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CITY OF FLOWOOD, MISSISSIPPI

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

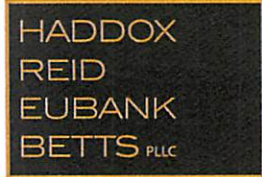
SEPTEMBER 30, 2020

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CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Alderpersons
City of Flowood
Flowood, Mississippi

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility - continued:

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 Flowood, Mississippi, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16, budgetary comparison information on pages 64-69, schedule of changes in net pension liability & related ratios on page 70, and the schedule of employer contributions on page 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flowood, Mississippi's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Haddox Reid Embrey PLLC

Jackson, Mississippi
March 29, 2021

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Our discussion and analysis of the City of Flowood's (the City) financial performance provides an overview of the City's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements which begin on page 17 to enhance their understanding of the City's financial performance. A comparative analysis of government-wide data is included in this report.

FINANCIAL HIGHLIGHTS

- The net position of the City increased by \$3,999,159 as a result of this year's operations (\$3,200,358 increase in 2019). The majority of the increase, in the amount of \$3,700,039, was realized by the City's Business-Type Activities as the result of current year's operations and the transfer of capital assets constructed with the proceeds of general obligation bonds issued during the prior year.
- General revenues of the City account for \$23,820,080 or 62.7% of all revenues in 2020. General revenues accounted for \$23,484,716 or 62.0% of all revenues in 2019. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,200,782 or 37.3% of total revenues in 2020, compared with \$14,375,330 or 38.0% of total revenues in 2019.
- The City had \$34,021,703 in expenses, an amount which decreased when compared with the \$34,659,688 in expenses for 2019. \$14,200,782 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$23,820,080 were adequate to provide for these programs in 2020, while general revenues of \$23,484,716 were also adequate to provide for these programs in 2019.
- The City's General Fund realized a .69% decrease in total revenue compared to the prior year (\$20,917,902 in 2020 compared to \$21,064,003 in 2019). Total expenditures reflected a 1.4% increase (\$17,033,705 in 2020 compared to \$16,798,577 in 2019).
- The Water and Sewer Enterprise Fund had \$10,763,034 in operating revenues and \$7,950,201 in operating expenses. Its increase in net position after net non-operating expenses, transfers, and capital contributions was \$2,897,004. Last year it reported \$10,612,461 in operating revenues and \$8,145,732 in operating expenses. The prior year increase in net position was \$2,203,242 after net non-operating expenses, transfers, and capital contributions.

USING THE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Flowood as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

USING THE ANNUAL FINANCIAL REPORT - CONTINUED:

The Statement of Net Position and Statement of Activities (on pages 17 and 18) provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position for the 2020 fiscal year and changes in them. The City's net position - assets plus deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, in evaluating the overall position of the City, non-financial information, such as changes in the City's tax base and the condition of the City's capital assets, will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's basic services are reported here which includes police, fire, sanitation, public property maintenance, parks and recreation, general administration, legal, court, health, street maintenance, shop and maintenance, landscape and engineering. Property taxes, sales taxes, police fines and fees, and franchise fees finance most of these activities.
- **Business-Type Activities** - The City charges a fee to customers to help it cover all or *most* of the cost of certain services it provides. The City's water and sewer system, municipal golf course, and municipal R/C track park are reported here.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

REPORTING THE CITY AS A WHOLE - CONTINUED:

Reporting the City's Most Significant Funds - continued:

Fund Financial Statements

The analysis of the City's major funds begins on page 19. The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to the City's residents. Some funds are required to be established by State law, while others are established by the City to help control and manage money for a particular purpose. However, these fund financial statements focus on the City's most significant funds. The City's two types of funds - governmental and proprietary - utilize different accounting approaches.

Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the individual funds, and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The City of Flowood considers the General Fund, Recreation and Tourism Special Tax Fund, City-Wide Debt Service, and the City-Wide Capital Projects to be major funds and, therefore, presents information on these funds separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from all other governmental funds are combined into a single, aggregated nonmajor fund presentation.

Proprietary funds - The City charges customers for certain services it provides. These services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows. The Internal Service Fund is utilized to report activities that provide services for the City's other programs and activities. Because these services benefit both governmental as well as business-type functions, their cost has been included in both the governmental and business-type activities in the government-wide financial statements.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

REPORTING THE CITY AS A WHOLE - CONTINUED:

Reporting the City's Most Significant Funds - continued:

Fund Financial Statements - continued:

The City of Flowood maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer services and the operation of the municipal golf course and R/C track park. The proprietary fund financial statements provide separate information for the Water and Sewer Enterprise Fund, the Golf Course Enterprise Fund, and the R/C Park Enterprise Fund, all of which are considered to be major funds of the City.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City acts as the trustee, or fiduciary, for the activity of the Airport Parkway Commission and the East Metro Corridor Commission. The activity of the Airport Parkway Commission and the East Metro Corridor Commission is reported in the Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

FINANCIAL ANALYSIS OF THE CITY

The Statement of Net Position looks at the City as a whole. The City's combined net position was \$127,683,921 and \$123,684,762 as of September 30, 2020 and 2019, respectively. **Table 1** provides a summary of the City's net position.

(Table 1)
Condensed Statement of Net Position
At September 30, 2020 and 2019

	2020			2019		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 53,022,798	12,851,718	65,874,516	52,470,835	10,175,213	62,646,048
Capital assets, net	116,215,515	46,073,334	162,288,849	119,328,460	46,522,087	165,850,547
Total assets	169,238,313	58,925,052	228,163,365	171,799,295	56,697,300	228,496,595
Deferred outflows of resources:						
Deferred charges on refunding	1,013,227	199,084	1,212,311	713,074	48,605	761,679
Deferred outflows-pension	1,931,330	308,164	2,239,494	1,074,428	181,575	1,256,003
Total deferred outflows of resources	2,944,557	507,248	3,451,805	1,787,502	230,180	2,017,682

CITY OF FLOWOOD, MISSISSIPPI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

	2020			2019		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Liabilities:						
Current liabilities	\$ 2,017,740	1,365,823	3,383,563	2,578,191	2,476,115	5,054,306
Noncurrent liabilities	78,382,645	14,148,611	92,531,256	80,181,345	14,229,077	94,410,422
Total liabilities	80,400,385	15,514,434	95,914,819	82,759,536	16,705,192	99,464,728
Deferred inflows of resources						
Deferred property taxes	6,050,376	-	6,050,376	5,369,824	-	5,369,824
Deferred inflows-lease	1,012,000	-	1,012,000	1,056,000	-	1,056,000
Deferred inflows-pension	822,773	131,281	954,054	803,221	135,742	938,963
Total deferred inflows of resources	7,885,149	131,281	8,016,430	7,229,045	135,742	7,364,787
Net assets:						
Net investment in capital assets	78,977,879	35,861,403	114,839,282	79,248,998	34,923,399	114,172,397
Restricted:						
Capital projects	683,279	-	683,279	433,666	-	433,666
Public safety	458,376	-	458,376	567,236	-	567,236
Debt service	6,987,797	245,905	7,233,702	8,483,532	664,911	9,148,443
Recreation and tourism	2,813,732	-	2,813,732	1,715,409	-	1,715,409
Unrestricted	(6,023,727)	7,679,277	1,655,550	(6,850,625)	4,498,236	(2,352,389)
Total net position	\$ 83,897,336	43,786,585	127,683,921	83,598,216	40,086,546	123,684,762

In connection with the implementation of recent standards on accounting and financial reporting for pensions, management presents the following additional information:

	2020	2019
Total unrestricted net position	\$ 1,655,550	(2,352,389)
Less reduction in unrestricted net position from implementation of GASB No. 68 and 71	27,501,153	26,651,455
Unrestricted net position, exclusive of the net pension liability effect	\$ 29,156,703	24,299,066

The largest portion of the City's net position (89.9%) reflects net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

The Changes in Net Position for the years ended September 30, 2020 and 2019 are summarized in Table 2.

(Table 2)
Condensed Statement of Changes in Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
REVENUES:						
Program Revenues:						
Charges for services	\$ 1,416,532	10,821,764	12,238,296	1,915,735	10,657,367	12,573,102
Capital grants and contributions	72,747	-	72,747	568,624	-	568,624
Operating grants and contributions	1,574,630	315,109	1,889,739	1,233,604	-	1,233,604
General Revenues:						
Property taxes	6,113,519	-	6,113,519	5,897,028	-	5,897,028
Sales taxes	12,050,576	-	12,050,576	12,370,498	-	12,370,498
Other	5,495,551	160,434	5,655,985	5,077,874	139,316	5,217,190
Total revenues	26,723,555	11,297,307	38,020,862	27,063,363	10,796,683	37,860,046
EXPENSES:						
General government	1,562,668	-	1,562,668	1,616,375	-	1,616,375
Legal	300,697	-	300,697	305,196	-	305,196
Public safety	10,859,016	-	10,859,016	11,110,955	-	11,110,955
Court	583,414	-	583,414	534,831	-	534,831
Public property maintenance	864,178	-	864,178	811,369	-	811,369
Sanitation	389,570	-	389,570	360,263	-	360,263
Health	79,297	-	79,297	91,813	-	91,813
Street maintenance	4,649,520	-	4,649,520	5,314,844	-	5,314,844
Recreation	1,891,572	-	1,891,572	1,805,343	-	1,805,343
Shop and maintenance	613,755	-	613,755	594,725	-	594,725
Landscape	688,131	-	688,131	560,572	-	560,572
Engineering	148,061	-	148,061	147,240	-	147,240
Pay to other agency	78,031	-	78,031	74,401	-	74,401
Interest and fiscal charges	1,911,838	-	1,911,838	1,962,890	-	1,962,890
Golf course	-	1,037,981	1,037,981	-	739,598	739,598
R/C park	-	40,422	40,422	-	49,367	49,367
Water and sewer	-	8,323,552	8,323,552	-	8,579,906	8,579,906
Total expenses	24,619,748	9,401,955	34,021,703	25,290,817	9,368,871	34,659,688

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

	2020			2019		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
CHANGE IN NET POSITION BEFORE TRANSFERS AND OTHER ITEMS	\$ 2,103,807	1,895,352	3,999,159	1,772,546	1,427,812	3,200,358
TRANSFERS	(1,098,000)	1,098,000	-	(657,050)	657,050	-
TRANSFER OF CAPITAL ASSETS	(706,687)	706,687	-	(830,318)	830,318	-
CHANGE IN NET POSITION	299,120	3,700,039	3,999,159	285,178	2,915,180	3,200,358
NET POSITION, BEGINNING OF YEAR	<u>83,598,216</u>	<u>40,086,546</u>	<u>123,684,762</u>	<u>83,313,038</u>	<u>37,171,366</u>	<u>120,484,404</u>
NET POSITION, END OF YEAR	\$ <u>83,897,336</u>	<u>43,786,585</u>	<u>127,683,921</u>	<u>83,598,216</u>	<u>40,086,546</u>	<u>123,684,762</u>

Governmental Activities

Several revenue sources fund our governmental activities. The City's largest source of operating revenue was received from sales tax which accounted for \$12,050,576 or 45.1% of gross revenue; revenues from charges for services accounted for \$1,416,532 or 5.3% of gross revenues; and property taxes accounted for \$6,113,519 or 22.9% of revenues. Operating grants and contributions amounted to \$1,574,630 or 5.9% of gross revenue.

The City of Flowood has been able to increase its sales tax collections in the last fourteen years by \$3,284,780 from gross collections in 2006 of \$8,765,796 to gross collections in 2020 of \$12,050,576. The majority of this increase is due to an aggressive economic development program and development of a booming retail and commercial district of the City, this being the Lakeland Drive (State Hwy 25) Development Corridor. Although much of this development has been accomplished through the use of property tax incentives (such as tax increment financing programs), the loss in property taxes collected has been more than offset by the increase in the sales tax collections.

Major expense activities include police and fire safety expenses accounting for 44.1% of the total program expenses, and street and public property maintenance accounting for 22.4%. The City of Flowood is committed to providing the best services possible for its citizens.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

Governmental Activities - continued:

The City of Flowood has worked very hard to increase our property tax base and our sales tax collections by being proactive with new businesses in our City and limiting increases in operating costs to the minimum amount necessary to provide essential services for each department. We continue to strive to provide better service at a lower cost per man-hour. The ability of the City to continue to provide quality services without increasing taxes rests on the City management's ability to keep these costs in line.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$37,879,258, an increase of \$958,983, of which \$14,860,545 or 39.2% of the fund balance is classified as unassigned, which represents the residual classification of fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes. The remaining fund balance of \$23,018,713 or 60.8% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The increase in fund balance in General Fund was \$1,257,540. The increase in the fund balance of General Fund is primarily attributed to a decrease in transfers to other municipal funds. The Recreation and Tourism Special Tax Fund reported an increase in fund balance in the amount of \$1,098,323. The increase in the fund balance of the Recreation and Tourism Special Tax Fund is also attributed to a decrease in funds transferred to other municipal funds – primarily used for capital projects in the prior year. The decrease in the fund balance of Debt Service Fund was \$800,032. The decrease was planned in the City's original budget to utilize surplus funds held at September 30, 2019. The decrease in fund balance in the City-Wide Capital Projects Fund was \$487,988. The decrease in fund balance of the City-Wide Capital Projects Fund is due to the City expending capital project funds held at the beginning of the fiscal year. The Other Nonmajor Funds reported a decrease in fund balance in the amount of \$108,860. The decrease in the fund balance of the Other Nonmajor Funds is attributed to a significant decrease in police seizure income during the current year due to limitations related to the COVID-19 pandemic combined with an increase in the amount of street overlays and street striping performed during the current year.

Business-Type Activities

Operating revenues of the City's business-type activities were \$10,821,764 and \$10,657,367 for the fiscal years ended September 30, 2020 and 2019, respectively. Operating expenses for the City's business-type activities were \$9,028,064 for 2020 and \$8,934,697 for 2019, resulting in operating income of \$1,793,160 in 2020 and \$1,722,670 in 2019. Net non-operating expenses of

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

Business-Type Activities - continued:

\$230,501 in 2020 and \$263,290 in 2019 and capital asset contributions and transfers of \$2,119,796 for 2020 and \$1,487,368 for 2019 resulted in an increase in net position of \$3,682,455 in 2020 and \$2,946,748 in 2019. Key operating results are detailed below:

- The City's Water and Sewer Enterprise Fund recorded charges for services of \$10,763,034 which reflects a 1.4% increase from the prior year. The most significant expenses of the Water and Sewer Enterprise Fund were \$1,887,569 for salaries and benefits, \$3,591,444 for operating cost including sewage treatment and \$1,857,507 in depreciation expense.
- The Golf Course Enterprise Fund's recorded charges for \$22,413 in 2020 while operating expenses, excluding depreciation, increased 40.7% to \$1,030,832 in 2020 compared with \$732,398 in 2019. The City closed the golf course in July, 2017 for major renovations as part of the conference center project. The current year increase in operating expenses were incurred in preparation of the course reopening in the spring of 2021.
- The R/C Park Enterprise Fund's revenue decreased from \$40,420 in 2019 to \$36,317 in 2020 which reflects a decrease of 10.2% while operating expenses, excluding depreciation, decreased from \$47,767 in 2019 to \$38,841 in 2020, a decrease of 18.7%.

The increase in net position in Water and Sewer Enterprise Fund was \$2,897,004. The increase in the net position of Water and Sewer Enterprise Fund is attributed to a continued strong revenue base that exceeds operating expenses and bond interest and fiscal charges. The Golf Course Enterprise Fund reported an increase in net position in the amount of \$777,408. The increase in the net position of the Golf Course Enterprise Fund is attributed improvements to the golf course funded through other governmental sources. The increase in the net position of the R/C Park Enterprise Fund was \$8,043. The increase in the net position of R/C Park Enterprise Fund is attributed to a budgeted transfer in from the Recreation and Tourism Special Tax Fund.

BUDGETARY HIGHLIGHTS

The City's budgets are prepared according to Mississippi law and are based on accounting for transactions on a modified cash basis. The most significant budgeted fund is the General Fund. During 2020, the City of Flowood amended its General Fund budget once. All recommendations for a budget change come from the City Clerk and are presented to the Mayor and Board of Alderpersons for review before being amended by the Board of Alderpersons at a regular monthly Board meeting. The City does not allow budget changes that modify line items within departments without Board approval.

With the General Fund supporting many of our major activities, such as our police and fire departments as well as general government activities, the General Fund is monitored closely

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

BUDGETARY HIGHLIGHTS - CONTINUED:

looking for possible revenue shortfalls or overspending by individual departments. For the General Fund, final budgeted revenues for fiscal year 2020 were \$20,069,400 and actual revenue collections were \$20,593,034. General Fund operating expenditures were \$17,042,625 compared to budgeted amounts of \$18,690,600.

Original Budget Compared to Final Budget

The original General Fund revenue budget of \$20,857,400 was decreased by amendments totaling \$788,000 to a final revenue budget of \$20,069,400. Major components of the amendments included:

- Revenues for intergovernmental revenues were decreased \$590,000 primarily due to an expected decrease in sales tax revenue as a result of the COVID-19 pandemic.
- Revenues for fines and forfeits also decreased due to new protocols in place as a result of the COVID-19 pandemic.

The original General Fund expense budget of \$19,498,979 was decreased by various amendments totaling \$808,379 to a final expense budget of \$18,690,600. Major components of the amendments included:

- Expenditures for public safety were decreased \$638,279 primarily as a result of a decrease in expected personnel services during the year.

Final Budget Compared to Actual Results

Actual revenues for the year were \$523,634 more than budgeted. Intergovernmental revenue exceeded the budget by \$353,353 along with current year ad valorem taxes exceeding the budget by \$46,356 and charges for services and fines and forfeits exceeding the final budget by \$69,588 and \$43,032, respectively.

Actual expenditures for the year were \$1,647,795 less than budgeted. In general, the City has been proactive in limiting the amount of operating costs to the minimum necessary to provide essential services. The most significant differences in the final budget and actual occurred in the following areas:

- Street maintenance services and charges were \$402,731 less than budgeted as a result of actual expenses for street overlays and maintenance being less than estimated.
- Public safety services were \$592,290 less than budgeted as a result of other services and charges being less than estimated.

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the City had approximately \$162 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, water and sewer lines, and the municipal golf course facility. (See Table 3 below).

Table 3
Capital Assets at September 30, 2020 and 2019
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 37,868,559	37,868,559	769,308	769,308	38,637,867	38,637,867
Improvements other than buildings	18,355,595	19,206,411	-	-	18,355,595	19,206,411
Buildings	12,319,002	12,601,856	-	-	12,319,002	12,601,856
Machinery and equipment	3,317,726	3,814,984	152,481	194,414	3,470,207	4,009,398
Infrastructure	44,279,154	45,057,305	-	-	44,279,154	45,057,305
Construction in progress	75,479	779,345	4,556,388	9,553,112	4,631,867	10,332,457
Water and sewer system	-	-	40,412,703	35,814,067	40,412,703	35,814,067
Golf course	-	-	147,087	154,228	147,087	154,228
R/C park	-	-	35,367	36,958	35,367	36,958
Total	\$ <u>116,215,515</u>	<u>119,328,460</u>	<u>46,073,334</u>	<u>46,522,087</u>	<u>162,288,849</u>	<u>165,850,547</u>

This year's major additions included:

Governmental Activities

Various Machinery and Equipment	\$ 394,250
Old Fannin Road Mill Overlay	835,869
Public Safety Vehicles	102,723

Business-Type Activities

Water Well and Tank Projects	615,190
Improvements to the City's Golf Course	706,687

Debt

At September 30, 2020 and 2019, the City of Flowood had \$63,744,664 and \$68,619,825, respectively, in outstanding debt from General Obligation Bonds, Revenue Bonds, Limited Obligation Bonds, Notes, Capital Lease Payable and Compensated Absences. Table 4 summarizes the total outstanding long-term obligations of the City.

CITY OF FLOWOOD, MISSISSIPPI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:

Debt - continued:

**Table 4
Outstanding Debt at September 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 48,552,602	44,184,289	5,365,798	1,333,711	53,918,400	45,518,000
General obligation premium	627,385	549,411	103,824	34,808	731,209	584,219
Revenue bonds	-	-	1,645,000	2,145,000	1,645,000	2,145,000
Limited obligation bonds	2,407,000	2,700,500	-	-	2,407,000	2,700,500
Limited obligation discount	(36,140)	(39,755)	-	-	(36,140)	(39,755)
Special obligation bonds	1,072,798	8,399,001	682,202	5,340,992	1,755,000	13,739,993
Special obligation premium	29,478	177,132	15,818	96,223	45,296	273,355
Notes	-	-	2,306,246	2,477,040	2,306,246	2,477,040
Capital leases payable	412,048	674,020	-	-	412,048	674,020
Compensated absences	492,045	466,966	68,559	80,487	560,604	547,453
Total	\$ 53,557,216	57,111,564	10,187,447	11,508,261	63,744,663	68,619,825

The City issued \$10,765,000, of Taxable General Obligation Bonds during the current year to refund a portion of the \$19,080,000 Mississippi Development Bank Special Obligation Bonds. The City did not incur any additional long-term debt during the year. The City paid \$15,579,259 in principal on outstanding debt during the year including the bonds that were refunded with the new issue.

The liability for compensated absences identified above refers to the current balance of what has been earned as a termination benefit that would be paid as employees leave or retire. Under GAAP reporting, this liability must be reported as a long-term liability at year-end, due to contract language to the effect that the employee has "earned" this compensation. The City budgets for this portion of the liability annually in the current year's departmental salary and wages budgets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

As is the case with many governmental agencies, dated infrastructure can be a problem; however, over the past fifteen years, the City has taken a proactive stance in regard to dated infrastructure and plans to continue this effort of improving infrastructure as the need arises.

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED:

Annually, the City's engineer inspects roadways and suggests the worst for repair. Over the past fifteen years, the City has expended an average of \$200,000 to \$600,000 annually on various roadway maintenance resurfacing projects. Additionally, the City acquired part of a water system located within City limits in fiscal year 2014. The City made improvements to the water system in fiscal years 2015 to 2020 to aid in residential development within the area. This includes a new well and tank completed and put into service during 2020. The last twenty years have seen the construction of a new City Hall, Police & Justice Court Complex, two new Fire Stations, three new City Parks, a full service Municipal Library, and a new Public Services building.

The City has also funded the purchase of approximately \$8.2 million dollars of public safety and public property vehicles and equipment over the past ten years. Some of the items purchased include an average of six new police cruisers per year along with a variety of pickup trucks, fire truck, vans, trucks, low pro dump trucks, mowers, tractors, cutting equipment and other road and non-road equipment for our service and recreation departments. The City purchased new fire rescue pumpers during 2007, 2008, 2010, 2016, and 2017. New network computer systems for the City's police department, municipal court system, and main administrative operations were also purchased throughout this time period.

The continuation and expansion of the City's aggressive economic development programs, instituted in the late 1990's, is an integral part of the City's future plans and financial stability. To this extent, the City is concentrating on the Lakeland Drive (Hwy 25) Corridor which encompasses the City boundary line at the Pearl River Bridge east to the city limits. The residents of the City have been very receptive to this increased development within the City and have shown their acceptance through numerous rezoning issues placed before them throughout the 2000's. The zoning districts that have been added to accomplish the City's economic development plans were PH1 & PH2 Residential Districts and Zoning accommodations for larger retail shopping mega centers, and a PUD planned urban district, along with a new Smart Code Overlay District. New development and expansion is also continuing at the Lakeland Drive and Old Fannin Road intersection. On the southeast side of this intersection in 2001 and 2002, the City's economic development programs were responsible for the construction of a \$32,000,000 redevelopment project known as the Dogwood Festival Market Lifestyle Shopping Center. This Center encompasses approximately 297,000 square feet of retail shopping with seven out-parcels housing restaurants, a bank and an import store. On the northeast corner, another mega retail shopping center, The Dogwood Promenade, was completed in late 2004 and 2005. The Lakeland Commons is located on the northwest corner of Lakeland Drive and Old Fannin Road and includes a home repair store and hotel, along with numerous national chain stores. A fourth center, known as Market Street Shopping Center, on the southwest corner of Lakeland Drive and Old Fannin Road, has four national retail anchors along with restaurants and local small businesses. In fiscal year 2013, a new development was constructed which is anchored by a 70,000 square foot Academy Sports store. During fiscal year 2015 several new industries located on the southern end of the City, which include the U.S. Foods distribution center and Puckett Machinery.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED:

During fiscal year 2017 the City purchased land and began site work for a resort style 200 room hotel and conference center. The project is being built adjacent to the City owned Refuge Golf Course along Airport Road and the Medical Parkway. The development should spur additional economic development along Airport Road and the Medical Parkway. The project is expected to be completed Spring 2021.

During fiscal year 2018 a ground breaking was held for the Water Pointe development along the East Metro Parkway just south of Dogwood Festival Market. The development consists of approximately 230 acres, 560 single family residences and an estimated 800,000 square feet of commercial space in a town center atmosphere.

With the growth that has been realized in the past several years and with the expectation that the growth will continue in the future, the City of Flowood must maintain and create better access routes into and out of the City and provide additional public safety facilities and equipment. The City has committed its resources for new and expanded roadways, beautification enhancements, and recreational facilities throughout the City.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Josh Carlisle at 2101 Airport Road, Flowood, MS 39232.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,183,167	10,861,626	26,044,793
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts	1,627,870	918,076	2,545,946
Grants	49,144	238,892	288,036
Taxes	8,937,254	-	8,937,254
Internal balances	10,022	(10,022)	-
Prepays	158,120	30,242	188,362
Restricted assets:			
Cash and cash equivalents	21,476,394	812,904	22,289,298
Special assessments receivable	2,469,354	-	2,469,354
Due from other governments	3,111,473	-	3,111,473
Capital assets:			
Non-depreciable capital assets	37,944,038	5,325,696	43,269,734
Depreciable capital assets, net	<u>78,271,477</u>	<u>40,747,638</u>	<u>119,019,115</u>
Total assets	<u>169,238,313</u>	<u>58,925,052</u>	<u>228,163,365</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charges on refunding	1,013,227	199,084	1,212,311
Deferred outflows related to pension	<u>1,931,330</u>	<u>308,164</u>	<u>2,239,494</u>
Total deferred outflows of resources	<u>2,944,557</u>	<u>507,248</u>	<u>3,451,805</u>

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF NET POSITION - CONTINUED:
AS OF SEPTEMBER 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 563,286	689,070	1,252,356
Accrued liabilities	108,189	17,444	125,633
Accrued interest payable	677,998	92,310	770,308
Claims payable	135,190	-	135,190
Customer deposits	-	566,999	566,999
Funds held for others	30,000	-	30,000
Payable to other governments	397,853	-	397,853
Unearned revenue	105,224	-	105,224
Noncurrent liabilities:			
Due within one year:			
Compensated absences	76,418	11,900	88,318
Loans and leases payable	268,648	174,610	443,258
Bonds payable	4,121,447	1,081,008	5,202,455
Due in more than one year:			
Compensated absences	415,627	56,659	472,286
Loans and leases payable	143,400	2,131,636	2,275,036
Bonds payable	48,531,676	6,731,634	55,263,310
Net pension liability	24,825,429	3,961,164	28,786,593
Total liabilities	<u>80,400,385</u>	<u>15,514,434</u>	<u>95,914,819</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenue	6,050,376	-	6,050,376
Deferred inflows related to lease	1,012,000	-	1,012,000
Deferred inflows related to pension	822,773	131,281	954,054
Total deferred inflows of resources	<u>7,885,149</u>	<u>131,281</u>	<u>8,016,430</u>
<u>NET POSITION</u>			
Net investment in capital assets	78,977,879	35,861,403	114,839,282
Restricted for:			
Capital projects	683,279	-	683,279
Public safety	458,376	-	458,376
Debt service	6,987,797	245,905	7,233,702
Recreation and tourism	2,813,732	-	2,813,732
Unrestricted	<u>(6,023,727)</u>	<u>7,679,277</u>	<u>1,655,550</u>
	\$ <u>83,897,336</u>	<u>43,786,585</u>	<u>127,683,921</u>

CITY OF FLOWOOD, MISSISSIPPI

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and Contributions	Grants and Contributions
<u>Functions/Programs:</u>				
Governmental activities:				
General government	\$ 1,562,668	460,303	-	-
Legal	300,697	-	-	-
Public safety	10,859,016	808,572	92,020	68,766
Court	583,414	-	-	-
Public property maintenance	864,178	-	-	-
Sanitation	389,570	-	-	-
Health	79,297	-	-	-
Street maintenance	4,649,520	-	1,297,980	3,981
Recreation and tourism	1,891,572	147,657	184,630	-
Shop and maintenance	613,755	-	-	-
Landscape	688,131	-	-	-
Engineering	148,061	-	-	-
Pay to other agency	78,031	-	-	-
Interest and fiscal charges on long-term debt	1,911,838	-	-	-
Total government activities	<u>24,619,748</u>	<u>1,416,532</u>	<u>1,574,630</u>	<u>72,747</u>
Business-type activities:				
Golf course	1,037,981	22,413	-	-
R/C park	40,422	36,317	-	-
Water and sewer	8,323,552	10,763,034	-	315,109
Total business-type activities	<u>9,401,955</u>	<u>10,821,764</u>	<u>-</u>	<u>315,109</u>
Total government	\$ <u>34,021,703</u>	<u>12,238,296</u>	<u>1,574,630</u>	<u>387,856</u>
General revenues:				
Taxes:				
Ad valorem taxes				
Special assessments				
Sales tax				
Recreation and tourism tax				
Utility in lieu of tax				
Franchise fees				
Interest and penalties on taxes				
General intergovernmental revenue				
Investment earnings				
Other				
Lease revenue				
Loss on disposal of capital assets				
Transfers				
Transfers of capital assets				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
(1,102,365)	-	(1,102,365)
(300,697)	-	(300,697)
(9,889,658)	-	(9,889,658)
(583,414)	-	(583,414)
(864,178)	-	(864,178)
(389,570)	-	(389,570)
(79,297)	-	(79,297)
(3,347,559)	-	(3,347,559)
(1,559,285)	-	(1,559,285)
(613,755)	-	(613,755)
(688,131)	-	(688,131)
(148,061)	-	(148,061)
(78,031)	-	(78,031)
(1,911,838)	-	(1,911,838)
(21,555,839)	-	(21,555,839)
-	(1,015,568)	(1,015,568)
-	(4,105)	(4,105)
-	2,754,591	2,754,591
-	1,734,918	1,734,918
(21,555,839)	1,734,918	(19,820,921)
6,113,519	-	6,113,519
58,896	-	58,896
12,050,576	-	12,050,576
3,307,423	-	3,307,423
454,156	-	454,156
594,048	-	594,048
24,372	-	24,372
434,261	-	434,261
496,755	160,434	657,189
66,650	-	66,650
66,660	-	66,660
(7,670)	-	(7,670)
(1,098,000)	1,098,000	-
(706,687)	706,687	-
21,854,959	1,965,121	23,820,080
299,120	3,700,039	3,999,159
83,598,216	40,086,546	123,684,762
83,897,336	43,786,585	127,683,921

CITY OF FLOWOOD, MISSISSIPPI

**BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020**

	General Fund	Recreation and Tourism Special Tax Fund	City-Wide Debt Service
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,855,467	2,252,739	2,137,641
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	1,132,869	-	-
Grants	-	-	-
Taxes	8,081,469	571,951	267,214
Due from other funds	871,619	-	10,958
Prepaid expenses	158,120	-	-
Special assessments receivable	1,781,234	-	704,740
Due from other governments	-	-	3,111,473
Total assets	\$ <u>26,880,778</u>	<u>2,824,690</u>	<u>6,232,026</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 539,220	-	-
Accrued liabilities	108,189	-	-
Funds held for others	-	-	30,000
Unearned revenue	62,995	-	-
Due to other funds	13,400	10,958	725,710
Total liabilities	<u>723,804</u>	<u>10,958</u>	<u>755,710</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	5,789,337	-	261,039
Unavailable revenue - special assessments	1,772,521	-	704,740
Unavailable revenue - court fines	885,844	-	-
Deferred inflows related to lease	1,012,000	-	-
Unavailable revenue - Rankin County	-	-	3,111,473
Total deferred inflows of resources	<u>9,459,702</u>	<u>-</u>	<u>4,077,252</u>
Fund Balances:			
Nonspendable:			
Prepays	158,120	-	-
Restricted for:			
Capital projects	-	-	-
Public safety	-	-	-
Debt service	-	-	1,399,064
Recreation and tourism	-	2,813,732	-
Assigned to:			
Fiscal year 2021 budget appropriations	1,678,607	-	-
Unassigned	14,860,545	-	-
Total fund balances	<u>16,697,272</u>	<u>2,813,732</u>	<u>1,399,064</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>26,880,778</u>	<u>2,824,690</u>	<u>6,232,026</u>

The accompanying notes are an integral part of this statement.

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
16,598,149	487,865	36,331,861
-	-	1,132,869
-	49,144	49,144
-	-	8,920,634
13,384	-	895,961
-	-	158,120
-	-	2,485,974
-	-	3,111,473
<u>16,611,533</u>	<u>537,009</u>	<u>53,086,036</u>
24,066	-	563,286
-	-	108,189
-	-	30,000
-	42,229	105,224
<u>76,653</u>	<u>36,404</u>	<u>863,125</u>
<u>100,719</u>	<u>78,633</u>	<u>1,669,824</u>
-	-	6,050,376
-	-	2,477,261
-	-	885,844
-	-	1,012,000
-	-	3,111,473
-	-	13,536,954
-	-	158,120
16,510,814	-	16,510,814
-	458,376	458,376
-	-	1,399,064
-	-	2,813,732
-	-	1,678,607
-	-	14,860,545
<u>16,510,814</u>	<u>458,376</u>	<u>37,879,258</u>
<u>16,611,533</u>	<u>537,009</u>	<u>53,086,036</u>

CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020**

Total fund balances - governmental funds		\$ 37,879,258
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	200,595,718	
Less accumulated depreciation	<u>(84,380,203)</u>	116,215,515
Fines revenue that was earned in the current period but not received within 60 days is not recognized in the fund statement but recognized under full accrual.		885,844
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds and recognized as revenue in the Statement of Activities.		5,588,734
An internal service fund is used by management to charge the cost of health and dental insurance to individual funds. The assets and liabilities of the internal service revenue fund are included in governmental activities in the Statement of Net Position.		266,844
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds:		
Net pension liability		(24,825,429)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension	1,931,330	
Deferred inflows of resources related to pension	<u>(822,773)</u>	1,108,557
Long-term liabilities of governmental funds, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. These long-term liabilities consist of:		
Bond obligations	(52,653,123)	
Loan and lease obligations	(412,048)	
Unamortized deferred charges on refunding bonds	1,013,227	
Accrued interest payable	(677,998)	
Compensated absences	<u>(492,045)</u>	<u>(53,221,987)</u>
Net position of governmental activities		\$ <u>83,897,336</u>

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Recreation and Tourism Special Tax Fund	City-Wide Debt Service
REVENUES:			
Taxes:			
Current year ad valorem	\$ 5,842,586	-	232,150
Prior years ad valorem	38,006	-	777
Interest and penalties on taxes	23,487	-	885
Special assessments	151,049	-	71,768
Franchise fees	594,048	-	-
Licenses and permits	405,378	-	-
Intergovernmental	12,706,832	3,307,423	948,573
Charges for services	219,588	-	-
Fines and forfeits	689,491	-	-
Lease revenue	66,660	-	-
Contributions	-	59,150	-
Interest earned	173,277	29,933	29,558
Miscellaneous	7,500	-	-
Total revenues	<u>20,917,902</u>	<u>3,396,506</u>	<u>1,283,711</u>
EXPENDITURES:			
Current:			
General government	1,393,825	-	-
Legal	279,784	-	-
Public safety	9,173,973	-	-
Court	551,313	-	-
Public property maintenance	678,828	-	-
Sanitation	389,570	-	-
Health	77,871	-	-
Street and maintenance	1,569,132	-	-
Recreation and tourism	875,497	187,482	-
Shop and maintenance	596,432	-	-
Landscape	644,303	-	-
Engineering	130,467	-	-
Pay to other agency	-	-	78,031
Debt service:			
Principal	261,972	-	3,022,519
Debt issuance costs	-	-	295,139
Interest and other fiscal charges	17,105	-	1,559,785
Capital outlay:			
Capital projects	-	-	-
General government	1,350	-	-

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
-	-	6,074,736
-	-	38,783
-	-	24,372
-	-	222,817
-	-	594,048
-	-	405,378
3,981	1,458,766	18,425,575
-	-	219,588
-	66,106	755,597
-	-	66,660
-	-	59,150
249,614	9,088	491,470
-	-	7,500
<u>253,595</u>	<u>1,533,960</u>	<u>27,385,674</u>

-	-	1,393,825
-	-	279,784
-	136,087	9,310,060
-	-	551,313
-	-	678,828
-	-	389,570
-	-	77,871
-	1,258,925	2,828,057
-	-	1,062,979
-	-	596,432
-	-	644,303
-	-	130,467
-	-	78,031
-	-	3,284,491
-	-	295,139
-	-	1,576,890
132,005	-	132,005
-	-	1,350

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - CONTINUED:
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Recreation and Tourism Special Tax Fund	City-Wide Debt Service
EXPENDITURES - CONTINUED:			
Public safety	\$ 169,452	-	-
Court	8,157	-	-
Recreation and tourism	-	6,998	-
Street and maintenance	157,903	-	-
Public property maintenance	35,810	-	-
Shop and maintenance	11,294	-	-
Landscape	9,667	-	-
Total expenditures	<u>17,033,705</u>	<u>194,480</u>	<u>4,955,474</u>
Excess (deficiency) of revenues over expenditures	<u>3,884,197</u>	<u>3,202,026</u>	<u>(3,671,763)</u>
Other financing sources (uses):			
Proceeds from refunding bonds	-	-	6,583,840
Payment to refunded bond escrow agent	-	-	(7,247,360)
Transfers in	-	-	3,535,251
Transfers out	(2,626,657)	(2,103,703)	-
Transfer of capital contribution	-	-	-
Total other financing sources (uses)	<u>(2,626,657)</u>	<u>(2,103,703)</u>	<u>2,871,731</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,257,540	1,098,323	(800,032)
Fund balances at beginning of year	<u>15,439,732</u>	<u>1,715,409</u>	<u>2,199,096</u>
Fund balances at end of year	\$ <u>16,697,272</u>	<u>2,813,732</u>	<u>1,399,064</u>

The accompanying notes are an integral part of this statement.

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
-	247,808	417,260
-	-	8,157
-	-	6,998
-	-	157,903
-	-	35,810
-	-	11,294
-	-	9,667
<u>132,005</u>	<u>1,642,820</u>	<u>23,958,484</u>
 <u>121,590</u>	 <u>(108,860)</u>	 <u>3,427,190</u>
-	-	6,583,840
-	-	(7,247,360)
97,109	-	3,632,360
-	-	(4,730,360)
<u>(706,687)</u>	<u>-</u>	<u>(706,687)</u>
<u>(609,578)</u>	<u>-</u>	<u>(2,468,207)</u>
 (487,988)	 (108,860)	 958,983
<u>16,998,802</u>	<u>567,236</u>	<u>36,920,275</u>
<u>16,510,814</u>	<u>458,376</u>	<u>37,879,258</u>

CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds	\$	958,983
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those
assets is depreciated over their estimated useful lives:

Expenditures for capital assets	660,929	
Less current year depreciation expense	<u>(3,766,204)</u>	(3,105,275)

The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(7,670)
--	---------

Revenues in the funds that provide current financial resources but have been included in the Statement of Activities in prior fiscal years.	(659,733)
---	-----------

The effect of deferred refunding charges when new debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.	434,624
--	---------

The amortization of bond premiums and discounts is reported on the fund financial statements when debt is issued but amortized in the Statement of Activities.	66,065
--	--------

Bond and capital lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year proceeds were received from: General obligation bonds, series 2019, including a bond premium of \$132,915.	(6,583,840)
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	10,097,202
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CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - CONTINUED:
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

The Statement of Activities reports pension expense and other activity related to the net pension liability:

Contributions made after the measurement date	\$ 444,750	
Pension expense	<u>(1,363,048)</u>	(918,298)

An internal service fund is used by management to charge the cost of health and dental insurance to individual funds. The net revenue (expense) is reported with governmental activities.

147,990

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

Change in accrued interest payable	28,622	
Amortization of deferred charges on refunding bonds	(134,471)	
Change in compensated absences	<u>(25,079)</u>	<u>(130,928)</u>

Change in net position of governmental activities \$ 299,120

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020**

	Business-Type Activities Enterprise Funds			Totals	Internal Service Fund
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund		
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 10,832,134	11,617	17,875	10,861,626	327,700
Receivables (net of allowance for uncollectibles, where applicable):					
Accounts	895,663	22,413	-	918,076	97,148
Grants	238,892	-	-	238,892	-
Prepaid expenses	30,242	-	-	30,242	-
Due from other funds	-	76,653	16	76,669	-
Total current assets	<u>11,996,931</u>	<u>110,683</u>	<u>17,891</u>	<u>12,125,505</u>	<u>424,848</u>
Restricted assets:					
Customer deposits	566,999			566,999	
Principal reserve escrow account	<u>245,905</u>	<u>-</u>	<u>-</u>	<u>245,905</u>	<u>-</u>
Total restricted assets	<u>812,904</u>	<u>-</u>	<u>-</u>	<u>812,904</u>	<u>-</u>
Property, plant and equipment:					
Land	769,308	-	-	769,308	-
Machinery and equipment	1,422,450	-	-	1,422,450	-
Water distribution system	68,861,394	-	-	68,861,394	-
R/C Track Park facilities	-	-	49,683	49,683	-
Golf course facilities	-	3,709,205	-	3,709,205	-
	<u>71,053,152</u>	<u>3,709,205</u>	<u>49,683</u>	<u>74,812,040</u>	<u>-</u>
Less: accumulated depreciation	<u>(29,718,660)</u>	<u>(3,562,118)</u>	<u>(14,316)</u>	<u>(33,295,094)</u>	<u>-</u>
	41,334,492	147,087	35,367	41,516,946	-
Construction in progress	<u>949,174</u>	<u>3,607,214</u>	<u>-</u>	<u>4,556,388</u>	<u>-</u>
Net property, plant and equipment	<u>42,283,666</u>	<u>3,754,301</u>	<u>35,367</u>	<u>46,073,334</u>	<u>-</u>
Total assets	<u>55,093,501</u>	<u>3,864,984</u>	<u>53,258</u>	<u>59,011,743</u>	<u>424,848</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred charge on refunding	199,084	-	-	199,084	-
Deferred outflows related to pension	<u>308,164</u>	<u>-</u>	<u>-</u>	<u>308,164</u>	<u>-</u>
Total deferred outflows of resources	<u>507,248</u>	<u>-</u>	<u>-</u>	<u>507,248</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

Business-Type Activities					
Enterprise Funds					
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 583,903	104,220	947	689,070	135,190
Accrued interest payable	92,310	-	-	92,310	-
Accrued liabilities	17,444	-	-	17,444	-
Due to other funds	9,999	99,506	-	109,505	-
Compensated absences - current	11,900	-	-	11,900	-
Notes payable - current	174,610	-	-	174,610	-
Bonds payable - current	1,081,008	-	-	1,081,008	-
Total current liabilities	1,971,174	203,726	947	2,175,847	135,190
Current liabilities payable from restricted assets:					
Customer deposits	566,999	-	-	566,999	-
Long-term liabilities:					
Compensated absences	56,659	-	-	56,659	-
Notes payable - net of current portion	2,131,636	-	-	2,131,636	-
Bonds payable - net of current portion	6,731,634	-	-	6,731,634	-
Net pension liability	3,961,164	-	-	3,961,164	-
Total long-term liabilities	12,881,093	-	-	12,881,093	-
Total liabilities	15,419,266	203,726	947	15,623,939	135,190
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows related to pension	131,281	-	-	131,281	-
Total deferred inflows of resources	131,281	-	-	131,281	-
<u>NET POSITION</u>					
Net investment in capital assets	32,164,778	3,661,258	35,367	35,861,403	-
Restricted for debt service	245,905	-	-	245,905	-
Unrestricted	7,639,519	-	16,944	7,656,463	289,658
Total net position	\$ 40,050,202	3,661,258	52,311	43,763,771	289,658
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				22,814	
Net assets of business-type activities				\$ 43,786,585	

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities Enterprise Funds				
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
OPERATING REVENUES:					
Water sales	\$ 2,685,438	-	-	2,685,438	-
Sewer charges	7,774,647	-	-	7,774,647	-
Tap fees and connection fees	248,777	-	-	248,777	-
Late fees	54,172	-	-	54,172	-
Health and dental contributions	-	-	-	-	3,019,187
Golf course revenue	-	22,413	-	22,413	-
R/C track revenue	-	-	36,317	36,317	-
Total operating revenues	<u>10,763,034</u>	<u>22,413</u>	<u>36,317</u>	<u>10,821,764</u>	<u>3,019,187</u>
OPERATING EXPENSES:					
Personal services	1,887,569	-	-	1,887,569	-
Supplies	613,681	-	-	613,681	-
Other service charges	3,591,444	-	-	3,591,444	-
Depreciation	1,857,507	7,149	1,581	1,866,237	-
Claims expense	-	-	-	-	2,858,898
Golf course expenses	-	1,030,832	-	1,030,832	-
R/C track expenses	-	-	38,841	38,841	-
Total operating expenses	<u>7,950,201</u>	<u>1,037,981</u>	<u>40,422</u>	<u>9,028,604</u>	<u>2,858,898</u>
OPERATING INCOME (LOSS)	<u>2,812,833</u>	<u>(1,015,568)</u>	<u>(4,105)</u>	<u>1,793,160</u>	<u>160,289</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest income	159,997	289	148	160,434	5,285
Bond interest and fiscal charges	(390,935)	-	-	(390,935)	-
Total nonoperating revenues (expenses)	<u>(230,938)</u>	<u>289</u>	<u>148</u>	<u>(230,501)</u>	<u>5,285</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,581,895	(1,015,279)	(3,957)	1,562,659	165,574
Capital contributions	315,109	706,687	-	1,021,796	-
Transfers in	-	1,086,000	12,000	1,098,000	-
CHANGE IN NET POSITION	2,897,004	777,408	8,043	3,682,455	165,574
NET POSITION AT BEGINNING OF YEAR	<u>37,153,198</u>	<u>2,883,850</u>	<u>44,268</u>	<u>40,081,316</u>	<u>124,084</u>
NET POSITION AT END OF YEAR	\$ <u>40,050,202</u>	<u>3,661,258</u>	<u>52,311</u>	<u>43,763,771</u>	<u>289,658</u>
Net change in net position - total proprietary funds				\$ 3,682,455	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>17,584</u>	
Net change in net position of business-type activities				\$ <u>3,700,039</u>	

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities				
	Enterprise Funds				
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 10,807,882	-	36,317	10,844,199	-
Health and dental contributions received	-	-	-	-	2,964,253
Cash paid to suppliers and employees	(6,024,488)	(1,086,000)	(38,238)	(7,148,726)	(3,001,464)
Net cash provided by (used in) operating activities	4,783,394	(1,086,000)	(1,921)	3,695,473	(37,211)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	1,086,000	12,000	1,098,000	-
Net cash provided by non-capital financing activities	-	1,086,000	12,000	1,098,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from bonds and notes	4,257,057	-	-	4,257,057	-
Principal paid on bonds and notes	(5,731,968)	-	-	(5,731,968)	-
Interest paid on bonds and notes	(422,916)	-	-	(422,916)	-
Capital grant revenue	76,217	-	-	76,217	-
Acquisition of capital assets	(710,798)	-	-	(710,798)	-
Net cash used in capital and related financing activities	(2,532,408)	-	-	(2,532,408)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Earnings on invested proceeds	159,997	289	148	160,434	5,285
Net cash provided by investing activities	159,997	289	148	160,434	5,285
Net increase (decrease) in cash and cash equivalents	2,410,983	289	10,227	2,421,499	(31,926)
Cash and cash equivalents at beginning of year (including \$1,223,479 in restricted accounts)	9,234,055	11,328	7,648	9,253,031	359,626
Cash and cash equivalents at end of year (including \$812,904 in restricted accounts)	\$ 11,645,038	11,617	17,875	11,674,530	327,700

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF CASH FLOWS - CONTINUED:
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities				
	Enterprise Funds				
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,812,833	(1,015,568)	(4,105)	1,793,160	160,289
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,857,506	7,141	1,591	1,866,238	-
(Increase) decrease in:					
Accounts receivable	36,417	(22,413)	-	14,004	(54,934)
Due from other funds	-	-	(16)	(16)	-
Prepaid expenses	41,013	-	-	41,013	-
Deferred outflows related to pension	(126,589)	-	-	(126,589)	-
Increase (decrease) in:					
Accounts payable	92,553	7,770	609	100,932	(142,566)
Due to other funds	9,399	(62,930)	-	(53,531)	-
Accrued compensated absences	(4,454)	-	-	(4,454)	-
Accrued liabilities	5,770	-	-	5,770	-
Customer deposits	8,431	-	-	8,431	-
Compensated absences - long-term	(7,474)	-	-	(7,474)	-
Net pension liability	62,450	-	-	62,450	-
Deferred inflows related to pension	(4,461)	-	-	(4,461)	-
Total adjustments	1,970,561	(70,432)	2,184	1,902,313	(197,500)
Net cash provided by (used in) operating activities	\$ 4,783,394	(1,086,000)	(1,921)	3,695,473	(37,211)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Amortization of deferred charges	\$ 26,936	-	-	26,936	-
Amortization of bond premium included in interest expense	\$ (11,390)	-	-	(11,390)	-
Capital contribution - golf course facilities	\$ -	706,687	-	706,687	-

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
AS OF SEPTEMBER 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 9,700,717
Due from other governments	<u>3,878</u>
Total assets	\$ <u><u>9,704,595</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 9,022
Unearned revenue	8,146,541
Due to other governments	<u>1,549,032</u>
Total liabilities	\$ <u><u>9,704,595</u></u>

The accompanying notes are an integral part of this statement.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Flowood, Mississippi (the City) was incorporated in 1953 and operates under a Mayor - Board of Alderpersons form of government. The City is a primary government with two separate component units. The City is organized into the following divisions: general government, legal, public safety (police and fire), court, public property maintenance, sanitation, health, street maintenance, recreation and tourism, shop and maintenance, landscape, and engineering.

The financial statements of the City of Flowood have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Individual Component Unit Disclosures

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Flowood Civic Improvement Corporation and the Flowood Golf Course Improvement Corporation are governed by a seven-member board consisting of the Mayor, Board of Alderpersons and City Clerk of the City. Although the Corporations are legally separate from the City, the Corporations are reported as if they were part of the primary government because their sole purpose is to finance and construct public facilities for the City.

B. Government-Wide and Fund Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

B. Government-Wide and Fund Financial Statements - continued:

have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, legal, public safety (police and fire), court, public works, sanitation, health, street maintenance, recreation and tourism, shop and maintenance, landscape and engineering. The business-type activities of the City include operation of the municipal golf course, water and sewer systems, and R/C park.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City, in general, considers revenues available if they are collected

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued:

within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The **Recreation and Tourism Special Tax Fund** is a special revenue fund. It accounts for the proceeds and expenditures of the 2% special tax levied on food and beverages.

The **City-Wide Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The **City-Wide Capital Projects Fund** is used to account for financial resources to be used for the acquisition on construction of major capital facilities (other than those financed by business-type funds).

The City reports the following major proprietary funds:

The **Water and Sewer Enterprise Fund** accounts for the activities of providing water and sewer services to the citizens of the City.

The **Golf Course Fund** accounts for the activities of the eighteen-hole golf course located in the City.

The **R/C Park Fund** accounts for the activities of the remote control vehicle track.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds of the City are charges to customers for sales and services. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents and Certificates of Deposit

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date within 90 days of the date acquired by the City. The City held certificates of deposit at year end which can be accessed at any point in time. Collateral as further discussed in Note 3, is pledged by the various financial institutions to secure City funds.

E. Receivables

Receivables, net of estimated uncollectible amounts, are reported in the governmental and proprietary financial statements for goods and services, taxes, loans, grants, and interest. The estimated uncollectible amounts by fund are reported in Note 4.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statements and fund financial statements.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of*

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

G. Deferred Outflows/Inflows of Resources - continued:

resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

H. Budgets and Budgetary Accounting

The Mayor and Board of Alderpersons annually approve the budget ordinance for the funds of the City of Flowood.

The governmental fund types are budgeted in accordance with the laws of the State of Mississippi which require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. Capital project funds, however, are budgeted per project and do not lapse at year end. The required budgetary basis is therefore not considered to be in accordance with generally accepted accounting principles. Governmental accounting requires that the "Budget to Actual" statement be prepared according to budgetary laws and the "Combined Statement of Revenues, Expenditures, and Fund Balance" be prepared according to the modified accrual basis (GAAP).

Budgets of proprietary funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at a department level. Budgets are amended by resolution of the Board of Alderpersons to authorize expenditures of various grants received and to adjust department budgets as required. The reported budgetary data has been revised for amendments authorized by the governing board.

I. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, motor vehicles, water system, sewer system, and infrastructure assets (street systems, storm drains, traffic signals, etc.), are reported in both the governmental activities, business-type activities columns of the government-wide financial statements, and the proprietary fund statements. Capital asset thresholds are as follows:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

I. Capital Assets - continued:

<u>Asset</u>	<u>Threshold</u>
Land	\$ N/A
Infrastructure	N/A
Furniture, vehicles and equipment	5,000
Improvements other than buildings	25,000
Buildings	50,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets. The useful lives and salvage values are as follows:

<u>Assets</u>	<u>Useful Life</u>	<u>Salvage Value</u>
Computers	3	1%
Vehicles and equipment	5	10%
Heavy equipment	10	10%
Furniture and fixtures	7	10%
Improvements other than buildings	25	20%
Buildings	40	20%
Infrastructure:		
Roads	20	30%
Concrete bridges	50	0%
Timber bridges	30	0%

J. Unearned Revenue and Deferred Inflows of Resources

Unearned revenue is a liability that arises when resources are obtained before revenue recognition criteria, other than time recognition criteria, have been satisfied. Resources that are obtained before time recognition criteria have been satisfied are classified as deferred inflows of resources.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

K. Compensated Absences

City employees are granted vacation and sick leave in varying amounts in accordance with administrative policy. The accrual rate is based on the years of service. Employees are allowed to carryover the equivalent of one year's accrual plus three days. Any amount of vacation in excess of the carryover amount is forfeited if not used by December 31. For the proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements all of the compensated absences are considered long-term and, therefore, are not a fund liability. An accrual of \$560,604 has been made in the Statement of Net Position for vacation time at September 30, 2020. No liability is recorded for nonvesting accumulating rights to receive sick pay.

L. Net Position and Fund Balances

Net position in government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and is reduced by any debt outstanding against the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.

Restricted net position - This component of net position consists of restricted assets plus deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted net position.

In the fund financial statements, fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are composed of two major types which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, spendable fund balance is composed of four classifications designed to disclose the hierarchy of spending constraints.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

L. Net Position and Fund Balances - continued:

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications can be used, it is the City's policy to use restricted resources first, followed by committed amounts, assigned amounts and then unassigned amounts.

M. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, customer water deposits are set aside for repayment. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

N. Capitalization of Interest

The City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use.

O. 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 (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, the 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

P. Long-Term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. The unamortized portion of the deferred amount on refunding is recorded as either a deferred outflow of resources or deferred inflow of resources. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs are expensed during the current period. Amortization of bond premiums, discounts, and deferred amounts on refunding are included in interest expense.

Q. Use of Estimates

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

NOTE 2 - PROPERTY TAX

Property taxes for fiscal year 2020 were levied in August 2019 on the assessed valuation of property located in the City of Flowood, Mississippi as of the preceding January 1, the lien date. Revenues from property taxes are recognized in the fiscal year for which property taxes are levied. The financial statements reflect the accrual of the estimated fiscal year 2021 property taxes levied in August 2020. The City has recorded deferred inflows for the estimated fiscal year 2021 real and personal property taxes as of September 30, 2020.

The City levies property taxes annually based upon assessed valuations. The City bills and collects its own public utility taxes. Real, personal property, automobile ad valorem taxes and certain road taxes are collected by the tax collector of Rankin County and are disbursed to the City accordingly. Current collections of real, public utility, and personal property taxes for the year ended September 30, 2020 were approximately 99% of the total tax levy.

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

NOTE 2 - PROPERTY TAX - CONTINUED:

The tax rate levied by the City for 2020 was set at 20.0 mills. The City allocated the property tax per \$100 of assessed value for the year as follows:

General Fund	\$ 1.170
General Fund - Debt Service	0.685
General Fund - Sanitation	<u>0.145</u>
	\$ <u>2.000</u>

NOTE 3 - CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

Cash and investments are comprised of the following at September 30, 2020:

	Cash and Cash <u>Equivalents</u>	Restricted Cash and Cash <u>Equivalents</u>	Restricted Certificates of <u>Deposit</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 14,855,467	-	-	14,855,467
Recreation and tourism special tax fund	-	2,252,739	-	2,252,739
City-wide debt service	-	2,137,641	-	2,137,641
City-wide capital projects	-	16,598,149	-	16,598,149
Nonmajor governmental funds	-	487,865	-	487,865
Internal service fund	<u>327,700</u>	-	-	<u>327,700</u>
Total governmental activities	<u>15,183,167</u>	<u>21,476,394</u>	-	<u>36,659,561</u>
Business-type activities:				
Water and sewer fund	10,832,134	812,904	-	11,645,038
Golf course fund	11,617	-	-	11,617
R/C park fund	<u>17,875</u>	-	-	<u>17,875</u>
Total business-type activities	<u>10,861,626</u>	<u>812,904</u>	-	<u>11,674,530</u>
Government-wide total	<u>\$ 26,044,793</u>	<u>22,289,298</u>	-	<u>48,334,091</u>

Deposits

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the City'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

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

NOTE 3 - CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT - CONTINUED:

Deposits - continued:

institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. Deposits at September 30, 2020 are summarized as follows:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash	\$ 48,334,091	48,715,342
Total deposits	\$ 48,334,091	48,715,342

The difference of \$381,251 was principally due to outstanding checks. Of the bank balance, \$500,000 was covered by Federal Depository Insurance.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2020, \$48,215,342 of the City's bank balance of \$48,715,342 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds	
Guaranty Pool	\$ 48,215,342
Total	\$ 48,215,342

NOTE 4 - RECEIVABLES

Receivables at September 30, 2020 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Grants</u>	<u>Total Receivables</u>
Governmental activities:						
General fund	\$ 2,872,973	8,081,469	1,781,234	-	-	12,735,676
Recreation and tourism special tax fund	-	571,951	-	-	-	571,951
City-wide debt service fund	-	267,214	704,740	3,111,473	-	4,083,427
City-wide capital projects	-	-	-	-	-	-
Other non-major funds	-	-	-	-	49,144	49,144
Gross receivables	2,872,973	8,920,634	2,485,974	3,111,473	49,144	17,440,198
Less: Allowance for uncollectible accounts	(1,245,103)	-	-	-	-	(1,245,103)
Total governmental activities	1,627,870	8,920,634	2,485,974	3,111,473	49,144	16,195,095

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

NOTE 4 - RECEIVABLES - CONTINUED:

	<u>Accounts</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Grants</u>	<u>Total Receivables</u>
Business-type activities:						
Water and sewer fund	\$ 1,158,530	-	-	-	238,892	1,397,422
Golf course fund	22,413	-	-	-	-	22,413
Gross receivables	1,180,943	-	-	-	238,892	1,419,835
Less: Allowance for uncollectible accounts	(262,867)	-	-	-	-	(262,867)
Total business-type activities	918,076	-	-	-	238,892	1,156,968
Government-wide total	\$ 2,545,946	8,920,634	2,485,974	3,111,473	288,036	17,352,063

NOTE 5 - LONG-TERM RECEIVABLES

Special assessments receivable in the amount of \$2,469,354 at September 30, 2020 are reported at the net present value of amounts due from property owners to fund the debt service on special assessment bonds issued to fund improvements on the North Flowood Drive extension and Wirtz Road extension projects.

Amounts due from other governments at September 30, 2020, in the amount of \$3,111,473 represents the net present value of amounts due from Rankin County, Mississippi in accordance with five interlocal pledge agreements designed to provide funds for the payment of the tax increment financing bonds in the City. The amounts to be paid are based on the added incremental increase in ad valorem taxes to be collected by the County as a result of the projects completed by the City in prior years. The amounts due from the County are irrevocable until all outstanding liabilities of the projects are paid in full.

Long-term receivables are expected to be collected as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Special Assessments Receivable</u>	<u>Due from Other Governments</u>
2021	\$ 255,579	629,074
2022	255,656	637,666
2023	255,733	640,196
2024	255,811	502,062
2025	255,811	509,743
2026-2030	1,280,327	593,391
2031-2032	175,580	-
Total payments due under agreements	2,734,497	3,512,132
Less discount to present value	(248,523)	(400,659)
Total long-term receivables	\$ 2,485,974	3,111,473

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

NOTE 6 - CAPITAL ASSETS

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

	Balance at October 1, 2019	Increases	Decreases	Balance at September 30, 2020
Governmental activities:				
Nondepreciable assets:				
Land	\$ 37,868,559	-	-	37,868,559
Construction in progress	779,345	132,003	(835,869)	75,479
Total	<u>38,647,904</u>	<u>132,003</u>	<u>(835,869)</u>	<u>37,944,038</u>
Buildings	16,181,452	-	-	16,181,452
Improvements other than buildings	26,258,909	31,955	-	26,290,864
Machinery and equipment	12,706,104	496,973	(89,093)	13,113,984
Infrastructure	106,229,511	835,869	-	107,065,380
Total	<u>161,375,976</u>	<u>1,364,797</u>	<u>(89,093)</u>	<u>162,651,680</u>
Total capital assets	<u>200,023,880</u>	<u>1,496,800</u>	<u>(924,962)</u>	<u>200,595,718</u>
Less accumulated depreciation for:				
Buildings	(3,579,596)	(282,854)	-	(3,862,450)
Improvements other than buildings	(7,052,498)	(882,769)	-	(7,935,267)
Machinery and equipment	(8,891,120)	(986,561)	81,421	(9,796,260)
Infrastructure	(61,172,206)	(1,614,020)	-	(62,786,226)
Total accumulated depreciation	<u>(80,695,420)</u>	<u>(3,766,204)</u>	<u>81,421</u>	<u>(84,380,203)</u>
Total governmental activities - capital assets, net	<u>\$ 119,328,460</u>	<u>(2,269,404)</u>	<u>(843,541)</u>	<u>116,215,515</u>

Approximately \$29,523,000 of the land reported in the governmental activities above was purchased by the Airport Parkway Commission and deeded to the City as part of the Airport Parkway project. The City has also purchased approximately \$856,000 of land reported in the governmental activities above to be used for construction of the West Rankin Parkway. The land will ultimately be conveyed to the State of Mississippi upon completion of both projects.

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 112,538
Public safety	933,928
Court	76
Public property maintenance	143,384
Street maintenance	1,765,918

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

NOTE 6 - CAPITAL ASSETS - CONTINUED:

Recreation and tourism	\$	782,292			
Shop and maintenance		4,598			
Landscape		12,603			
Health		-			
Legal		1,139			
Engineering		<u>9,728</u>			
Total depreciation expense - governmental activities	\$	<u>3,766,204</u>			
		Balance at		Balance at	
		October 1,		September 30,	
		2019	Increases	Decreases	2020
Business-type activities:					
Nondepreciable assets:					
Land	\$	769,308	-	-	769,308
Construction in progress		<u>9,553,112</u>	<u>1,321,877</u>	<u>(6,318,601)</u>	<u>4,556,388</u>
Total		<u>10,322,420</u>	<u>1,321,877</u>	<u>(6,318,601)</u>	<u>5,325,696</u>
Depreciable assets:					
Machinery and equipment		1,422,450	-	-	1,422,450
Water distribution systems		62,447,185	6,414,209	-	68,861,394
Golf course facilities		3,778,760	-	(69,555)	3,709,205
R/C park facilities		<u>49,683</u>	<u>-</u>	<u>-</u>	<u>49,683</u>
Total		<u>67,698,078</u>	<u>6,414,209</u>	<u>(69,555)</u>	<u>74,042,732</u>
Total capital assets		<u>78,020,498</u>	<u>7,736,086</u>	<u>(6,388,156)</u>	<u>79,368,428</u>
Less accumulated depreciation for:					
Machinery and equipment		(1,228,036)	(41,933)	-	(1,269,969)
Water distribution systems		(26,633,118)	(1,815,573)	-	(28,448,691)
Golf course facilities		(3,624,532)	(7,141)	69,555	(3,562,118)
R/C park facilities		<u>(12,725)</u>	<u>(1,591)</u>	<u>-</u>	<u>(14,316)</u>
Total accumulated depreciation		<u>(31,498,411)</u>	<u>(1,866,238)</u>	<u>69,555</u>	<u>(33,295,094)</u>
Total business-type activities - capital assets, net	\$	<u>46,522,087</u>	<u>5,869,848</u>	<u>(6,318,601)</u>	<u>46,073,334</u>

Depreciation expense for business-type activities is charged to functions as follows:

Golf course	\$	7,141
Water and sewer		1,857,506
R/C park facilities		<u>1,591</u>
Total depreciation expense - business-type activities	\$	<u>1,866,238</u>

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2020:

	Beginning Balance October 1, 2019	Additions/ Proceeds	Reductions/ Payments	Ending Balance September 30, 2020	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 44,184,289	6,583,840	2,215,527	48,552,602	3,221,624
General obligation premium	549,411	132,915	54,941	627,385	54,941
Limited obligation bonds	2,700,500	-	293,500	2,407,000	305,000
Limited obligation discount	(39,755)	-	(3,615)	(36,140)	(3,615)
Special obligation bonds	8,399,001	-	7,326,203	1,072,798	528,758
Special obligation premium	177,132	-	147,654	29,478	14,739
Capital lease obligations	674,020	-	261,972	412,048	268,648
Compensated absences	466,966	25,079	-	492,045	76,418
Government activities total	<u>57,111,564</u>	<u>6,741,834</u>	<u>10,296,182</u>	<u>53,557,216</u>	<u>4,466,513</u>
Business-type activities:					
Revenue bonds	2,145,000	-	500,000	1,645,000	525,000
General obligation bonds	1,333,711	4,184,560	152,473	5,365,798	208,376
General obligation premium	34,808	72,497	3,481	103,824	3,481
Special obligation bonds	5,340,992	-	4,658,790	682,202	336,242
Special obligation premium	96,223	-	80,405	15,818	7,909
Notes	2,477,040	-	170,794	2,306,246	174,610
Compensated absences	80,487	-	11,928	68,559	11,900
Business-type activities total	<u>11,508,261</u>	<u>4,257,057</u>	<u>5,577,871</u>	<u>10,187,447</u>	<u>1,267,518</u>
Government-wide total	<u>\$ 68,619,825</u>	<u>10,998,891</u>	<u>15,874,053</u>	<u>63,744,663</u>	<u>5,734,031</u>

Debt service requirements at September 30, 2020 were as follows:

Fiscal Year Ending September 30,	Governmental Activities									
	General Obligation Bonds		Limited Obligation Bonds		Special Obligation Bonds		Leases Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,276,565	1,403,666	301,385	108,242	543,497	24,253	268,648	10,429	4,390,095	1,546,590
2022	3,474,455	1,315,860	281,385	95,208	558,779	8,161	143,400	3,585	4,458,019	1,422,814
2023	4,047,777	1,220,220	292,385	82,862	-	-	-	-	4,340,162	1,303,082
2024	4,148,950	1,114,158	303,385	69,885	-	-	-	-	4,452,335	1,184,043
2025	3,616,181	1,012,282	325,385	56,205	-	-	-	-	3,941,566	1,068,487
2026-2030	19,470,842	3,374,395	866,935	97,565	-	-	-	-	20,337,777	3,471,960
2031-2036	6,895,217	1,391,992	-	-	-	-	-	-	6,895,217	1,391,992
2037-2038	4,250,000	244,425	-	-	-	-	-	-	4,250,000	244,425
	<u>\$ 49,179,987</u>	<u>11,076,998</u>	<u>2,370,860</u>	<u>509,967</u>	<u>1,102,276</u>	<u>32,414</u>	<u>412,048</u>	<u>14,014</u>	<u>53,065,171</u>	<u>11,633,393</u>

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Fiscal Year Ending September 30,	General		<u>Business-Type Activities</u>							
	Obligation Bonds		Revenue Bonds		Special Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 211,857	139,569	525,000	62,456	344,151	15,422	174,610	40,327	1,255,618	257,774
2022	286,968	132,313	550,000	43,425	353,869	5,189	177,812	37,125	1,368,649	218,052
2023	588,293	120,287	570,000	22,800	-	-	181,072	33,865	1,339,365	176,952
2024	600,120	104,846	-	-	-	-	184,393	30,544	784,513	135,390
2025	531,888	90,513	-	-	-	-	187,774	27,163	719,662	117,676
2026-2030	2,751,484	241,742	-	-	-	-	991,816	82,869	3,743,300	324,611
2031-2036	499,012	6,490	-	-	-	-	408,769	7,797	907,781	14,287
	<u>\$ 5,469,622</u>	<u>835,760</u>	<u>1,645,000</u>	<u>128,681</u>	<u>698,020</u>	<u>20,611</u>	<u>2,306,246</u>	<u>259,690</u>	<u>10,118,888</u>	<u>1,244,742</u>

Bonds and notes payable at September 30, 2020 are comprised of the following individual issues:

General Obligation Bonds:

\$10,715,000 Refunding Series 2010 due in annual installments of \$340,000 to \$765,000, payable on 3-1 of each year through 3-1-21; and interest at 3.00% to 4.35%, payable on 3-1 and 9-1 of each year. \$ 530,000

\$1,540,000 Special Assessment Bonds Series 2009 due in annual installments of \$50,000 to \$115,000 on 11-1 of each year through 11-1-2029; and interest at 3.20% to 4.55%, payable on 5-1 and 11-1 of each year. 940,000

\$6,413,000 General Obligation Refunding Bonds Series 2017 due in annual installments of \$78,000 to \$738,000, payable on 3-1 of each year through 3-1-30; and interest at 1.55% to 2.50%, payable on 3-1 and 9-1 of each year. 6,180,000

\$9,450,000 Refunding Series 2014 due in annual installments of \$400,000 to \$1,020,000, payable on 10-1 of each year through 10-1-28, net of unamortized premium of \$525,797 at September 30, 2020; and interest at 2.00% to 3.50%, payable on 4-1 and 10-1 of each year.

General Fund	\$ 6,208,232	
Water & Sewer Enterprise Fund	<u>1,212,566</u>	7,420,798

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

General Obligation Bonds - continued:

\$5,200,000 Tax-Exempt Refunding Series 2015 due in annual installments of \$330,000 to \$560,000, payable on 11-1 of each year through 11-1-25; and interest at 1.7125%, payable on 5-1 and 11-1 of each year. \$ 2,820,000

\$1,845,000 Taxable Refunding Series 2015 due in annual installments of \$135,000 to \$180,000, payable on 11-1 of each year through 11-1-26; and interest at 3.28%, payable on 5-1 and 11-1 of each year. 1,160,000

\$5,000,000 General Obligation Capital Improvements Series 2017 due in annual installments of \$190,000 to \$230,000, payable on 11-1 of each year through 11-1-27; and interest at 2.375% to 3.200%, payable on 5-1 and 11-1 of each year. 4,625,000

\$20,000,000 Taxable General Obligation Urban Renewal Series 2017 due in annual installments of \$855,000 to \$1,470,000 (initial payment due 11-1-2020), payable on 11-1 of each year through 11-1-37; and interest at 2.073% to 3.772%, payable on 5-1 and 11-1 of each year. 20,000,000

\$10,765,000 Taxable General Obligation Bonds, Refunding Series 2019. The funds were used to refund a portion of the \$19,080,000 Mississippi Development Bank Special Obligation Bond. The bonds are due in annual installments of \$135,000 to \$1,260,000, payable on 11-1 of each year through 11-1-30, net of unamortized premium of \$205,412 at September 30, 2020; and interest at 1.870% to 2.650%, payable on 5-1 and 11-1 of each year.

General Fund	\$ 6,716,755	
Water & Sewer Enterprise Fund	<u>4,257,056</u>	<u>10,973,811</u>
		\$ <u><u>54,649,609</u></u>

CITY OF FLOWOOD, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Limited Obligation Bonds:

\$380,000 2001 Tax Increment Financing Bond due in annual installments of \$5,000 to \$36,000, payable on 4-1-2007 through 4-1-2021; and interest at 4.52%, payable on 10-1 and 4-1 of each year beginning with 10-1-2006 and ending with 4-1-2021.	\$ 36,000
\$1,695,000 2006 Tax Increment Financing Bond due in annual installments of \$110,000 to \$380,000, payable 5-1-2009 through 5-1-2026; and interest varying annually from 3.70% to 4.50%, payable on 5-1 and 11-1 of each year beginning with 5-1-2009 and ending with 5-1-2026. The bonds are to be funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property located within the specified benefiting area. In accordance with an interlocal cooperation agreement between the City and Rankin County, Mississippi, the County has pledged its ad valorem tax collections on benefiting property up to 25.20 mills annually.	710,000
\$320,000 Tax Increment Financing Bond due in annual installments of \$7,000 to \$29,000, payable 5-1-2011 through 5-1-2025; and interest at 4.00%, payable on 5-1 and 11-1 of each year beginning with 5-1-11 and ending with 5-1-2025. The bonds are to be funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property located within the specified benefiting area. In accordance with an interlocal cooperation agreement between the City and Rankin County, Mississippi, the County has pledged its ad valorem tax collections on benefiting property up to 20.00 mills	131,000
\$2,700,000 Tax Increment Financing Bond due in annual installments of \$100,000 to \$200,000, payable 5-1-2011 through 5-1-2029; and interest varying annually from 3.00% to 4.80%, payable on 5-1 and 11-1 of each year beginning with 5-1-10 and ending with 5-1-2029, net of unamortized discount of \$36,140 at September 30, 2020. The bonds are to be funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property located within the specified benefiting area. In accordance with an interlocal cooperation agreement between the City and Rankin County, Mississippi, the County has pledged its ad valorem tax collections on benefiting property up to 20.00 mills annually.	1,493,860
	<u>\$ 2,370,860</u>

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

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Special Obligation Bonds:

\$19,080,000 Mississippi Development Bank Special Obligation Bonds, Refunding Project Series 2011. The funds were used to refund all the notes payable to the Mississippi Development Bank. \$10,765,000 of the Series 2011 Special Obligation Bonds were paid to the refunded bond escrow agent during fiscal year 2020 as a result of the advance refunding. The remaning bonds are due in annual installments of \$465,000 to \$485,000 payable on November 1, 2021 through November 1, 2022, net of unamortized premium of \$45,296 at September 30, 2020. Interest is at 2.00% to 5.00%, payable on 5-1 and

General Fund	\$ 1,102,276	
Water & Sewer Enterprise Fund	<u>698,020</u>	<u>1,800,296</u>
		\$ <u><u>1,800,296</u></u>

Revenue Bonds:

\$5,730,000 Mississippi Development Bank Special Obligations Bonds, water and sewer system refunding project series 2010A, due in annual installments of \$180,000 beginning 6-1-11 with the annual principal payments increasing to a final payment of \$570,000, due 6-1-2023; and interest at 2.80%, payable on 6-1 and 12-1 of each year.

\$	
	<u>1,645,000</u>
\$	<u><u>1,645,000</u></u>

Notes:

\$1,000,000 note payable to the Mississippi Development Authority under the Authority's Capital Improvement Revolving Loan Program. The note is due in monthly installments starting June 2013 through May 2033 with interest at 2.00%. The note is to be paid by the City's Water and Sewer Enterprise Fund.

\$	690,253
----	---------

\$2,582,892 note payable to the State of Mississippi Commission on Environmental Quality acting through the Department of Environmental Quality under MDEQ's Water Pollution Control Revolving Loan Fund. The note is payable in monthly installments for 238 months starting on June 2012 with interest at 1.75%. This note is to be paid by the City's Water and Sewer Enterprise Fund.

	<u>1,615,993</u>
\$	<u><u>2,306,246</u></u>

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

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Capital Lease Obligations

The City entered into a lease agreement for financing the acquisition of two fire trucks, one in 2016 and one in 2017. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been reported at the present value of the future minimum lease payments as of the inception dates. The fire trucks purchased under capital leases have an original cost in the amount of \$1,294,782 and accumulated depreciation of \$882,734 resulting in a net book value of \$412,048. The amortization of the assets has been included in the City's depreciation expense. Obligations of the City's governmental activities under capital leases at September 30, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2021	\$ 268,648	10,429	279,077
2022	<u>143,400</u>	<u>3,585</u>	<u>146,985</u>
Total lease payments	\$ <u>412,048</u>	<u>14,014</u>	<u>426,062</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Advance Refunding

During fiscal year 2015, the City issued \$9,450,000 General Obligation Refunding Bonds, Series 2014. Of the proceeds, \$6,189,817 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$9,125,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 Refunding Project, callable as of January 1, 2019. As a result, the refunded portion of the Series 2009 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$5,365,000. The reacquisition price exceeded the net carrying amount of the old debt by \$824,826. This amount is amortized over the life of the refunded debt, which is the same as the original debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2020 was \$324,476. This advance refunding was undertaken to reduce debt service payments over the years 2015 through 2028 by \$826,584 and resulted in an economic gain of \$722,125.

During fiscal year 2017, the City issued \$6,413,000 General Obligation Refunding Bonds, Series 2017. Of the proceeds, \$6,293,842 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$10,715,000 Refunding Series 2010, callable as of March 1, 2020. As a result, the refunded portion of the Series 2010 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$5,880,000. The reacquisition price exceeded the net

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

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Advance Refunding - continued:

carrying amount of the old debt by \$413,843. This amount is amortized over the life of the refunded debt, which is the same as the original debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2020 was \$254,127. This advance refunding was undertaken to reduce debt service payments over the years 2017 through 2030 which equates to a net present value savings of \$380,865.

During fiscal year 2020, the City issued \$10,765,000 General Obligation Refunding Bonds, Series 2019. Of the proceeds, \$11,757,038 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$19,080,000 Special Obligation Refunding Series 2011, callable as of November 1, 2021. As a result, the refunded portion of the Series 2011 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$11,145,000. The reacquisition price exceeded the net carrying amount of the old debt by \$434,624. This amount is amortized over the life of the refunded debt, which is the same as the original debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2020 was \$434,624. This advance refunding was undertaken to reduce debt service payments over the years 2020 through 2030 which equates to a net present value savings of \$953,783.

NOTE 8 - INTERFUND ADVANCES AND TRANSFERS

The following tables summarize interfund advances from/to, and transfers in/out at September 30, 2020:

Advances

Advances to/from other funds at September 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Nonmajor Funds	\$ 36,404
	City-Wide Debt Service	725,710
	Water and Sewer Enterprise Fund	9,999
	Golf Course Enterprise Fund	99,506
City-Wide Capital Projects	General Fund	13,384
City-Wide Debt Service	Recreational and Tourism	10,958
Golf Course Enterprise Fund	City-Wide Capital Projects	76,653
R/C Track Fund	General Fund	16
		<u>\$ 972,630</u>

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

NOTE 8 - INTERFUND ADVANCES AND TRANSFERS - CONTINUED:

Advances - continued:

The above interfund balances resulted from the time lag between the dates that reimbursable expenses occur and payments between the funds are made. The balances are expected to be paid within one year.

Transfers

Transfers in/out from other funds at September 30, 2020 are as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
City-Wide Debt Service	General Fund	\$ 2,529,548
	Recreational and Tourism	1,005,703
Golf Course Enterprise Fund	Recreational and Tourism	1,086,000
City-Wide Capital Projects	General Fund	97,109
R/C Track Fund	Recreational and Tourism	<u>12,000</u>
		\$ <u>4,730,360</u>

Transfers are used to: (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) move receipts identified for debt service from the funds collecting the receipts to the Debt Service Funds to make debt service payments when they become due.

NOTE 9 - CONTINGENT LIABILITIES

Grant Audits

The City receives Federal and state grants for specific purposes that are subject to review and audit by Federal and state agencies. Such audits could result in a request for reimbursements for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

The City has been notified by the U.S. Environmental Protection Agency Office of Inspector General that costs in the amount of \$1,226,153 claimed under an EPA grant that funded improvements to the City's wastewater system during the period February 10, 1995 (date of award) through the fiscal year ended September 30, 2006 are being questioned. The City is contesting the questioned costs and believes the matter will be resolved with the City not required to repay any of the questioned costs.

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

NOTE 9 - CONTINGENT LIABILITIES - CONTINUED:

Litigation

The City has pending legal claims incurred in the normal course of operations that in the opinion of City Officials can be disposed of without material adverse effect on the financial position or results of operations of the City.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which has spread throughout the United States and around the world. The City is aware of changes in its operations as a result of COVID-19 but believes any impact on the City's financial statements have been minimal. Management also believes any future disruption, when and if experienced, would be temporary; however, there is uncertainty around when any future disruptions might occur, the duration, and hence, the potential impact. While the ultimate potential impact cannot be estimated at the time, management does not currently anticipate a material adverse effect on the City's statement of net position or the statement of activities.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City 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. Benefit provisions are established by State law 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, by calling (601) 359-3589 or 1-800-444-PERS, or by visiting online at www.pers.ms.gov.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), 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, 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. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit

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

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

General Information about the Pension Plan - continued:

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

For the year ended September 30, 2020, the City's total payroll for all employees was \$10,065,834. Total covered payroll was \$10,049,571. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

Contributions: PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for the year ended September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ended September 30, 2020, 2019 and 2018 were \$1,748,625, \$1,613,064, and \$1,588,950, respectively, which equaled the required contributions for each year.

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

At September 30, 2020, the City reported a liability of \$28,786,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension liability was based on a projection

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

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.1487 percent, which was a decrease of .0046 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$2,598,353. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 250,329	-
Changes in assumptions	166,014	-
Net difference between projected and actual earnings on pension plan investments	1,167,412	954,054
Changes in proportion and differences between City contributions and proportionate share of contributions	210,989	-
City contributions subsequent to the measurement date	<u>444,750</u>	<u>-</u>
Total	\$ <u>2,239,494</u>	<u>954,054</u>

The \$444,750 of deferred outflows of resources 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 ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30,	
2021	\$ (128,449)
2022	169,717
2023	418,399
2024	<u>381,023</u>
Total	\$ <u>840,690</u>

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

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

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

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The 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 are summarized in the following table:

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

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 were made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net pension liability of PERS based on the June 30, 2020, actuarial valuations, 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 one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	<u>City's Proportionate Share of Net Pension Liability</u>
1.00% decrease (6.75%)	\$ 37,260,706
Current discount rate (7.75%)	28,786,593
1.00% increase (8.75%)	21,792,043

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

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; injuries to employees; and natural disasters. The City participates in State insurance funds for risks of loss for all liability and workers' compensation insurance. Settled claims resulting from these risks have not exceeded State insurance coverage in any of the past three fiscal years.

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

NOTE 11 - RISK MANAGEMENT - CONTINUED:

The City has joined with other municipalities to pool its risk as a member of the Mississippi Municipal Liability Plan and the Mississippi Municipal Workers' Compensation Pool, both of which are public entity risk pools. The City pays annual premiums to the liability plan and quarterly premiums to the pool for its workers' compensation coverage. The agreements establishing the pools provide that the pools will be self-sustaining through member premiums.

NOTE 12 - HEALTH SELF-INSURANCE PLAN

The City has established a Risk Pool Agreement authorized by Section 25-15-101 of the Mississippi Code to be self-insured for its employee group health and dental plan. The City contributes \$767 per month per employee to the plan to cover each employee and each employee, at their option, authorizes payroll withholdings to pay contributions for dependent coverage. The City's monthly premiums to cover all employees have been expensed in the General Fund and the Water and Sewer Enterprise Fund in the same manner as the employees' salary.

The City has contracted with a third party administrator to act on behalf of the City in the administration of the plan. The administrator is to perform enrollment and underwriting functions and to audit, process and pay all medical expense claims of the plan. Provisions for administrative fees and stop loss premiums are included in the contractual provisions. The administrative contract can be terminated upon ninety days written notice.

An excess loss insurance policy issued by FAIRCO is in effect to reimburse the City for claims for any covered person in excess of \$75,000 incurred and paid during the policy year. In addition, the policy will reimburse the City if total losses for the policy year exceed the annual aggregate attachment point (AAAP). The AAAP is an amount equal to the product of an aggregate monthly factor times the number of covered individuals.

For the fiscal year ended September 30, 2020, the City was reimbursed \$247,212 for losses in excess of \$75,000 per individual. The AAAP was not exceeded for the fiscal year. The liability reported at September 30, 2020 is based on the requirements that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on numerous complex factors, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Changes in this claims liability during fiscal years 2018 through 2020 were as follows:

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

NOTE 12 - HEALTH SELF-INSURANCE PLAN - CONTINUED:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2017-2018	\$ 194,700	1,682,522	1,722,053	155,169
2018-2019	155,169	2,104,061	1,981,474	277,756
2019-2020	277,756	1,887,685	2,030,251	135,190

NOTE 13 - COMMITMENTS

At September 30, 2020, the City had entered into contracts to acquire and construct municipal facilities and infrastructure as follows:

Project	Contract Type	Total Contract Amount	Cost Incurred as of September 30, 2020	Commitment Outstanding as of September 30, 2020
Water Utility Improvements	Construction	\$ 1,303,807	555,577	748,230
Conference Center Sea Wall	Construction	339,122	-	339,122
Conference Center Road	Engineering	25,000	-	25,000
Luckney Road Widening	Engineering	65,000	17,584	47,416
Total			\$	<u>1,159,768</u>

NOTE 14 - TAX ABATEMENTS

The City has granted seven local businesses ad valorem tax exemption as allowed under Section 27-31-105, Mississippi Code of 1972, as amended. Under applicable Sections of Mississippi Code of 1972, as amended, municipal authorities are authorized and empowered, in their discretion, to grant exemptions from ad valorem taxation to new enterprises or additions to or expansions of facilities or properties or replacement of equipment used in connection with certain enterprises as defined in Section 27-31-101 and Section 21-31-105, Mississippi Code of 1972, as amended.

For the fiscal year ended September 30, 2020, the City abated ad valorem taxes for local businesses in the amount of \$270,143 as allowed by Section 27-31-101 and Section 27-31-105, Mississippi Code of 1972, as amended. The exemptions expire in fiscal years 2021 through 2029.

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 - LESSOR OPERATING LEASE

On September 27, 2018, the City, as lessor, entered into an amended lease agreement with a commercial entity, the lessee, to lease property owned by the City. The amended lease commenced on October 27, 2018 and extended the original agreement for five additional consecutive five year periods which are deemed automatically exercised without notice by the lessee. The City received a payment in the amount of \$1,100,000 upon commencement of the amended lease. The payment received upon commencement of the lease is reported as deferred inflows related to lease and will be recognized as lease revenue on a straight-line basis over the twenty-five year term of the lease. The amended lease agreement also provides for monthly payments in the amount of \$2,000 to be paid to the City. The monthly payment amount will be increased by an amount equal to 3% annually.

A summary of minimum future rental income and amortization of the deferred inflows related to the lease are as follows:

<u>Year Ending September 30,</u>	<u>Minimum Future Rental Income</u>	<u>Amortization of Deferred Inflows related to lease</u>	<u>Total Lease Revenue</u>
2021	\$ 25,462	44,000	69,462
2022	26,225	44,000	70,225
2023	27,012	44,000	71,012
2024	27,823	44,000	71,823
2025	28,657	44,000	72,657
2026-2030	156,710	220,000	376,710
2031-2035	181,669	220,000	401,669
2036-2040	210,605	220,000	430,605
2041-2043	142,140	132,000	274,140
	<u>\$ 826,303</u>	<u>1,012,000</u>	<u>1,838,303</u>

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued May 2020, the primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

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

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:

Recently Issued Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 87, *Leases*, issued June 2017, will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61, issued August 2018, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and also improves the relevance of the financial statement information for certain component units. The requirements of this Statement are effective for periods beginning after December 15, 2019. This accounting pronouncement is not expected to impact the City's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional

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

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:

Recently Issued Accounting Pronouncements - continued:

commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2020. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, the primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:

Recently Issued Accounting Pronouncements - continued:

entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, this Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The effects of paragraphs 4 and 5 of this statement do not have a material impact on the City's financial statements. Management is currently evaluating the impact of the adoption of the other requirements of this Statement on the City's financial statements.

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

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 29, 2021, the date the financial statements were approved by the City's management and thereby available to be issued, and has determined that there are no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying financial statements.

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Current year ad valorem	\$ 5,780,000	5,798,000	5,844,356	46,356
Prior years ad valorem	22,000	30,000	38,006	8,006
Interest and penalties	13,000	15,000	17,481	2,481
Special assessments	176,000	170,000	177,955	7,955
Franchise fees	600,000	590,000	594,048	4,048
Licenses and permits	475,000	435,000	405,378	(29,622)
Intergovernmental	12,626,400	12,036,400	12,389,753	353,353
Charges for services	125,000	150,000	219,588	69,588
Fines and forfeits	875,000	660,000	703,032	43,032
Lease revenue	40,000	25,000	22,660	(2,340)
Interest earned	125,000	160,000	173,277	13,277
Miscellaneous	-	-	7,500	7,500
Total revenues	<u>20,857,400</u>	<u>20,069,400</u>	<u>20,593,034</u>	<u>523,634</u>
EXPENDITURES:				
General government	1,660,000	1,540,000	1,389,174	150,826
Public safety	10,845,479	10,207,200	9,614,910	592,290
Court	714,000	670,000	566,549	103,451
Public property maintenance	832,700	870,000	727,626	142,374
Sanitation	390,000	395,000	389,570	5,430
Health	91,000	91,000	77,871	13,129
Street maintenance	2,074,450	2,133,200	1,730,469	402,731
Shop and maintenance	586,350	660,000	607,726	52,274
Landscape	641,400	745,000	654,008	90,992
Legal	374,500	301,500	279,802	21,698
Recreation	1,148,400	940,000	874,436	65,564
Engineering	140,700	137,700	130,484	7,216
Total expenditures	<u>19,498,979</u>	<u>18,690,600</u>	<u>17,042,625</u>	<u>1,647,975</u>
Excess of revenues over expenditures	<u>1,358,421</u>	<u>1,378,800</u>	<u>3,550,409</u>	<u>2,171,609</u>
Other financing sources (uses):				
Transfers out	<u>(2,728,785)</u>	<u>(2,775,000)</u>	<u>(2,626,657)</u>	<u>148,343</u>
Total financing sources (uses)	<u>(2,728,785)</u>	<u>(2,775,000)</u>	<u>(2,626,657)</u>	<u>148,343</u>

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED:
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES - CONTINUED:				
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (1,370,364)	(1,396,200)	923,752	2,319,952
Fund balances at beginning of year	<u>14,180,959</u>	<u>14,180,959</u>	<u>14,180,959</u>	<u>-</u>
Fund balance at end of year	\$ <u>12,810,595</u>	<u>12,784,759</u>	<u>15,104,711</u>	<u>2,319,952</u>

**EXPLANATION OF DIFFERENCES
BETWEEN BUDGETARY FUND
BALANCE AND GAAP FUND
BALANCE:**

Fund Balance - budgetary basis	\$ 15,104,711
Adjustment to GAAP basis:	
Add accrued revenue:	
Ad valorem taxes	173,171
Special assessments	8,713
Intergovernmental	2,302,193
Police fines	25,372
Add: Prepaid expenses	158,120
Less: Deferred inflows related to lease	(1,012,000)
Less: Accounts payable paid after October 30, 2020	<u>(63,008)</u>
Fund Balance - GAAP basis	\$ <u>16,697,272</u>

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Personal services	\$ 1,150,000	1,075,000	1,008,554	66,446
Supplies	55,000	55,000	48,320	6,680
Other services and charges	425,000	400,000	330,950	69,050
Capital outlay	30,000	10,000	1,350	8,650
Total general government	1,660,000	1,540,000	1,389,174	150,826
Public safety:				
Police:				
Personal services	4,299,000	4,034,000	3,902,460	131,540
Supplies	333,000	300,000	244,138	55,862
Other services and charges	465,300	489,500	427,542	61,958
Capital outlay	284,479	290,000	239,180	50,820
Total police	5,381,779	5,113,500	4,813,320	300,180
Fire:				
Personal services	4,650,000	4,350,000	4,217,209	132,791
Supplies	240,000	200,000	113,089	86,911
Other services and charges	338,700	308,700	261,943	46,757
Capital outlay	235,000	235,000	209,349	25,651
Total fire	5,463,700	5,093,700	4,801,590	292,110
Total public safety	10,845,479	10,207,200	9,614,910	592,290
Court:				
Personal services	430,000	450,000	429,848	20,152
Supplies	14,000	10,000	3,654	6,346
Other services and charges	260,000	200,000	124,890	75,110
Capital outlay	10,000	10,000	8,157	1,843
Total court	714,000	670,000	566,549	103,451
Public property maintenance:				
Personal services	85,000	85,000	83,441	1,559
Supplies	42,700	50,000	42,819	7,181
Other services and charges	545,000	610,000	565,556	44,444
Capital outlay	160,000	125,000	35,810	89,190
Total public property maintenance	832,700	870,000	727,626	142,374

CITY OF FLOWOOD, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE GENERAL FUND EXPENDITURES - CONTINUED: FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Sanitation:				
Personal services	\$ -	-	-	-
Supplies	-	-	-	-
Other services and charges	390,000	395,000	389,570	5,430
Capital outlay	-	-	-	-
Total sanitation	390,000	395,000	389,570	5,430
Health:				
Personal services	26,000	26,000	16,619	9,381
Supplies	63,500	63,500	61,252	2,248
Other services and charges	1,500	1,500	-	1,500
Capital outlay	-	-	-	-
Total health	91,000	91,000	77,871	13,129
Street maintenance:				
Personal services	1,450,000	1,450,000	1,416,589	33,411
Supplies	-	-	-	-
Other services and charges	424,450	508,200	155,977	352,223
Capital outlay	200,000	175,000	157,903	17,097
Total street maintenance	2,074,450	2,133,200	1,730,469	402,731
Shop:				
Personal services	250,000	240,000	224,864	15,136
Supplies	271,800	320,000	298,667	21,333
Other services and charges	53,250	85,000	72,901	12,099
Capital outlay	11,300	15,000	11,294	3,706
Total shop	586,350	660,000	607,726	52,274
Landscape:				
Personal services	470,000	450,000	436,564	13,436
Supplies	113,500	200,000	154,029	45,971
Other services and charges	42,900	80,000	53,748	26,252
Capital outlay	15,000	15,000	9,667	5,333
Total landscape	641,400	745,000	654,008	90,992
Legal:				
Personal services	348,000	275,000	262,043	12,957
Supplies	2,500	2,500	136	2,364
Other services and charges	24,000	24,000	17,623	6,377
Capital outlay	-	-	-	-
Total legal	374,500	301,500	279,802	21,698

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES - CONTINUED:
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation:				
Personal services	\$ 790,000	650,000	616,000	34,000
Supplies	174,400	150,000	125,627	24,373
Other services and charges	184,000	140,000	132,809	7,191
Capital outlay	-	-	-	-
Total recreation	<u>1,148,400</u>	<u>940,000</u>	<u>874,436</u>	<u>65,564</u>
Engineering:				
Personal services	118,000	118,000	115,493	2,507
Supplies	8,000	5,000	2,821	2,179
Other services and charges	14,700	14,700	12,170	2,530
Capital outlay	-	-	-	-
Total engineering	<u>140,700</u>	<u>137,700</u>	<u>130,484</u>	<u>7,216</u>
Total expenditures	<u>\$ 19,498,979</u>	<u>18,690,600</u>	<u>17,042,625</u>	<u>1,647,975</u>

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE
RECREATION AND TOURISM SPECIAL TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 3,205,000	3,198,000	3,261,127	63,127
Contributions	50,000	59,150	59,150	-
Interest earned	19,000	35,000	29,933	(5,067)
Total revenues	<u>3,274,000</u>	<u>3,292,150</u>	<u>3,350,210</u>	<u>58,060</u>
EXPENDITURES:				
Recreation:				
Other services and charges	225,000	200,000	187,482	12,518
Capital outlay	106,000	50,000	6,998	43,002
Total expenditures	<u>331,000</u>	<u>250,000</u>	<u>194,480</u>	<u>55,520</u>
Excess of revenues over expenditures	<u>2,943,000</u>	<u>3,042,150</u>	<u>3,155,730</u>	<u>113,580</u>
Other financing sources (uses):				
Transfers out	<u>(1,859,000)</u>	<u>(2,212,000)</u>	<u>(2,103,703)</u>	<u>108,297</u>
Total other financing sources (uses)	<u>(1,859,000)</u>	<u>(2,212,000)</u>	<u>(2,103,703)</u>	<u>108,297</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	1,084,000	830,150	1,052,027	221,877
Fund balance at beginning of year	<u>1,189,754</u>	<u>1,189,754</u>	<u>1,189,754</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,273,754</u>	<u>2,019,904</u>	<u>2,241,781</u>	<u>221,877</u>

**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY
FUND BALANCE AND GAAP FUND BALANCE:**

Fund balance - budgetary basis	\$ 2,241,781
Adjustment to GAAP basis:	
Add accrued sales tax revenue	<u>571,951</u>
Fund balance - GAAP basis	\$ <u>2,813,732</u>

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS
LAST 10 FISCAL YEARS ***

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City's proportion of the collective net pension liability	*	*	*	*	\$ 23,140,668	26,686,571	25,350,675	26,280,095	26,968,495	28,786,592
City's proportionate share of the collective net pension liability	*	*	*	*	0.1497%	0.1494%	0.1525%	0.1580%	0.1533%	0.1487%
City's covered payroll	*	*	*	*	\$ 9,352,502	9,560,603	9,782,089	10,091,644	9,983,048	9,904,448
City's proportionate share of the net pension liability as a percentage of its covered payroll	*	*	*	*	247.43%	279.13%	259.15%	260.41%	270.14%	290.64%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	*	61.70%	57.47%	61.49%	62.54%	61.59%	58.97%

*Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015.
The amounts presented for each year were determined as of the measurement date of June 30 of the year presented.

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST 10 FISCAL YEARS *

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined employer contribution	*	*	*	*	\$ 1,470,323	1,507,347	1,550,838	1,588,950	1,613,064	1,748,625
Contributions in relation to the actuarially determined contributions	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>1,470,323</u>	<u>1,507,347</u>	<u>1,550,838</u>	<u>1,588,950</u>	<u>1,613,064</u>	<u>1,748,625</u>
Annual contribution deficiency (excess)	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	*	*	*	*	\$ 9,335,386	9,570,458	9,846,592	10,088,570	9,989,102	10,049,571
Actual contributions as a percentage of covered payroll	*	*	*	*	15.75%	15.75%	15.75%	15.75%	16.15%	17.40%

*Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015.
The amounts presented for each fiscal year were determined as of the employer's fiscal year-end.

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SEPTEMBER 30, 2020**

Budgetary Comparison Schedules

NOTE A - BASIS OF PRESENTATION

The City's governmental fund types are budgeted in accordance with the laws of the State of Mississippi which require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. Capital project funds, however, are budgeted per project and do not lapse at year end. The required budgetary basis is therefore not considered to be in accordance with generally accepted accounting principles. Governmental accounting requires that the "Budget to Actual" statement be prepared according to budgetary laws and the "Combined Statement of Revenues, Expenditures, and Fund Balance" be prepared according to the modified accrual basis (GAAP).

Pension Schedules

**NOTE A - METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY
DETERMINED CONTRIBUTIONS**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the September 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

NOTE B - CHANGES IN BENEFIT PROVISIONS

None.

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SEPTEMBER 30, 2020**

Pension Schedules - continued:

NOTE C - CHANGES OF ASSUMPTIONS

None.

NOTE D - DATA AVAILABLE AND PRESENTED

The required supplementary pension schedules are presented to illustrate the requirement to show information for ten years, as required by GASB 68. GASB 68 was implemented during the fiscal year ended September 30, 2015, and only reflects data for years for which trend information is available.

SUPPLEMENTARY INFORMATION

CITY OF FLOWOOD, MISSISSIPPI

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2020**

<u>Bond Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Gary L. Rhoads	Mayor	Western Surety	\$ 100,000
Josh Carlisle	City Clerk	Liberty	100,000
Josh Carlisle	Comptroller	Merchants Bonding Co.	50,000
Richard McMillian	Chief of Police	Merchants Bonding Co.	100,000
	Alderpersons (5)	Western Surety	100,000 each
Barbara Watkins	Accountant/ Deputy Clerk	Merchants Bonding Co.	50,000
Barbara Watkins	Notary	RLI	5,000
Michelle Denham	Accountant	Liberty	50,000
Jennifer Chapin	Court Clerk	Merchants Bonding Co.	50,000
Jennifer Chapin	Notary	RLI	5,000
Blanket Bond	All Employees	Western Surety	60,000 each
Unemployment Bond	All Employees	Western Surety	50,000 total

STATE COMPLIANCE SECTION

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

To the Honorable Mayor and Board of Alderpersons
City of Flowood, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flowood, Mississippi as of and for the year ended September 30, 2020, which collectively comprise the City of Flowood, Mississippi's basic financial statements and have issued our report thereon dated March 29, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

The results of those procedures and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations.

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

Haddox Reid Eubank Betts PLLC

Jackson, Mississippi
March 29, 2021