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CITY OF SOUTHAVEN

Top of Mississippi



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019

Prepared by:
City of Southaven
Department of Finance and Administration

CITY OF SOUTHAVEN, MISSISSIPPI

**Comprehensive Annual Financial Report
For Year Ended September 30, 2019**

TABLE OF CONTENTS

OTHER SCHEDULES.....	88
Schedule of Surety Bonds for Municipal Officials.....	89
Schedule of Expenditures of Federal Awards.....	91
STATISTICAL SECTION	93
Net Position by Component - Last Ten Fiscal Years.....	94
Changes in Net Position - Last Ten Fiscal Years	96
Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	98
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	99
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	100
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....	101
Principal Property Taxpayers - Current Year and Eight Years Ago.....	102
Property Tax Levies and Collections - Last Ten Years	103
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	104
Ratio of Net General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years	105
Direct and Overlapping Governmental Activities Debt	106
Legal Debt Margin Information - Last Ten Fiscal Years	107
Pledged Revenue Coverage - Last Ten Fiscal Years.....	108
Demographic and Economic Statistics - Last Ten Fiscal Years	109
Principal Employers Current and Last Fiscal Years.....	110
Full Time Equivalent City and Government Employees by Department - Last Ten Fiscal Years	111
Operating Indicators by Function/Program - Last Ten Years.....	112
Capital Asset Statistics by Function/Program - Last Ten Years.....	113
SPECIAL REPORTS	114
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 <i>Government Auditing Standards</i>	116
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	118
Independent Auditor's Report on Compliance with State Laws and Regulations.....	120
Schedule of Findings and Questioned Costs	122

INTRODUCTORY SECTION

CITY OF SOUTHAVEN

Top of Mississippi

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Southaven, MS 38671



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March 4, 2020

To the Honorable Mayor,
Board of Aldermen and
Citizens of the City of Southaven, MS

The Department of Finance and Administration is pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Southaven, Mississippi, for the fiscal year ended September 30, 2019. The accompanying financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These financial statements are also prepared and presented in conformity with Governmental Accounting Standards Board ("GASB") Statement #34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Management. Management believes that the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. Note disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included (see pages 42 through 66).

Pursuant to Section 21-35-31 of the Mississippi Code of 1972, an audit of the financial statements has been completed by the City's independent Certified Public Accountant, Fortenberry and Ballard, PC. Their report is included on page 14. The independent auditors' report is presented in the financial section of this report. The audit was designed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019 are free of material misstatement. The independent auditors have concluded based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Southaven's financial statements for the year ended September 30, 2019 are fairly presented and conform to GAAP.

Management's Discussion and Analysis ("MD&A") is included on pages 18 through 28. The MD&A is a narrative that introduces the basic financial statements and provides an analytical overview of the City's financial activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the auditors' report in the financial section of the report.

CITY PROFILE

The City of Southaven is a Mississippi municipal corporation located in DeSoto County, in the extreme northwest corner of Mississippi. Southaven is a suburban county in the Greater Memphis area and a member of the Memphis Metropolitan Statistical Area. Southaven was incorporated on April 15, 1980, and has an estimated population of over 50,000 living within an area of approximately 41.25 square miles. Southaven is the largest municipality in DeSoto County accounting for roughly 30% of the population and is the 3rd largest municipality in Mississippi.

The City operates under a code charter form of government featuring a Mayor and a seven member Board of Aldermen serving as the elected, governing authority. The policy-making and legislative authority as well as budgetary responsibilities are vested with the seven member Board of Aldermen. The Mayor is responsible for the day to day operations of the city government. All officials are elected to a four year term. Terms of office begin on July 1, following the date of election into office.

ENTERPRISE FUNDS

The City's enterprise operations consist of the Utility Fund and Sanitation Fund. The Utility fund accounts for traditional water and sewer revenues and expenditures to construct and maintain the water and sewer system. The Sanitation fund accounts are for rubbish and recycling services, of which both are outsourced to a third party.

DEBT

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Southaven's total assessed valuation is \$612,370,809; therefore, the 15% limitation equals \$91,855,621. After reduction for GO Bonds outstanding of \$38,401,000, the City's remaining margin for further debt issuance is \$53,454,621.

Southaven has a very solid bond rating of AA-, as rated by Standard & Poor. This rating, which is the equivalent of Aa3, indicates the strong capacity the City has to meet its financial commitments and a stable financial outlook.

Southaven has previously taken advantage of the favorable bond rating by restructuring some of the debt in order to reduce future debt service.

For more detailed information on the City's debt refer to Note 7 on page 53 of this report.

FUTURE INITIATIVES

Over the course of the next several years, the City plans to continue infrastructure projects including but not limited to the widening of Getwell Road from Church Road south to Star Landing Road and extending Nail Road. Engineering work has already begun on these projects. Land has been secured for a fifth fire station. This project is expected to begin in 2021 at the latest. Construction has begun on the expansion of water/fire services. The City has also continued to commit over \$1 million annually to the maintenance and repair of existing municipal streets and drainage systems.

A "Penny for Your Parks" tourism tax was reinstated in fiscal year 2018 which implemented a 1% tax on the gross proceeds of Southaven's restaurants. The money from these taxes will be used for projects such as eight soccer fields at Snowden Grove Park Complex, other improvements and enhancements at Snowden Park, and a walking/running track at Central Park. An indoor softball training facility at Greenbrook Park Complex is under construction and should be complete in 2020. Some other smaller projects and improvements will be funded through the tax.

The City has also begun an \$850,000 project to make a walk/bike trail connecting Central Park and Snowden Grove Park. The monies are from a federal grant from Mississippi Department of Transportation. This project will improve the walkability in our city and promote healthy lifestyles. Renovations to City Hall began in fiscal year 2019 with an anticipated completion date in 2020.

There are several prospective industrial/manufacturing businesses looking to relocate to Southaven. IDI is expanding the Stateline Road Business Park. The Freeburg site on Pepperchase Drive is also expanding. This is in anticipation of growth in the industrial/manufacturing industry in Southaven.

ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Southaven for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2018. This was the fourth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ELECTED OFFICIALS

Mayor

Darren Musselwhite



City Council

William Brooks, At Large



Kristian Kelly, Ward 1



Charlie Hoots, Ward 2



George Payne, Ward 3



Joel Gallagher, Ward 4



John David Wheeler, Ward 5



Raymond Flores, Ward 6



FINANCIAL SECTION

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City's Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 18-28 and 68-78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southaven, Mississippi's basic financial statements. The introductory section, budgetary schedules, the other schedule, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code if Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary schedules, the other schedule, and the Schedule of Expenditures of Federal Awards 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



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year End September 30, 2019

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Supplementary Information

Additionally, a Schedule of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis – Budget and Actual are presented for the Bond Funded Capital Project Fund, the Debt Service Fund, and the Enterprise Funds can be found in this report.

Other Schedules

Additionally, a Schedule of Surety Bonds for Municipal Officials and a Schedule of Expenditure of Federal Awards can be found in this section of the report.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property tax and sales tax finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and sanitation services offered by the City.

The government-wide financial statements are on pages 31 and 32 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 all other governmental entities in Mississippi, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources,

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

An additional portion of the City's net position (14.5%) represents resources that are subject to external restrictions on how they may be used. There is a deficit of \$25,806,952 in unrestricted net position due to recording of unfunded pension liabilities under GASB 68 and the liability from the other postemployment benefits under GASB 75. Please refer to note 10.

Several particular aspects of the City's financial operations influenced the total unrestricted governmental net position:

- Increased property tax collections of approximately \$2,600,000.
- Increased sales tax revenues of approximately \$300,000 which is normal growth.
- Grant money received increased approximately \$800,000 in the current fiscal year as approximately \$250,000 more was received for the SAFER grant. Some one time grants from the state of approximately \$750,000 was received in fiscal year 2019.
- Sale of a piece of land for approximately \$1,900,000
- Operating expense increased by approximately \$2,000,000.
- The increase in net position is approximately \$400,000.
- Continued low cost of debt due to the City's high bond rating.

City of Southaven's Changes in Net Position

Figure 2

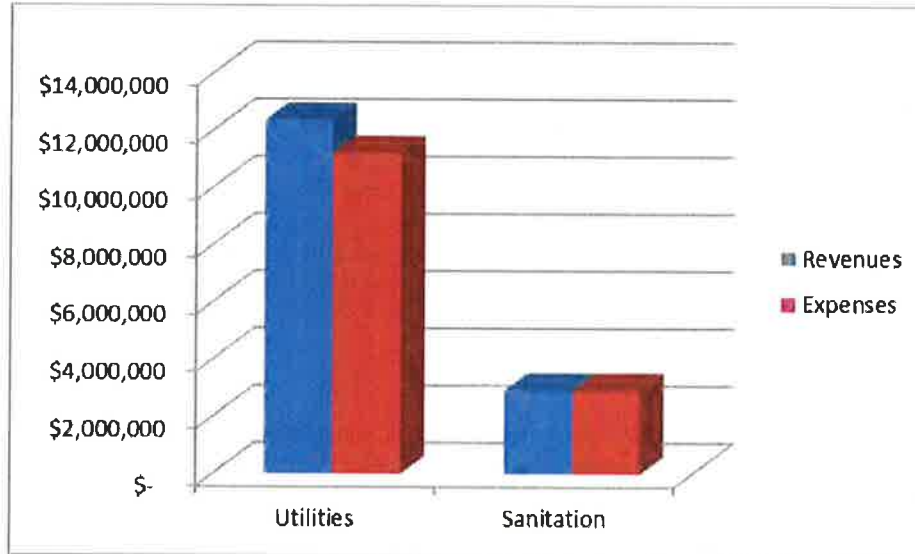
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 11,083,556	\$ 8,903,428	\$ 15,253,703	\$ 15,166,702	\$ 26,337,259	\$ 24,070,130
Capital grants	2,544,459	1,798,142	-	-	2,544,459	1,798,142
Total program revenues	13,628,015	10,701,570	15,253,703	15,166,702	28,881,718	25,868,272
General Revenues						
Property taxes	29,150,188	26,520,649	-	-	29,150,188	26,520,649
Sales tax	15,148,749	14,846,481	-	-	15,148,749	14,846,481
Other general revenues	2,713,226	2,384,202	248,824	352,219	2,962,050	2,736,421
Total general revenues	47,012,163	43,751,332	248,824	352,219	47,260,987	44,103,551
Total Revenues	60,640,178	54,452,902	15,502,527	15,518,921	76,142,705	69,971,823
EXPENSES						
General government	23,494,565	24,329,842	-	-	23,494,565	24,329,842
Public safety	21,603,119	21,004,797	-	-	21,603,119	21,004,797
Public works	7,457,365	7,000,264	-	-	7,457,365	7,000,264
Culture and recreation	7,304,862	6,773,184	-	-	7,304,862	6,773,184
Economic development	285,738	421,983	-	-	285,738	421,983
Health and welfare	321,995	289,355	-	-	321,995	289,355
Interest on long term debt	1,168,363	1,324,816	-	-	1,168,363	1,324,816
Water and Sewer	-	-	11,189,945	11,830,697	11,189,945	11,830,697
Sanitation	-	-	2,915,324	2,879,974	2,915,324	2,879,974
Total expenses	61,636,007	61,144,241	14,105,269	14,710,671	75,741,276	75,854,912
Change in net position	(995,829)	(6,691,339)	1,397,258	808,250	401,429	(5,883,089)
Net Position-Beginning of Year	11,084,317	22,077,571	35,352,643	34,544,393	46,436,960	56,621,964
Prior period adjustment	-	(4,301,915)	-	-	-	(4,301,915)
Net Position-End of Year	\$ 10,088,488	\$ 11,084,317	\$ 36,749,901	\$ 35,352,643	\$ 46,838,389	\$ 46,436,960

Governmental activities. Governmental activities decreased the City's net position by \$995,829. Key elements of this decrease are as follows:

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Business type revenues compared to expenses are as follows:

Chart 2



Financial Analysis of the City of Southaven'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 usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,897,262, while total fund balance reached \$12,507,499. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24 percent of total General Fund expenditures.

At September 30, 2019, the governmental funds of the City reported a combined fund balance of \$17,614,816, a 6.1 percent increase over last year. Included in this change in fund balance are increases in fund balance in the General Fund and Debt Service Fund and a decrease in the Bond Funded Capital Projects Fund and the Tourism and Convention Fund.

The General Fund fund balance increase was mainly due to an increase in property taxes caused by an increase in assessment and the sale of a piece of land for \$2,500,000. The increase in expenditures was approximately \$2,910,000 overall. The Tourism and Convention Fund decreased due to the expending of prior year bond note money being spent on specified projects. The Bond Funded Capital Project Fund decreased due to the remaining amount of the prior year \$6 million bond issuance in which the most of the remainder of the money was expended in the current fiscal year. The Debt Service Fund increased due to the City collecting slightly more taxes than payments.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019

The City of Southaven's Capital Assets

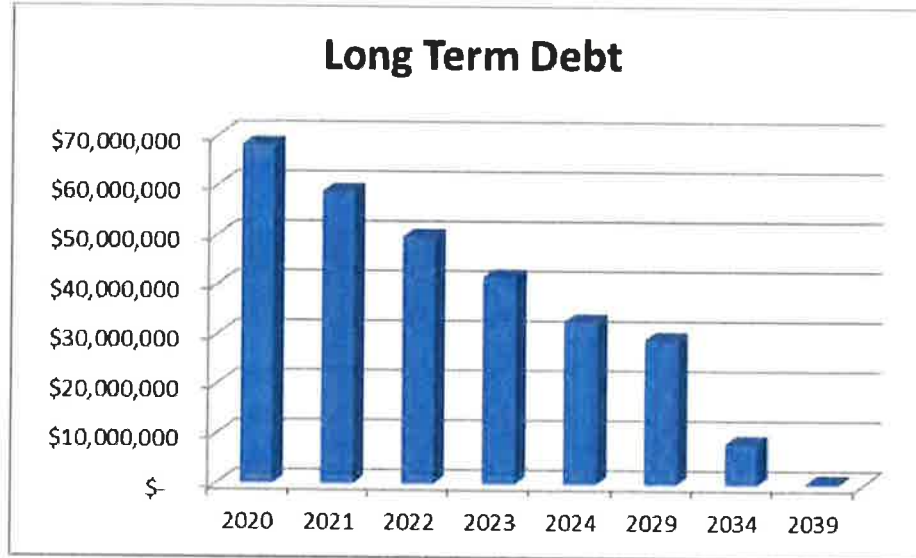
Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 8,047,521	\$ 9,376,445	\$ 579,036	\$ 579,036	\$ 8,626,557	\$ 9,955,481
Construction in progress	5,002,743	1,772,527	1,077,730	-	6,080,473	1,772,527
Infrastructure	108,954,072	108,422,720	64,709,960	64,709,960	173,664,032	173,132,680
Buildings and improvements	61,123,714	61,909,904	381,573	381,573	61,505,287	62,291,477
Leased equipment	678,582	880,615	744,057	744,057	1,422,639	1,624,672
Equipment and vehicles	21,798,048	20,851,130	3,349,787	3,212,043	25,147,835	24,063,173
Accumulated depreciation	(112,911,633)	(105,792,006)	(29,729,065)	(27,545,552)	(142,640,698)	(133,337,558)
	<u>\$ 92,693,047</u>	<u>\$ 97,421,335</u>	<u>\$ 41,113,078</u>	<u>\$ 42,081,117</u>	<u>\$ 133,806,125</u>	<u>\$ 139,502,452</u>

**CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2019**

See the Chart 3 for the pay down of the current debt.

Chart 3



Additional information regarding the City's long-term debt can be found in note 7 on page 56 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- **Low unemployment.** The City's unemployment rate of 4.3%, as of September 30, 2019, is below the State average of 5.4% and slightly above the national average of 3.5%.
- **In 2017, Southaven's population was calculated, according to the United States Census most recent numbers, to be 54,944.** This equates to roughly 30% of the total DeSoto County population and makes Southaven the 3rd largest city in Mississippi.
- **Leading employers in Southaven include the DeSoto County School system, Baptist Memorial Hospital, Future Electronics and Associated Wholesale Grocers.** Southaven has seen rapid growth in the retail sales job market and tourism related jobs are continuing to come on line with the growth of Southaven's competitive baseball and softball tournaments held annually.

Budget Highlights for the Fiscal Year Ending September 30, 2020

Governmental Activities: Property taxes (benefiting from the economic growth) are expected to increase as the assessment increased in the current year. Sales tax is budgeted at only a slight increase as much shopping has shifted to online shopping. The City is generally conservative when budgeting revenues due to unknown economic factors.

The City anticipates a new bond issuance in fiscal year 2020. With this bond issuance, an increase in expenditures for capital projects is expected. The City also anticipates an increase in police and fire expenditures due to filling the significant number of open positions.

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CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 16,011,493	\$ 22,034,568	\$ 38,046,061
Accounts receivable, net of allowance for doubtful accounts of \$217,947	713,294	2,344,413	3,057,707
Intergovernmental receivable	1,414,075	-	1,414,075
Franchise tax receivable	528,551	-	528,551
Property tax receivable	29,385,609	-	29,385,609
Other receivable	-	3,710	3,710
Prepaid items	610,237	190,129	800,366
Total Current Assets	<u>48,663,259</u>	<u>24,572,820</u>	<u>73,236,079</u>
Non-Current Assets			
Restricted assets:			
Cash in bank	2,095,208	-	2,095,208
Bean patch receivable	-	6,992,471	6,992,471
Note receivable - Hernando	-	299,097	299,097
Land and other nondepreciable assets	13,050,264	1,656,766	14,707,030
Other capital assets, net of accumulated depreciation	79,642,783	39,456,312	119,099,095
Total Non-Current Assets	<u>94,788,255</u>	<u>48,404,646</u>	<u>143,192,901</u>
Total Assets	<u>143,451,514</u>	<u>72,977,466</u>	<u>216,428,980</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows on refunding	270,260	522,438	792,698
Deferred outflows - OPEB	1,247,062	-	1,247,062
Deferred outflows - pension	5,195,745	242,168	5,437,913
Total Deferred Outflows of Resources	<u>6,713,067</u>	<u>764,606</u>	<u>7,477,673</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	2,989,585	774,209	3,763,794
Accrued payroll	768,196	64,710	832,906
Customer deposits	261	1,358,555	1,358,816
Accrued interest	424,065	105,156	529,221
Long term liabilities due in one year - capital debt	6,902,006	2,591,397	9,493,403
Long term liabilities due in one year - non capital debt	551,569	45,636	597,205
Total Current Liabilities	<u>11,635,682</u>	<u>4,939,663</u>	<u>16,575,345</u>
Non-Current Liabilities			
Long-term liabilities			
Due in more than one year:			
Capital debt	32,280,892	28,507,874	60,788,766
Net other post employment benefit liability	6,669,917	-	6,669,917
Net pension liability	57,292,734	3,394,996	60,687,730
Total Non-Current Liabilities	<u>96,243,543</u>	<u>31,902,870</u>	<u>128,146,413</u>
Total Liabilities	<u>107,879,225</u>	<u>36,842,533</u>	<u>144,721,758</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property tax for future reporting periods	29,385,609	-	29,385,609
Deferred inflows - pension	2,811,259	149,638	2,960,897
Total Deferred Inflows of Resources	<u>32,196,868</u>	<u>149,638</u>	<u>32,346,506</u>
<u>NET POSITION</u>			
Net investment in capital assets	54,716,317	10,536,245	65,252,562
Expendable:			
Restricted for:			
Debt services	-	2,696,553	2,696,553
Capital projects	605,530	-	605,530
Parks and recreation	4,090,696	-	4,090,696
Public safety	-	-	-
Unrestricted	<u>(49,324,055)</u>	<u>23,517,103</u>	<u>(25,806,952)</u>
Total Net Position	<u>\$ 10,088,488</u>	<u>\$ 36,749,901</u>	<u>\$ 46,838,389</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2019

	General Fund	Bond Funded Capital Project Fund	Debt Service Fund	Tourism and Convention Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 11,502,467	\$ -	\$ 411,091	\$ 4,097,935	\$ 16,011,493
Accounts receivable, net of allowance for doubtful accounts of \$217,947	713,294	-	-	-	713,294
Intergovernmental receivable	1,200,851	51,863	-	161,361	1,414,075
Franchise tax receivable	528,551	-	-	-	528,551
Property tax receivable	22,753,021	-	6,632,588	-	29,385,609
Prepaid items	610,237	-	-	-	610,237
Due from other funds	921,872	-	-	-	921,872
Restricted cash	597,880	1,497,328	-	-	2,095,208
Total Assets	<u>\$ 38,828,173</u>	<u>\$ 1,549,191</u>	<u>\$ 7,043,679</u>	<u>\$ 4,259,296</u>	<u>\$ 51,680,339</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 2,799,196	\$ 21,789	\$ -	\$ 168,600	\$ 2,989,585
Accrued payroll	768,196	-	-	-	768,196
Deposits	261	-	-	-	261
Due to other funds	-	921,872	-	-	921,872
Total Liabilities	<u>3,567,653</u>	<u>943,661</u>	<u>-</u>	<u>168,600</u>	<u>4,679,914</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	22,753,021	-	6,632,588	-	29,385,609
Total deferred inflows of resources	<u>22,753,021</u>	<u>-</u>	<u>6,632,588</u>	<u>-</u>	<u>29,385,609</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid items	610,237	-	-	-	610,237
Restricted:					
Debt service	-	-	411,091	-	411,091
Parks and recreation projects	-	-	-	4,090,696	4,090,696
Capital projects	-	605,530	-	-	605,530
Unassigned	11,897,262	-	-	-	11,897,262
Total Fund Balances	<u>12,507,499</u>	<u>605,530</u>	<u>411,091</u>	<u>4,090,696</u>	<u>17,614,816</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,828,173</u>	<u>\$ 1,549,191</u>	<u>\$ 7,043,679</u>	<u>\$ 4,259,296</u>	<u>\$ 51,680,339</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Bond Funded Capital Project Fund	Debt Service Fund	Tourism and Convention Fund	Total Governmental Funds
<u>REVENUES</u>					
General property taxes	\$ 21,988,885	\$ -	\$ 7,161,302	\$ -	\$ 29,150,187
Sales tax	15,148,749	-	-	-	15,148,749
Licenses and permits	843,659	-	-	-	843,659
Intergovernmental	969,169	348,054	-	2,201,191	3,518,414
Charges for services	3,747,832	-	-	257,832	4,005,664
Fines	2,426,193	-	-	-	2,426,193
Franchise taxes	1,949,995	-	-	-	1,949,995
Rents	637,679	-	-	-	637,679
Grant proceeds	1,581,405	-	-	-	1,581,405
Interest	511,634	84,513	-	-	596,147
Miscellaneous	167,085	-	-	-	167,085
Total Revenues	<u>49,972,285</u>	<u>432,567</u>	<u>7,161,302</u>	<u>2,459,023</u>	<u>60,025,177</u>
<u>EXPENDITURES</u>					
General government	16,205,652	-	-	-	16,205,652
Public safety	22,366,428	-	-	-	22,366,428
Public works	2,434,849	-	-	-	2,434,849
Culture and recreation	5,532,914	-	-	-	5,532,914
Health and welfare	348,355	-	-	-	348,355
Tourism and convention	-	-	-	285,737	285,737
Capital outlay	2,523,897	1,127,332	-	2,405,536	6,056,765
Debt service:					
Principal	-	-	5,755,595	1,246,470	7,002,065
Interest	-	-	1,167,557	129,479	1,297,036
Total Expenditures	<u>49,412,095</u>	<u>1,127,332</u>	<u>6,923,152</u>	<u>4,067,222</u>	<u>61,529,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>560,190</u>	<u>(694,765)</u>	<u>238,150</u>	<u>(1,608,199)</u>	<u>(1,504,624)</u>
<u>OTHER FINANCIAL SOURCES (USES)</u>					
Sale of assets	2,520,635	-	-	-	2,520,635
Total Other Financing Sources	<u>2,520,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,520,635</u>
Net Change in Fund Balances	<u>3,080,825</u>	<u>(694,765)</u>	<u>238,150</u>	<u>(1,608,199)</u>	<u>1,016,011</u>
Fund Balances - Beginning of Year	9,426,674	1,300,295	172,941	5,698,895	16,598,805
Fund Balances - End of Year	<u>\$ 12,507,499</u>	<u>\$ 605,530</u>	<u>\$ 411,091</u>	<u>\$ 4,090,696</u>	<u>\$ 17,614,816</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position - Proprietary Funds
September 30, 2019

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 20,048,860	\$ 1,985,708	\$ 22,034,568
Accounts receivable, net of allowance for doubtful accounts \$234,921	1,894,951	449,462	2,344,413
Other receivable	2,878	832	3,710
Prepays	154,278	35,851	190,129
Total Current Assets	<u>22,100,967</u>	<u>2,471,853</u>	<u>24,572,820</u>
Noncurrent Assets			
Bean Patch receivable	6,992,471	-	6,992,471
Notes receivable - Hernando	299,097	-	299,097
Land and other nondepreciable assets	1,656,766	-	1,656,766
Other capital assets, net of accumulated depreciation	39,256,105	200,207	39,456,312
Total Noncurrent Assets	<u>48,204,439</u>	<u>200,207</u>	<u>48,404,646</u>
Total Assets	<u>70,305,406</u>	<u>2,672,060</u>	<u>72,977,466</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows on refunding	522,438	-	522,438
Deferred outflows - pension	217,246	24,922	242,168
Total Deferred Outflows of Resources	<u>739,684</u>	<u>24,922</u>	<u>764,606</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	544,164	230,045	774,209
Accrued payroll	60,763	3,947	64,710
Accrued interest	105,156	-	105,156
Customer deposits	1,358,555	-	1,358,555
Long term liabilities due in one year - capital debt	2,591,397	-	2,591,397
Long term liabilities due in one year - non capital debt	40,170	5,466	45,636
Total Current Liabilities	<u>4,700,205</u>	<u>239,458</u>	<u>4,939,663</u>
Long-term liabilities due in more than one year:			
Capital debt	28,507,874	-	28,507,874
Net pension liability	3,016,698	378,298	3,394,996
Total Long-Term Liabilities	<u>31,524,572</u>	<u>378,298</u>	<u>31,902,870</u>
Total Liabilities	<u>36,224,777</u>	<u>617,756</u>	<u>36,842,533</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - pension	128,798	20,840	149,638
Total Deferred Inflows of Resources	<u>128,798</u>	<u>20,840</u>	<u>149,638</u>
<u>NET POSITION</u>			
Net investment in capital assets	10,336,038	200,207	10,536,245
Restricted for:			
Debt service	2,696,553	-	2,696,553
Unrestricted	21,658,924	1,858,179	23,517,103
Total Net Position	<u>\$ 34,691,515</u>	<u>\$ 2,058,386</u>	<u>\$ 36,749,901</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Utility Fund	Sanitation Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 12,434,641	\$ 2,900,462	\$ 15,335,103
Cash payments for goods and services	(5,675,355)	(2,689,327)	(8,364,682)
Cash payments to employees	(2,066,097)	(137,810)	(2,203,907)
Net Cash Provided By (Used In) Operating Activities	<u>4,693,189</u>	<u>73,325</u>	<u>4,766,514</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Payments for capital acquisitions, net	(1,359,514)	-	(1,359,514)
Principal payments on debt	(2,534,305)	-	(2,534,305)
Interest payments on debt	(887,749)	-	(887,749)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(4,781,568)</u>	<u>-</u>	<u>(4,781,568)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments received on notes, net	647,981	-	647,981
Receipts of interest	188,078	2,338	190,416
Net Cash Provided By (Used In) Investing Activities	<u>836,059</u>	<u>2,338</u>	<u>838,397</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>747,680</u>	<u>75,663</u>	<u>823,343</u>
Cash and Cash Equivalents-Beginning of Year	<u>19,301,180</u>	<u>1,910,046</u>	<u>21,211,226</u>
Rounding difference	-	(1)	(1)
Cash and Cash Equivalents-End of Year	<u>\$ 20,048,860</u>	<u>\$ 1,985,708</u>	<u>\$ 22,034,568</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	<u>\$ 2,096,765</u>	<u>\$ (2,174)</u>	<u>\$ 2,094,591</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,199,211	52,373	2,251,584
Change in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in customer receivables	(47,682)	(12,688)	(60,370)
(Increase) decrease in prepaids	(7,310)	(1,540)	(8,850)
(Increase) decrease in deferred outflows	31,817	3,676	35,493
Increase (decrease) in accounts payable	116,990	7,345	124,335
Increase (decrease) in accrued payroll	4,785	(2,964)	1,821
Increase (decrease) in customer deposits	83,361	-	83,361
Increase (decrease) in deferred inflows	(88,010)	(10,124)	(98,134)
Increase (decrease) in net pension liability	295,783	33,954	329,737
Increase (decrease) in compensated absences	7,479	5,467	12,946
Total adjustments	<u>2,596,424</u>	<u>75,499</u>	<u>2,671,923</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 4,693,189</u>	<u>\$ 73,325</u>	<u>\$ 4,766,514</u>

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

City of Southaven, Mississippi

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund:

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Bond Funded Capital Project Fund:

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure from capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund:

This is a fund that is used to account for the payment of principal and interest on the City's outstanding governmental debt.

Tourism and Convention Fund:

This fund is used to account for a tourism tax used to fund parks "growth" (expansion/improvements).

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Utility Fund:

The Utility Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, as well as billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Upon receipt of the budget estimates, the Board of Aldermen holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the City. At the September board meeting, the budget is legally enacted through passage of the budget ordinance. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.

The actual receipts and disbursements are accumulated each month and compared to the budgeted amounts and reviewed by the Mayor and Board of Aldermen. Any revisions on the budget during the year are approved by the Board of Aldermen.

F. Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of generally three months or less.

G. Prepaid Items

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The nonspendable fund balance for prepaid expenses in the governmental funds has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method.

H. Interfund Transactions and Balances

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

I. Restricted Assets

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

J. Capital Assets and Depreciation

Capital assets, which include land, construction in progress, infrastructure, buildings and improvements, leased equipment and equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are capitalized at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Deferred outflows related to OPEB – This amount represents the City’s deferred outflows of resources reported by the OPEB plan in which the City participates. See Note 10 for additional details.

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

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

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 12 for additional details.

N. Pensions

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

O. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, benefit payments are recorded when the OPEB benefits come due. Additions to/deductions from the OPEB Plan net position have determined on the same basis as they are reported as the OPEB plan. The total OPEB liability is the actuarial accrued liability on the measurement date.

P. Equity Classifications

Net position in government-wide and proprietary fund financial statements are classified in three components:

NET INVESTMENT IN CAPITAL ASSETS

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

RESTRICTED

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

UNRESTRICTED

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Q. Property Tax Revenues

Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

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

R. Intergovernmental Revenues in Governmental Funds.

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

S. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

NOTE 2 – CASH AND CASH EQUIVALENTS

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by the institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation ("FDIC").

Custodial credit risk is the risk that, in the event of a financial institution's failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk. As of September 30, 2019, the City's bank balance was not exposed to custodial credit risk.

As of September 30, 2019, the carrying amount of the City's deposits was \$38,046,061 and the bank balances totaled \$39,372,952. Of the bank balances, \$750,000 was insured by the FDIC and \$38,622,952 was covered by pooled and/or pledged collateral.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2019:

	Balance at 9/30/2018	Additions	Deletions	Balance at 9/30/2019
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets, not being depreciated:				
Land	\$ 9,376,445	\$ 615,000	\$ (1,943,924)	\$ 8,047,521
Construction in progress	1,772,527	3,230,216	-	5,002,743
Total capital assets, not being depreciated	<u>11,148,972</u>	<u>3,845,216</u>	<u>(1,943,924)</u>	<u>13,050,264</u>
Capital assets, being depreciated:				
Buildings and improvements	61,909,904	-	(786,190)	61,123,714
Equipment and vehicles	20,851,130	1,487,411	(540,493)	21,798,048
Infrastructure	108,422,720	531,352	-	108,954,072
Leased equipment	880,615	-	(202,033)	678,582
Total capital assets, being depreciated	<u>192,064,369</u>	<u>2,018,763</u>	<u>(1,528,716)</u>	<u>192,554,416</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,708,897)	(1,571,652)	565,405	(20,715,144)
Equipment and vehicles	(14,892,371)	(1,502,029)	517,298	(15,877,102)
Infrastructure	(70,310,123)	(5,340,917)	10,235	(75,640,805)
Leased equipment	(880,615)	-	202,033	(678,582)
Total accumulated depreciation	<u>(105,792,006)</u>	<u>(8,414,598)</u>	<u>1,294,971</u>	<u>(112,911,633)</u>
Total capital assets, being depreciated, net	<u>86,272,363</u>	<u>(6,395,835)</u>	<u>(233,745)</u>	<u>79,642,783</u>
Governmental activities capital assets, net	<u>\$ 97,421,335</u>	<u>\$ (2,550,619)</u>	<u>\$ (2,177,669)</u>	<u>\$ 92,693,047</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Capital assets, not being depreciated:				
Land	\$ 579,036	\$ -	\$ -	\$ 579,036
Construction in progress	-	1,077,730	-	1,077,730
Total capital assets, not being depreciated	<u>579,036</u>	<u>1,077,730</u>	<u>-</u>	<u>1,656,766</u>
Capital assets, being depreciated:				
Buildings	381,573	-	-	381,573
Infrastructure	64,709,960	-	-	64,709,960
Equipment and vehicles	3,212,043	281,785	(144,041)	3,349,787
Leased equipment	744,057	-	-	744,057
Total capital assets, being depreciated	<u>69,047,633</u>	<u>281,785</u>	<u>(144,041)</u>	<u>69,185,377</u>
Less accumulated depreciation for:				
Buildings	(188,896)	(50,065)	-	(238,961)
Infrastructure	(25,012,781)	(1,978,481)	-	(26,991,262)
Equipment and vehicles	(2,016,491)	(269,246)	144,041	(2,141,696)
Leased equipment	(327,384)	(29,762)	-	(357,146)
Total accumulated depreciation	<u>(27,545,552)</u>	<u>(2,327,554)</u>	<u>144,041</u>	<u>(29,729,065)</u>
Total capital assets, being depreciated, net	<u>41,502,081</u>	<u>(2,045,769)</u>	<u>-</u>	<u>39,456,312</u>
Business-type activities capital assets, net	<u>\$ 42,081,117</u>	<u>\$ (968,039)</u>	<u>\$ -</u>	<u>\$ 41,113,078</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

NOTE 7 – LONG-TERM DEBT

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

	Balance at 9/30/2018	Additions	Deletions	Balance at 9/30/2019	Amounts Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 37,455,000	\$ -	\$ 4,784,500	\$ 32,670,500	\$ 4,647,500
Tax increment financing bonds payable	2,560,000	-	835,000	1,725,000	840,000
Notes payable	5,532,105	-	1,382,565	4,149,540	1,414,506
Compensated absences	545,889	551,569	545,889	551,569	551,569
Bond premium	728,800	-	90,942	637,858	-
Bond discounts	(931)	-	(931)	-	-
Governmental activities	<u>\$ 46,820,863</u>	<u>\$ 551,569</u>	<u>\$ 7,637,965</u>	<u>\$ 39,734,467</u>	<u>\$ 7,453,575</u>
Business-type activities:					
General obligation bonds payable	\$ 16,325,000	\$ -	\$ 1,299,500	\$ 15,025,500	\$ 1,327,500
Notes payable	15,833,388	-	1,168,662	14,664,726	1,194,887
Leases payable	135,153	-	66,143	69,010	69,010
Compensated absences	32,691	45,636	32,691	45,636	45,636
Bond premium	1,498,084	-	124,773	1,373,311	-
Bond discounts	(36,976)	-	(3,700)	(33,276)	-
Business-type activities	<u>\$ 33,787,340</u>	<u>\$ 45,636</u>	<u>\$ 2,688,069</u>	<u>\$ 31,144,907</u>	<u>\$ 2,637,033</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Notes outstanding at year end are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
MS Dept of Health DWSLRF	3.00%	12/1/2002	9/1/2022	\$ 1,400,961	291,942
MS Dept of Health DWSLRF	3.00%	1/1/2003	10/1/2022	1,361,525	277,653
MS Dept of Health DWSLRF	3.00%	7/1/2003	4/1/2023	1,250,436	298,457
MS Dept of Health DWSLRF	4.00%	9/20/2004	7/1/2024	1,425,168	458,531
MS Dept of Health DWSLRF	1.95%	11/2/2007	1/1/2029	807,693	470,060
MS Dept of Health DWSLRF	1.95%	11/2/2007	10/1/2029	2,096,881	1,227,474
MS Dept of Health DWSLRF	1.95%	10/1/2008	6/1/2030	1,082,138	644,675
MS Dept of Health DWSLRF	1.95%	10/1/2008	9/30/2030	1,821,006	1,129,995
MS Development Authority	3.00%	9/1/2010	9/1/2020	683,373	71,209
MS Dept of Environmental Quality WPCRLF	1.75%	9/1/2011	12/31/2033	4,219,481	2,968,001
MS Dept of Environmental Quality WPCRLF	1.75%	1/1/2010	8/31/2035	6,766,517	5,842,389
MS Dept of Environmental Quality WPCRLF	1.75%	9/1/2013	12/31/2035	1,241,824	1,055,549
Bancorpsouth - 2011	2.87%	3/1/2011	3/1/2021	560,000	124,801
Trustmark - 2018	2.81%	7/31/2018	6/19/2022	5,200,000	3,953,530
Total Notes				<u>\$ 29,917,003</u>	<u>\$ 18,814,266</u>

The aggregate maturities of general obligation bonds, revenue bonds, tax increment financing, and notes for the years subsequent to September 30, 2019 are as follows:

Year Ending September 30	Governmental Long-Term Debt		Enterprise Fund Debt	
	Principal	Interest	Principal	Interest
2020	6,902,006	1,111,984	2,522,386	834,998
2021	6,512,925	900,574	2,589,436	769,518
2022	5,354,609	697,528	2,669,290	691,083
2023	3,761,000	554,805	2,598,335	604,643
2024	3,551,500	452,664	2,570,893	519,860
2025-2029	9,467,000	1,155,654	11,406,919	1,440,876
2030-2034	2,996,000	203,059	4,904,314	230,393
2035-2039	-	-	428,653	3,786
Total	<u>\$38,545,040</u>	<u>\$ 5,076,268</u>	<u>\$ 29,690,226</u>	<u>\$ 5,095,157</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

NOTE 8 – DEFERRED LOSS ON REFUNDING

The unamortized deferred loss on refundings relates to General Obligation Refunding Bonds for governmental and business-type activities. Deferred loss on refundings reported in the statement of net position consist of the following:

		Governmental Activities
Series 2015	\$	270,260
		Business-type Activities
Series 2016	\$	522,438

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% percent of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed income	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.25	
Total	<u>100.00%</u>			

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

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Eligibility for Retiree Benefits: Retirees are eligible to continue medical insurance coverage until attaining age 65. To be eligible for coverage after retirement, employees must be covered as an active employee in the City health program at the time of retirement, and meet the following conditions:

- o For employees hired prior to 7/1/2011:
 - Age 60 with 4 service years or
 - Any age and 25 years of service
- o For employees hired on or after 7/1/2011:
 - Age 60 with 8 service years or
 - Any age and 30 years of service

Dependent Eligibility: Spouses and children of the retiree are eligible for the plan. Benefits cease upon the death of the retiree or the retiree/spouse attaining age 65.

Medical Benefits: Retirees can continue in the medical plan and can choose between the following plans

- o 1000 Deductible
- o 2000 Deductible
- o 3000 Deductible

Retiree Contributions: Monthly contributions for retirees by plan option and tier:

Tier	1000 Ded	2000 Ded	3000 Ded
Employee	\$ 484.63	\$ 452.87	\$ 429.26
Employee+Spouse	\$ 862.64	\$ 806.10	\$ 764.08
Employee+Child(ren)	\$ 749.72	\$ 700.59	\$ 664.06
Employee+Family	\$ 1,093.33	\$ 1,021.66	\$ 968.41

Under GASB 75, employers are also required to consider any implicit subsidy that may be occurring. Medical costs generally increase with advancing age. Therefore, the medical costs for the retiree group are higher than the medical costs for the employee group, even taking Medicare into account. Stated another way, when a plan includes both employees and retirees, the blended premiums are almost always higher than what the premiums would be for employees, and lower than what the premiums would be for retirees, if each group were rated separately. The premium rate difference is referred to as the implicit rate subsidy.

Changes in Actuarial Assumptions

The valuation of the City's plan is based on assumptions with regard to the survival of plan members, the average per-capita claims costs, when current employees are expected to retire, and so forth. The assumptions were derived

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Health Share of GDP Resistance Point: 25.00%

Year for Limiting Cost Growth to GDP Growth: 2075

See below for the table of the trend factors.

Year	Trend	Year	Trend
2018	20%	2059-2065	4.6%
2019	5.8%	2066	4.5%
2020	5.6%	2067	4.4%
2021	5.4%	2068	4.3%
2022-2043	5.2%	2069-2070	4.2%
2044	5.1%	2071	4.1%
2045-2046	5.0%	2072-2073	4.0%
2047-2049	4.9%	2074	3.9%
2050-2053	4.8%	2075	3.8%
2054-2058	4.7%	2076+	3.8%

Medical Plan Elections: Current and future retirees are assumed to enroll in plans based on current plan elections.

Claim Costs: Age-adjusted premiums were used for claims costs. They were derived from the premiums and adjusted for the risk characteristics of the group.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources related to OPEB

The City's total OPEB liability was \$6,669,917 as of September 30, 2019 and was determined by an actuarial valuation as of that date.

For the year ended September 30, 2019, the City recognized OPEB expense of \$721,607. At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in assumptions	\$ 1,239,627
Differences between expected and actual Experience	7,435
Total	\$ <u>1,247,062</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2019

Sensitivity of the City's Total OPEB liability to changes in the healthcare cost trend rates. The following presents the City's Total OPEB liability, as well as what the City's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Total OPEB liability	\$ 5,601,597	\$ 6,669,917	\$ 7,982,934

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The exposure is covered by purchase of commercial insurance.

NOTE 12 – EFFECT OF DEFERRED AMOUNT ON NET POSITION

The net investment in capital assets net position amount of \$65,252,562 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of the City's debt. The \$792,698, balance of the deferred outflow of resources at September 30, 2019 will be recognized as an expense and decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$48,718,525) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. The \$1,247,062 balance of the deferred outflow of resources at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$25,201,422) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$916,177 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$4,521,736 balance of deferred outflow of resources, at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$25,201,422) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,960,897 balance of deferred inflow of resources, at September 30, 2019 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

NOTE 13 – LITIGATION

The City is subject to various legal proceedings in various stages of litigation, the outcome of which is not determinable at this time. Management of the City and its legal counsel do not anticipate that there will be a material effect on the financial statements as a result of the cases presently in progress.

NOTE 14 – TAX ABATEMENTS

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments and the citizens of those governments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - General Fund
For the Year Ended September 30, 2019
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
Culture and recreation				
Personnel services	3,235,000	3,082,000	2,848,377	233,623
Supplies	581,000	551,000	492,654	58,346
Other services and charges	2,102,000	2,126,000	2,120,645	5,355
Total culture and recreation	<u>5,918,000</u>	<u>5,759,000</u>	<u>5,461,676</u>	<u>297,324</u>
Health and welfare				
Personnel services	275,700	297,700	289,394	8,306
Supplies	22,000	23,700	23,217	483
Other services and charges	22,500	30,500	27,916	2,584
Total health and welfare	<u>320,200</u>	<u>351,900</u>	<u>340,527</u>	<u>11,373</u>
Capital outlay	<u>1,667,900</u>	<u>2,171,350</u>	<u>2,061,458</u>	<u>109,892</u>
Total Expenditures	<u>46,180,000</u>	<u>52,741,900</u>	<u>49,412,092</u>	<u>3,329,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>(2,020,000)</u>	<u>467,195</u>	<u>2,487,195</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of assets	<u>20,000</u>	<u>2,020,000</u>	<u>2,520,635</u>	<u>500,635</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>2,020,000</u>	<u>2,520,635</u>	<u>500,635</u>
Net Changes in Fund Balances	-	-	2,987,830	2,987,830
Fund Balance - Beginning of Year	-	-	9,426,674	9,426,674
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	12,414,504	<u>\$ 12,414,504</u>
Adjustments to conform with GAAP:				
Revenues			92,998	
Expenditures			<u>(3)</u>	
Fund Balance - End of Year (GAAP basis)			<u>\$ 12,507,499</u>	

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

City of Southaven, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
City's proportionate share of the net pension liability (asset)	\$ 60,687,730	55,910,567	55,481,240	55,295,502	47,077,580	35,708,308
City's proportion of the net pension liability (asset)	0.344974%	0.336143%	0.333754%	0.309562%	0.304551%	0.294182%
City's covered payroll	22,467,251	21,465,937	21,410,527	19,803,435	19,026,578	17,976,032
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

City of Southaven, Mississippi**Schedule of Changes in the Total OPEB Liability and Related Ratios****OPEB****Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 254,293	253,028
Interest	189,241	173,917
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	6,967	2,793
Changes in Assumptions or Other Inputs	1,549,534	-
Benefit Payments	<u>(33,693)</u>	<u>(28,078)</u>
Net change in Total OPEB Liability	\$ <u>1,966,342</u>	<u>401,660</u>
 Total OPEB Liability - beginning	 \$ 4,703,575	 \$ 4,301,915
Total OPEB Liability - ending	<u>\$ 6,669,917</u>	<u>\$ 4,703,575</u>
 Covered Employee Payroll	 \$ 16,479,854	 \$ 16,397,865
 Total OPEB Liability as a percentage of covered employee payroll	 40.5%	 28.7%

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

City of Southaven, Mississippi

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

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

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

2016

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

2017

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

The Wage inflation assumption was reduced from 3.75% to 3.25%.

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

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

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life

City of Southaven, Mississippi

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

OPEB Schedules

(1) *Changes of assumptions*

2018:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 3.83%

2019 2.75%

(2) *Changes in benefit provisions*

2018:

None

2019:

None

(3) *Actuarial Methods and Assumptions*

Actuarial Cost Method:	Entry Age Level Percent of Pay
Other Actuarial Assumptions:	Best Estimate
Total OPEB Liability:	Determined using the actuarial present value of future employer-paid benefits and expenses
Pre-Retirement Mortality:	RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018
Post-Retirement Mortality:	RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018.
Employee Turnover:	45% of the Annual Rates of Withdrawal and Vesting from the Public Employees' Retirement System of Mississippi's June 30, 2017 valuation; the 45% factor is based on recent City experience.

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CAPITAL PROJECT FUND

The Capital Project Fund Type is used to account for financial resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Individual capital project fund is utilized by the municipality to account for its construction projects.

The City maintains only one capital project fund as follows:

1. Bond Funded Capital Project Fund

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal which are obligated in some manner for payment.

The City maintains only one debt service fund to accomplish the afore stated purpose:

1. Debt Service Fund

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the services to the general public on a continuing basis are financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

The City of Southaven, Mississippi operates the following two (2) Enterprise Funds:

1. Utility Fund - is used to account for the provision of water and sewer services to the residents of the City.
2. Sanitation Fund - is used to account for the provision of sanitation services to the residents of the City.

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Net Position
Budgetary Basis - Budget and Actual - Sanitation Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
Charges for services	\$ 2,450,000	\$ 2,450,000	\$ 2,912,210	\$ 462,210
Other	-	-	940	940
Total Revenues	2,450,000	2,450,000	2,913,150	463,150
<u>EXPENSES</u>				
Personnel services	158,500	158,500	138,099	20,401
Depreciation and amortization	-	-	52,373	(52,373)
Professional services	2,291,500	2,291,500	2,693,422	(401,922)
Other	-	-	1,710	(1,710)
Total Expenses	2,450,000	2,450,000	2,885,604	(435,604)
<u>Non-Operating Revenue (Expenses)</u>				
Non-revenue receipts	-	-	2,337	2,337
Total Non-Operating Revenue (Expenses)	-	-	2,337	2,337
Net Changes in Net Position	-	-	29,883	29,883
Net Position - Beginning of Year	-	-	2,258,126	2,258,126
Net Position - End of Year	\$ -	\$ -	\$ 2,288,009	\$ 2,288,009

CITY OF SOUTHAVEN
Schedule of Surety Bonds for Municipal Officials
September 30, 2019

Name	Position	Insurance Company	Amount	Expiration
Darren L. Musselwhite	Mayor	Western Surety Company	100,000	7/3/2020
Kristian R. K. Kelly	Alderman, Ward 1	Western Surety Company	100,000	7/3/2020
Charlie Hoots	Alderman, Ward 2	Western Surety Company	100,000	7/3/2020
George Payne	Alderman, Ward 3	Western Surety Company	100,000	7/3/2020
Joel M. Gallagher	Alderman, Ward 4	Western Surety Company	100,000	7/3/2020
John David Wheeler	Alderman, Ward 5	Western Surety Company	100,000	7/3/2020
Raymond V. Flores, Jr.	Alderman, Ward 6	Western Surety Company	100,000	7/3/2020
William E. Brooks	Alderman, At Large	Western Surety Company	100,000	7/3/2020
Andrea Mullen	City Clerk	Western Surety Company	50,000	11/1/2019
Steve Pirtle	Police Chief	Western Surety Company	50,000	11/1/2019
Macon Moore	Police Chief	Western Surety Company	50,000	11/1/2019
Danny Scallions	Fire Chief	Western Surety Company	50,000	11/1/2019
Chris Wilson	Chief Administrative Officer	Western Surety Company	50,000	11/1/2019
Edith McIlwain	Finance Director	Western Surety Company	50,000	11/1/2019
Lutisha Cox	Comptroller	Western Surety Company	50,000	11/1/2019
Chris Shelton	IT Director	Western Surety Company	50,000	11/1/2019
Janice McRee	HR Generalist	Western Surety Company	50,000	11/1/2019
Wesley Brown	Parks Director	Western Surety Company	50,000	11/1/2019
Jayson Beal	Assistant Athletic Director	Western Surety Company	50,000	11/1/2019
Susan Miller	Gift Shop Manager	Western Surety Company	50,000	11/1/2019
Jean Vowell	Office Manager	Western Surety Company	50,000	11/1/2019
Stephen Jourdan	Manager	Western Surety Company	50,000	11/1/2019
John Lyons	Parks Cash Control	Western Surety Company	50,000	11/1/2019
Georgia Ann Hamblin	Parks Forever Young	Western Surety Company	50,000	11/1/2019
Lizzie Eason	Parks Food & Beverage	Western Surety Company	50,000	11/1/2019
Perry Mason	Animal Control Supervisor	Western Surety Company	50,000	11/1/2019
William Anderson	Deputy Chief of Police	Western Surety Company	50,000	11/1/2019
Mark Little	Deputy Chief of Police	Western Surety Company	50,000	11/1/2019
Thomas Mastin	Court Clerk	Western Surety Company	50,000	11/1/2019
Tammy T. Wright	Court Clerk	Western Surety Company	50,000	11/1/2019
Cathi Lynn Faxon	Court Clerk	Western Surety Company	50,000	11/1/2019
Jennifer Peppers	Court Clerk	Western Surety Company	50,000	11/1/2019
Wanda Gail Reynolds	Court Clerk	Western Surety Company	50,000	11/1/2019
Letitia Brown	Court Clerk	Western Surety Company	50,000	11/1/2019
Joshua Freeman	Court Clerk	Western Surety Company	50,000	11/1/2019
Mary Seamans	Court Clerk	Western Surety Company	50,000	11/1/2019
Terra Smith	Court Clerk	Western Surety Company	50,000	11/1/2019
Latoya Mabry	Records Clerk	Western Surety Company	50,000	11/1/2019
Kimberly Kennedy	Records Clerk	Western Surety Company	50,000	11/1/2019
Wendy Haire	Records Clerk	Western Surety Company	50,000	11/1/2019
Heather Hester	Records Clerk	Western Surety Company	50,000	11/1/2019
Kristen Coopwood	Records Clerk	Western Surety Company	50,000	11/1/2019
Ray Humphrey	Utility Director	Western Surety Company	50,000	11/1/2019
Cliff Wilkins	Utility Maintenance	Western Surety Company	50,000	11/1/2019
Mary Ann Palmer	Billing Supervisor	Western Surety Company	50,000	11/1/2019
Marianne Chandler Carlise	Billing Clerk	Western Surety Company	50,000	11/1/2019
Tina Hardy	Billing Clerk	Western Surety Company	50,000	11/1/2019
Kristie Wright	Billing Clerk	Western Surety Company	50,000	11/1/2019

City of Southaven, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures
U.S. Department of Justice			
Direct Award:			
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>	16,738		\$ 23,600
Total U.S. Department of Justice			<u>23,600</u>
U.S. Department of Transportation			
Passed-through Mississippi Department of Transportation:			
<i>Highway Planning and Construction</i>	20,205	STP-7867-00(005)LPA107513-711000	49,199
<i>Highway Planning and Construction</i>	20,205	STP-1945-00(001)LPA104574-701000	39,055
<i>Highway Planning and Construction</i>	20,205	STP-9224-00(001)LPA107536-701000	65,204
Total passed-through Mississippi Department of Transportation			<u>153,458</u>
Passed-through Mississippi Department of Public Safety:			
<i>National Priority Safety Programs</i>	20,616	154-AL-2019-ST-34-41	69,969
<i>National Priority Safety Programs</i>	20,616	OP-2019-OP-34-41	11,941
Total passed-through Mississippi Department of Public Safety			<u>81,910</u>
Total U.S. Department of Transportation			<u>235,368</u>
U.S. Department of Homeland Security			
Direct Award:			
<i>Assistance to Firefighters Grant</i>	97,044		87,830
<i>Staffing for Adequate Fire and Emergency Response (SAFER)</i>	97,083		567,535
Total U.S. Department of Homeland Security			<u>655,365</u>
Total Expenditures of Federal Awards			<u>\$ 914,333</u>

NOTES TO SCHEDULE:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

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

III

STATISTICAL SECTION

This part of the City of Southaven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain financial trends information intended to assist the reader in understanding and assessing how a government's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its own-source revenues-property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 8,911,832	\$ 9,091,210	\$ 10,978,549	\$ 10,436,692	\$ 8,568,595
21,315,040	21,045,108	20,605,372	19,414,775	17,614,451
6,059,971	5,871,360	5,710,930	5,928,955	6,190,707
6,045,661	6,054,011	6,063,410	6,151,226	5,649,556
329,337	565,964	828,449	602,828	589,578
389,959	397,923	313,035	302,934	262,735
2,333,401	2,293,239	2,300,091	2,562,392	2,607,710
-	-	-	-	-
<u>45,385,201</u>	<u>45,318,815</u>	<u>46,799,836</u>	<u>45,399,802</u>	<u>41,483,332</u>
6,732,782	8,034,841	7,422,653	6,419,682	10,121,450
2,941,467	3,283,611	2,982,624	3,053,597	2,544,396
1,162,990	1,301,034	1,313,265	1,595,352	2,150,898
<u>10,837,239</u>	<u>12,619,486</u>	<u>11,718,542</u>	<u>11,068,631</u>	<u>14,816,744</u>
<u>56,222,440</u>	<u>57,938,301</u>	<u>58,518,378</u>	<u>56,468,433</u>	<u>56,300,076</u>
\$ 4,356,739	\$ 586,533	\$ 439,389	\$ 327,945	\$ 384,699
1,503,267	1,127,296	1,224,827	743,136	965,664
4,459,621	2,252,037	2,422,049	2,249,319	2,298,352
187,948	203,086	182,289	245,408	220,397
19,104	18,850	20,702	20,930	22,426
-	-	-	-	-
91,428	1,137,034	2,877,974	1,247,811	1,505,312
<u>10,618,107</u>	<u>5,324,836</u>	<u>7,167,230</u>	<u>4,834,549</u>	<u>5,396,850</u>
11,833,977	11,442,827	12,474,185	10,447,424	9,820,910
<u>11,833,977</u>	<u>11,442,827</u>	<u>12,474,185</u>	<u>10,447,424</u>	<u>9,820,910</u>
<u>22,452,084</u>	<u>16,767,663</u>	<u>19,641,415</u>	<u>15,281,973</u>	<u>15,217,760</u>
\$ (34,767,094)	\$ (39,993,979)	\$ (39,632,606)	\$ (40,565,253)	\$ (36,086,482)
996,738	(1,176,659)	755,643	(621,207)	(4,995,834)
<u>\$ (33,770,356)</u>	<u>\$ (41,170,638)</u>	<u>\$ (38,876,963)</u>	<u>\$ (41,186,460)</u>	<u>\$ (41,082,316)</u>
21,311,336	20,430,223	\$ 20,197,404	20,372,157	19,161,567
13,117,679	12,521,573	12,438,105	11,735,308	11,343,015
2,331,621	1,832,042	1,715,137	1,844,083	2,310,012
-	1,864,386	1,685,781	1,140,165	993,134
-	3,236,128	3,280,771	3,690,411	3,602,657
-	647,471	565,585	659,839	602,051
15,177	75,108	372,607	288,233	197,773
137,480	170,692	548,689	592,391	2,582,740
(61,298)	15,596	500	25,652	(258,495)
-	-	-	(471,797)	-
<u>36,851,995</u>	<u>40,793,219</u>	<u>40,804,579</u>	<u>39,876,442</u>	<u>40,534,454</u>
3,122,952	2,723,997	3,005,658	2,672,406	2,491,907
7,446	6,196	13,440	13,086	5,900
73,008	81,646	21,600	69,166	146,072
-	-	-	471,797	-
-	32,819	-	-	-
<u>3,203,406</u>	<u>2,844,658</u>	<u>3,040,698</u>	<u>3,226,455</u>	<u>2,643,879</u>
\$ 2,084,901	\$ 799,240	\$ 1,171,973	\$ (688,811)	\$ 4,447,972
4,200,144	1,667,999	3,796,341	2,605,248	(2,351,955)
<u>\$ 6,285,045</u>	<u>\$ 2,467,239</u>	<u>\$ 4,968,314</u>	<u>\$ 1,916,437</u>	<u>\$ 2,096,017</u>

City of Southaven, Mississippi
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
General Property Taxes	\$ 29,150,187	\$ 26,520,650	\$ 25,515,310	\$ 24,512,212	\$ 24,205,563	\$ 21,311,337	\$ 20,430,223	\$ 20,197,404	\$ 20,372,157	\$ 19,161,567
Licenses and Permits	843,659	735,083	794,676	739,814	762,822	656,568	586,533	439,389	327,945	384,699
Intergovernmental	18,667,163	16,836,824	19,695,453	22,914,571	17,173,085	15,698,888	14,385,959	14,123,885	12,875,474	12,336,149
Charges for Services	4,005,664	3,653,376	4,220,301	3,701,116	4,164,357	3,715,831	3,601,269	3,849,867	3,258,794	3,506,839
Fines	2,426,193	2,048,785	2,444,391	2,428,527	2,605,182	2,411,341	3,236,128	3,280,771	3,690,411	3,602,657
Franchise Taxes	1,949,995	1,953,846	1,771,518	1,651,785	1,913,744	2,331,621	1,832,042	1,715,137	1,844,083	2,310,012
Rents	637,679	572,905	566,889	650,788	591,742	659,007	647,471	565,585	659,839	602,051
Grant Proceeds	1,581,405	739,988	310,021	181,712	485,319	91,428	1,137,034	2,877,974	1,247,811	1,505,312
Interest	596,147	144,597	63,350	23,735	21,510	15,177	75,108	372,607	288,233	197,773
Miscellaneous	<u>167,085</u>	<u>476,526</u>	<u>121,701</u>	<u>436,261</u>	<u>613,714</u>	<u>137,481</u>	<u>152,298</u>	<u>498,689</u>	<u>592,391</u>	<u>2,582,740</u>
Total Revenues	<u>60,025,177</u>	<u>53,682,580</u>	<u>55,503,610</u>	<u>57,240,521</u>	<u>52,537,038</u>	<u>47,028,679</u>	<u>46,084,065</u>	<u>47,921,308</u>	<u>45,157,138</u>	<u>46,189,799</u>
Expenditures										
General Government	16,205,652	13,188,958	12,786,753	10,481,117	9,455,797	7,564,746	10,514,328	7,650,605	8,068,212	7,953,761
Public Safety	22,366,428	21,497,751	20,632,711	20,360,322	19,966,943	19,782,725	19,483,184	20,295,589	18,106,522	16,716,154
Public Works	2,434,849	2,256,535	1,955,152	1,829,022	1,947,379	1,764,594	1,579,685	1,418,054	1,410,208	1,453,813
Culture and Recreation	5,532,914	5,410,327	5,368,482	4,971,889	4,607,539	4,677,062	4,978,858	4,936,225	4,924,617	4,552,191
Health and Welfare	348,355	313,732	274,219	303,638	272,910	389,790	397,768	313,441	302,832	262,735
Tourism and Convention	285,737	421,983	313,376	343,139	327,248	329,337	565,964	828,449	602,828	589,578
Capital Outlay	6,056,765	6,598,983	9,198,456	13,880,758	11,305,801	5,203,281	6,812,179	6,597,349	3,203,338	5,131,233
Debt Service:										
Principal	7,002,065	7,536,091	5,435,479	5,271,794	7,927,532	8,291,022	5,660,462	5,783,346	7,234,031	7,666,329
Interest	1,297,036	1,346,559	1,340,298	1,504,405	2,361,820	1,971,481	2,108,642	1,952,024	2,524,747	2,619,645
Insurance Cost	-	46,548	-	-	206,786	413,535	97,761	-	196,897	113,934
Agent Fees	-	-	-	-	1,250	39,227	-	14,363	114,599	-
Total Expenditures	<u>61,529,801</u>	<u>58,617,467</u>	<u>57,304,926</u>	<u>58,946,084</u>	<u>58,381,005</u>	<u>50,426,800</u>	<u>52,198,831</u>	<u>49,789,445</u>	<u>46,688,831</u>	<u>47,059,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,504,624)</u>	<u>(4,934,887)</u>	<u>(1,801,316)</u>	<u>(1,705,563)</u>	<u>(5,843,967)</u>	<u>(3,398,121)</u>	<u>(6,114,766)</u>	<u>(1,868,137)</u>	<u>(1,531,693)</u>	<u>(869,574)</u>
Other Financial Sources (uses)										
Sale of Assets	2,520,635	8,453	198,598	3,796	694,333	45,620	75,550	500	25,652	13,412
Grant Proceeds	-	-	-	-	2,677,520	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	50,000	(471,797)	-
Loan Proceeds	-	-	-	-	-	-	-	-	774,283	1,402,605
Issuance of debt	-	13,176,742	-	-	-	9,495,000	2,893,395	-	-	6,652,205
Refunding Bond Proceeds	-	-	-	-	6,870,000	7,945,000	3,015,000	-	6,730,000	-
Payment to Bond Escrow Agent	-	-	-	-	(6,400,000)	(7,700,000)	(3,010,345)	-	(3,300,000)	(3,535,000)
Loss on Extinguishment of Debt	-	-	-	-	-	-	-	-	-	-
Premium	-	-	-	-	202,586	277,077	93,107	-	-	-
Lease Proceeds	-	-	316,710	-	-	-	2,871,358	271,229	268,624	255,818
Total Other Financing Sources	<u>2,520,635</u>	<u>13,185,195</u>	<u>515,308</u>	<u>3,796</u>	<u>4,044,439</u>	<u>10,062,697</u>	<u>5,938,065</u>	<u>321,729</u>	<u>4,026,762</u>	<u>4,789,040</u>
Net Change in Fund Balance	1,016,011	8,250,308	(1,286,008)	(1,701,767)	(1,799,528)	6,664,576	(176,701)	(1,546,408)	2,495,069	3,919,466
Fund Balance-Beginning of Year	16,598,805	7,578,178	8,864,186	10,565,953	12,365,481	5,700,905	5,877,606	7,424,014	3,051,417	(868,049)
Equity Transfers	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund Balance-End of Year	<u>17,614,816</u>	<u>15,828,486</u>	<u>7,578,178</u>	<u>8,864,186</u>	<u>10,565,953</u>	<u>12,365,481</u>	<u>5,700,905</u>	<u>5,877,606</u>	<u>7,424,014</u>	<u>3,051,417</u>
Debt service as a percentage of noncapital expenditures	14.19%	16.06%	13.90%	14.07%	20.34%	23.02%	18.07%	18.53%	21.98%	26.10%

CITY OF SOUTHAVEN, MISSISSIPPI
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Southaven				DeSoto County			DeSoto County School District			Northwest Community College			Grand Total Millage
	Operating Millage	Debt Millage	Sanitation Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
2019	32.92	10.81	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2018	31.43	12.30	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2017	30.80	12.93	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2016	27.67	16.06	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2015	27.67	16.06	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2014	22.36	15.37	6.00	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2013	23.12	14.61	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2012	21.13	16.60	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2011	21.13	16.60	6.00	43.73	35.44	5.58	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2010	21.53	16.20	6.00	43.73	35.44	5.58	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43

CITY OF SOUTHAVEN, MISSISSIPPI
Property Tax Levies and Collections
Last Ten Years
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	29,386	29,037	99%	-	29,037	99%
2018	27,022	26,521	98%	16	26,537	98%
2017	25,731	24,428	95%	75	24,503	95%
2016	24,765	23,438	95%	26	23,464	95%
2015	23,430	23,117	99%	68	23,185	99%
2014	22,747	22,186	98%	91	22,277	98%
2013	25,277	22,898	91%	2,214	25,112	99%
2012	23,262	22,573	97%	50	22,623	97%
2011	22,679	21,749	96%	121	21,870	96%
2010	21,089	20,656	98%	146	20,802	99%

* The information prior to 2008 was not accumulated.

CITY OF SOUTHAVEN, MISSISSIPPI
Ratio of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Estimated Population	Assessed Property Value*	Gross General Obligation Bonds*	Less Debt Service Funds	Net GO Bonded Debt	Percentage of Assessed Taxable Value of Property	Net Bonded Debt Per Capita
2019	54.9	612,371	49,674	411	49,263	8.04%	897.32
2018	54.0	558,324	55,968	172	55,796	9.99%	1,033.26
2017	53.2	528,815	55,601	236	55,365	10.47%	1,040.70
2016	52.6	506,720	61,117	375	60,742	11.99%	1,154.79
2015	51.8	476,170	55,347	375	54,972	11.54%	1,061.24
2014	50.9	460,573	59,410	2,062	57,348	12.45%	1,126.68
2013	50.4	521,365	54,019	1,372	52,647	10.10%	1,044.58
2012	50.4	533,269	52,363	1,628	50,735	9.51%	1,006.65
2011	49.7	518,892	56,494	965	55,529	10.70%	1,117.28
2010	49.0	455,709	56,616	196	56,420	12.38%	1,151.43

* This amount includes unamortized premiums and discounts

CITY OF SOUTHAVEN, MISSISSIPPI
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit (15%)	\$ 91,856	\$ 83,749	\$ 79,322	\$ 75,488	\$ 71,426	\$ 69,086	\$ 78,205	\$ 79,792	\$ 77,793	\$ 65,479
Total net GO Debt Applicable to Limit	<u>38,401</u>	<u>43,510</u>	<u>48,220</u>	<u>52,680</u>	<u>47,610</u>	<u>50,945</u>	<u>48,290</u>	<u>46,350</u>	<u>47,355</u>	<u>54,640</u>
Legal Debt Margin	<u>\$ 53,455</u>	<u>\$ 40,239</u>	<u>\$ 31,102</u>	<u>\$ 22,808</u>	<u>\$ 23,816</u>	<u>\$ 18,141</u>	<u>\$ 29,915</u>	<u>\$ 33,442</u>	<u>\$ 30,438</u>	<u>\$ 10,839</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	41.8%	52.0%	60.8%	69.8%	66.7%	73.7%	61.7%	58.1%	60.9%	83.4%

CITY OF SOUTHAVEN, MISSISSIPPI
Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population *</u>	<u>Per Capita Income **</u>	<u>School Enrollment ***</u>	<u>Unemployment Rate City ****</u>	<u>Unemployment Rate State****</u>	<u>Unemployment Rate Nation****</u>
2019	54,944	40,258	34,752	4.30%	5.40%	3.50%
2018	54,031	40,258	34,392	3.30%	4.80%	3.70%
2017	53,214	39,461	33,991	3.50%	5.20%	4.20%
2016	52,589	38,386	33,537	4.10%	5.70%	4.90%
2015	51,824	36,375	33,140	3.50%	5.90%	4.90%
2014	50,997	36,242	33,054	4.60%	7.70%	5.90%
2013	50,374	35,374	32,759	5.93%	9.05%	7.68%
2012	50,374	35,037	32,311	6.14%	9.16%	8.08%
2011	49,687	33,651	31,916	6.78%	10.49%	8.95%
2010	48,982	31,779	31,228	6.87%	10.54%	9.63%

* U. S. Census Bureau

** U. S. Bureau of Economic Analysis

***Office of Research and Statistics, Mississippi Department of Education's website

**** United States Department of Labor

CITY OF SOUTHAVEN, MISSISSIPPI
Full-Time Equivalent City and Government Employees by Department
Last Ten Fiscal Years

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arts & Culture	2	5	5	3	3	3	3	3	3	4
Court	10	15	16	12	13	13	14	17	17	16
City Attorney	2	2	*	*	*	*	*	*	*	*
General Administration	4	5	5	5	5	6	6	6	7	4
Information Technology	4	5	6	5	22	25	25	26	30	30
City Clerk	5	5	6	6	6	6	6	6	6	6
Building	6	5	4	4	0	*	*	*	*	*
Environmental	2	2	2	2	1	*	*	*	*	*
Planning	6	7	6	6	9	16	17	15	16	14
Police	135	153	144	143	122	132	135	132	123	136
Fire	112	120	115	108	123	116	117	117	127	127
Public Works	11	11	10	10	14	12	13	15	21	19
Parks	55	76	52	52	50	49	54	53	48	54
Municipal Code Enforcement	7	8	8	9	5	5	5	5	5	6
Utilities	24	30	24	22	27	27	27	31	32	36
Sanitation	4	*	*	3	3	3	2	2	2	2
	389	449	403	390	403	413	424	428	437	454

Note 1: The City's 8 elected officials (Mayor and 7 Aldermen) are not included in the number above

Note 2: The City did not accumulate this data prior to 2009.

Note 3: Beginning in 2004 dispatchers were moved from Police to Information Technology

CITY OF SOUTHAVEN, MISSISSIPPI
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	99	102	103	100	109	112	120	118	96	92
Other vehicles	21	26	31	45	38	30	31	31	49	50
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Ladder trucks	2	3	3	3	3	3	3	3	3	3
Fire engines	7	7	7	8	8	8	8	8	7	7
Rescue vehicles	5	5	6	6	6	7	7	7	8	8
Parks and recreations										
Parks	25	25	25	25	25	25	25	25	25	25
Golf Courses	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	4	4	12	12	12
Baseball/Softball Fields	25	25	25	25	25	25	25	25	25	25

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Southaven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 4, 2020

Certified Public Accountants

Opinion on Its Major Federal Program

In our opinion, the City of Southaven, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
March 4, 2020

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section III: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the financial awards.