changed its utility company billing software and encountered significant problems in implementing this new software system.

Criteria: Internal controls should be in place and functioning to be able to reconcile utility department billing records to its general ledger.

Cause: The software company made direct corrections to the accounts receivable system with no documentation available.

Effect: Natural gas revenue as reported on the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund) exceeded the natural gas billing by \$73,598. This caused the opinion on the accompanying Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position (Gas Fund) to be modified.

Recommendation: The City should install procedures to document any modifications to the utility department billing records.

Response: We have installed procedures to document all modifications to our utility department billing records.

**Significant Deficiencies**

2022-006. Unaccounted for Natural Gas

Condition: Tennessee Gas Pipeline Company metered natural gas to the City of 359,859 MCF. The City's records reflect gas sold of 336,362 MCF. This is a difference of 23,497 MCF or 6.529%.

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.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2022**

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

**Significant Deficiencies - continued**

2022-006. Unaccounted for Natural Gas - continued

Effect: The City had unaccounted for natural gas of 6.529%; therefore, the City may not be charging for all gas going through the meters.

Recommendation: We recommend the City establish a policy to maintain formal records of natural gas volume sold compared to natural gas volume purchased and investigate unaccounted differences. Management 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.

2022-007. Police Fines not Being Collected

Condition: The police fines receivable increased from \$2,227,163 at September 30, 2021 to \$2,427,890 at September 30, 2022 or by \$200,727.

Criteria: Internal controls should be in effect to follow up on unpaid police fines and enforce collection methods.

Cause: No one is following up on unpaid police fines.

Effect: The police fines collected decreased from \$195,064 during the year ended September 30, 2021 to \$126,120 during the year ended September 30, 2022.

Recommendation: We recommend the City consult with its attorney and determine what collection efforts can be made.

Response: We are looking into hiring a collection company to collect these back fines.

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

2020-008. Purchase Law Violations

Condition: The City did not always obtain the required two quotes, advertised bids, follow reverse auction procurement procedures or use state contract price.

Criteria: Section 31-7-13(b) and (c) of the Mississippi Code requires the City to obtain reverse auction bids for equipment and advertised bids for other items when the purchase order exceeds \$75,000 and quotes when the purchase order exceeds \$5,000 but less than \$75,000, or purchase under state contracts, unless it is a single source or an emergency purchase.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2022**

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

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

2022-008. Purchase Law Violations - continued

Cause: The City ordered 2021 vehicles under state contract. The dealer could not fill the order for 2021 vehicles that were under state contract. The dealer sold the City 2022 vehicles that were not under state contract without obtaining quotes or using the reverse auction method. The Board of Alderman minutes did not authorize the purchase of the 2022 vehicles.

Effect: The City made the following purchases without using quotes or the reverse auction method.

|                                     |           |
|-------------------------------------|-----------|
| Six 2022 Chevrolet Tahoe            | \$209,916 |
| Two special service Chevrolet Tahoe | 72,020    |

Recommendation: We recommend the City follow the purchasing laws described above. We recommend the Board of Alderpersons document in their minutes the authorization to purchase these vehicles.

Response: Due to Covid, vehicles have been hard to obtain. We had to buy what we could get when we could get them. We consider this to be an emergency purchase and will document this in our minutes.

2022-009. 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, 2022**

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

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

2022-010. Tourism Fund Expenditure not Approved by Board of Alderperson

Condition: The Board of Alderpersons did not authorize a capital asset totaling \$13,173 to be purchased with tourism funds.

Criteria: The local and private bill pertaining to tourism sales tax collected provides for the City to document in its minutes any purchase approved to be made with tourism funds be documented as such in the Board of Alderpersons minutes.

Cause: This was an oversight.

Effect: Tourism funds of \$13,173 were spent without Board of Alderpersons' approval.

Recommendation: We recommend that this issue be brought up to the Board of Alderpersons and get their approval to charge this to the tourism fund.

Response: We will get Board of Alderpersons approval for this expenditure be paid with tourism funds.

2022-011. Waste Collection Service Overpaid

Condition: Each of the monthly invoices for the waste collection services for the period October 1, 2021 to September 30, 2022 billed for 2,623 cans for a total cans billed during the year of 31,476. The City's records reflected that they billed customers for 30,102 cans for a difference of 1,374 cans.

Criteria: Mississippi constitution prohibit donations from being made with City funds. An overpaid invoice would be considered a unallowable donation.

Cause: The City changed billing software during the year and the waste collection service was not provided with updated monthly records of cans being billed.

Effect: The City was overcharged by 1,374 cans at \$20 per can or \$27,480.

Recommendation: We recommend the City provide the correct number of cans billed by month to the waste collection service and obtain a refund for the overpaid amount of \$27,480 plus any errors that have occurred since September 30, 2022.

Response: We have notified the waste collection service and have requested a refund. We have begun providing the monthly cans billed to the waste collection service.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2022**

2019-012. Budget

Condition: Expenditures exceeded the budget in various categories.

Criteria: Section 21-35-185, Miss. Code Ann (1972) states expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses, and payment of emergency warrants. Sections 21-35-5 and 21-35-9, Miss. Code Ann. (1972) provide for Special Revenue Funds.

Effect: The City's expenditures exceeded its budget estimates in the following categories:

|  |          |
|--|----------|
| General fund – general government – personnel services             | \$16,301 |
| General fund – general government – other services and charges     | 47,939   |
| General fund – public safety – police – debt service               | 6,451    |
| General fund – public safety – fire – personnel service            | 137,113  |
| General fund – public safety – fire – supplies                     | 9,319    |
| General fund – public safety – fire – other services and charges   | 23,310   |
| General fund – public safety – fire – debt service                 | 2,317    |
| General fund – public safety – street – supplies                   | 164,831  |
| General fund – public safety – street – other services and charges | 47,422   |
| General fund – public safety – street – debt service               | 56,701   |
| General fund – public health and sanitation – personnel services   | 19,156   |
| General fund – library – supplies                                  | 1,016    |
| General fund – park and recreation – personnel service             | 4,861    |
| General fund – park and recreation– supplies                       | 9,170    |
| Economic development revolving fund – other services and charges   | 4,296    |
| Debt service fund – other services and charges                     | 13,157   |
| Debt service fund – debt service                                   | 500      |
| Series 2019A fund – capital project                                | 495,419  |
| Waste collection fund – personnel                                  | 1,880    |
| Waste collection fund – other services and charges                 | 49,129   |
| Gas fund – other services and charges                              | 284,620  |

Cause: The Board of Alderman's minutes reflected they adopted an amended budget maintained at city hall. The City's bookkeeper was off with a sick relative and the actual amended budget was never prepared.

Recommendation: We recommend the City take greater care in adopting and reviewing the budget vs actual comparison and amend the budget as circumstances require.

Response: Our bookkeeper was off with a sick relative and the actual amendment was never prepared. This should not happen in the future.

**CITY OF BATESVILLE, MISSISSIPPI**  
**Results of Prior Year Findings**  
**For the fiscal year ended September 30, 2022**

**Financial Statement Findings**

| <b>Finding Number</b> | <b>Finding Title</b>  | <b>Status</b>                                |
|-----------------------|---|--|
| 2021-001              | Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2015-001)                   | Repeated - see current year finding 2022-001 |
| 2021-002              | Segregation of Duties (original finding 2016-003)   | Repeated - see current year finding 2022-002 |
| 2021-003              | Violation of Laws and Regulations (original finding 2016-005)   | Repeated - see current year finding 2022-004 |
| 2021-004              | Unaccounted for Natural Gas and Water (original finding 2017-004)   | Repeated - see current year finding 2022-006 |
| 2021-005              | Notes Receivable Collection Effort (original finding 2019-005)  | Significantly correctly                      |
| 2021-006              | Certain Park Expenses were paid with Cash Collections (original finding 2021-006)   | Corrected                                    |
| 2021-007              | Firemen Swap Time (original finding 2021-007)   | Repeated - see current year finding 2022-009 |
| 2021-008              | Privilege Taxes were not Properly Billed and Collected (original finding 2021-008)  | Significantly correctly                      |
| 2021-009              | Enterprise Fund Receivables that were not Receiving Service were Removed from the Accounts Receivable Subledger (original finding 2021-009) | Corrected                                    |

**Federal Award Findings and Questioned Costs**

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