

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

**CITY OF FLOWOOD, MISSISSIPPI**

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

**SEPTEMBER 30, 2021**

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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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 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 Eubank Betts PLLC*

Jackson, Mississippi  
May 12, 2022

## **CITY OF FLOWOOD, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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, 2021. 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 \$10,054,022 as a result of this year's operations (\$3,999,159 increase in 2020). An increase in the amount of \$6,758,153 and \$3,295,869, was realized by the City's Governmental Activities and Business-Type Activities respectively, 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 \$26,784,163 or 61.2% of all revenues in 2021. General revenues accounted for \$23,820,080 or 62.7% of all revenues in 2020. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,947,903 or 38.7% of total revenues in 2021, compared with \$14,200,782 or 37.3% of total revenues in 2020.
- The City had \$33,678,044 in expenses, an amount which decreased when compared with the \$34,021,703 in expenses for 2020. \$16,947,903 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$26,784,163 were adequate to provide for these programs in 2021, while general revenues of \$23,820,080 were also adequate to provide for these programs in 2020.
- The City's General Fund realized an 11.7% increase in total revenue compared to the prior year (\$23,367,373 in 2021 compared to \$20,917,902 in 2020). Total expenditures reflected a .3% increase (\$17,085,142 in 2021 compared to \$17,033,705 in 2020).
- The Water and Sewer Enterprise Fund had \$10,691,173 in operating revenues and \$8,356,194 in operating expenses. Its increase in net position after net non-operating expenses, transfers, and capital contributions was \$2,881,398. Last year it reported \$10,763,034 in operating revenues and \$7,950,201 in operating expenses. The prior year increase in net position was \$2,897,004 after net non-operating expenses, transfers, and capital contributions.
- The Golf Course Enterprise Fund reopened in April 2021 after undergoing extensive renovations over the past several years and had \$802,525 in operating revenues and \$1,475,148 in operating expenses. Its increase in net position after net non-operating expenses, transfers, and capital contributions was \$434,503.

## **CITY OF FLOWOOD, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

#### **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.

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 2021?" 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 2021 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.



## CITY OF FLOWOOD, MISSISSIPPI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

#### REPORTING THE CITY AS A WHOLE - CONTINUED:

##### Statement of Net Position and Statement of Activities - continued:

- **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.

##### 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

**CITY OF FLOWOOD, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**REPORTING THE CITY AS A WHOLE - CONTINUED:**

**Statement of Net Position and Statement of Activities - continued:**

Fund Financial Statements - continued:

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.

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 financial position and activity of the Airport Parkway Commission and the East Metro Corridor Commission are reported in the Statement of Fiduciary Net Position and Statement of Changes in 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 \$137,737,943 and \$127,683,921 as of September 30, 2021 and 2020, respectively. **Table 1** provides a summary of the City's net position.

(Table 1)  
**Condensed Statement of Net Position**  
**At September 30, 2021 and 2020**

	2021			2020		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 42,050,933	15,797,736	57,848,669	53,022,798	12,851,718	65,874,516
Capital assets, net	131,355,189	44,973,786	176,328,975	116,215,515	46,073,334	162,288,849
Total assets	173,406,122	60,771,522	234,177,644	169,238,313	58,925,052	228,163,365

# CITY OF FLOWOOD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

### FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

	2021			2020		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Deferred outflows of resources:						
Deferred charges on refunding	\$ 1,082,388	172,148	1,254,536	1,013,227	199,084	1,212,311
Deferred outflows-pension	2,184,354	346,329	2,530,683	1,931,330	308,164	2,239,494
Total deferred outflows of resources	3,266,742	518,477	3,785,219	2,944,557	507,248	3,451,805
Liabilities:						
Current liabilities	3,681,127	1,170,926	4,852,053	2,017,740	1,365,823	3,383,563
Noncurrent liabilities	68,928,286	12,030,771	80,959,057	78,382,645	14,148,611	92,531,256
Total liabilities	72,609,413	13,201,697	85,811,110	80,400,385	15,514,434	95,914,819
Deferred inflows of resources						
Deferred property taxes	6,095,283	-	6,095,283	6,050,376	-	6,050,376
Deferred inflows-lease	968,000	-	968,000	1,012,000	-	1,012,000
Deferred inflows-pension	6,344,679	1,005,848	7,350,527	822,773	131,281	954,054
Total deferred inflows of resources	13,407,962	1,005,848	14,413,810	7,885,149	131,281	8,016,430
Net assets:						
Net investment in capital assets	82,422,988	36,110,149	118,533,137	78,977,879	35,861,403	114,839,282
Restricted:						
Capital projects	2,083	-	2,083	683,279	-	683,279
Public safety	655,094	-	655,094	458,376	-	458,376
Debt service	5,931,137	248,706	6,179,843	6,987,797	245,905	7,233,702
Recreation and tourism	3,656,887	-	3,656,887	2,813,732	-	2,813,732
Unrestricted	(2,012,700)	10,723,599	8,710,899	(6,023,727)	7,679,277	1,655,550
Total net position	\$ 90,655,489	47,082,454	137,737,943	83,897,336	43,786,585	127,683,921

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

	2021	2020
Total unrestricted net position	\$ 8,710,899	1,655,550
Less reduction in unrestricted net position from implementation of GASB No. 68 and 71	27,374,789	27,501,153
Unrestricted net position, exclusive of the net pension liability effect	\$ 36,085,688	29,156,703

# CITY OF FLOWOOD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

### FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

The largest portion of the City's net position (86%) 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.

The Changes in Net Position for the years ended September 30, 2021 and 2020 are summarized in **Table 2**.

**(Table 2)**  
**Condensed Statement of Changes in Net Position**

	2021			2020		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 1,953,530	11,495,527	13,449,057	1,416,532	10,821,764	12,238,296
Capital grants and contributions	929,755	617,546	1,547,301	72,747	-	72,747
Operating grants and contributions	1,951,545	-	1,951,545	1,574,630	315,109	1,889,739
General Revenues:						
Property taxes	6,803,899	-	6,803,899	6,113,519	-	6,113,519
Sales taxes	13,616,318	-	13,616,318	12,050,576	-	12,050,576
Other	6,167,183	196,763	6,363,946	5,495,551	160,434	5,655,985
Total revenues	31,422,230	12,309,836	43,732,066	26,723,555	11,297,307	38,020,862
<b>EXPENSES:</b>						
General government	1,531,215	-	1,531,215	1,562,668	-	1,562,668
Legal	287,481	-	287,481	300,697	-	300,697
Public safety	10,291,127	-	10,291,127	10,859,016	-	10,859,016
Court	547,687	-	547,687	583,414	-	583,414
Public property maintenance	787,022	-	787,022	864,178	-	864,178
Sanitation	456,445	-	456,445	389,570	-	389,570
Health	68,798	-	68,798	79,297	-	79,297
Street maintenance	3,909,906	-	3,909,906	4,649,520	-	4,649,520
Recreation and tourism	2,490,962	-	2,490,962	1,891,572	-	1,891,572
Shop and maintenance	604,437	-	604,437	613,755	-	613,755
Landscape	738,162	-	738,162	688,131	-	688,131

**CITY OF FLOWOOD, MISSISSIPPI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**FINANCIAL ANALYSIS OF THE CITY - CONTINUED:**

	2021			2020		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
<b>EXPENSES - CONTINUED:</b>						
Engineering	\$ 142,835	-	142,835	148,061	-	148,061
Pay to other agency	-	-	-	78,031	-	78,031
Interest and fiscal charges	1,702,711	-	1,702,711	1,911,838	-	1,911,838
Golf course	-	1,475,148	1,475,148	-	1,037,981	1,037,981
R/C park	-	37,857	37,857	-	40,422	40,422
Water and sewer	-	8,606,251	8,606,251	-	8,323,552	8,323,552
Total expenses	<u>23,558,788</u>	<u>10,119,256</u>	<u>33,678,044</u>	<u>24,619,748</u>	<u>9,401,955</u>	<u>34,021,703</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS AND OTHER ITEMS</b>	7,863,442	2,190,580	10,054,022	2,103,807	1,895,352	3,999,159
<b>TRANSFERS</b>	(1,105,289)	1,105,289	-	(1,098,000)	1,098,000	-
<b>TRANSFER OF CAPITAL ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(706,687)</u>	<u>706,687</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	6,758,153	3,295,869	10,054,022	299,120	3,700,039	3,999,159
<b>NET POSITION, BEGINNING OF YEAR</b>	<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>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 90,655,489</u>	<u>47,082,454</u>	<u>137,737,943</u>	<u>83,897,336</u>	<u>43,786,585</u>	<u>127,683,921</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 \$13,616,318 or 43.3% of gross revenue; revenues from charges for services accounted for \$1,953,530 or 6.2% of gross revenues; and property taxes accounted for \$6,803,899 or 21.7% of revenues. Operating grants and contributions amounted to \$1,951,545 or 6.2% of gross revenue.

The City of Flowood has been able to increase its sales tax collections in the last fifteen years by \$4,850,522 from gross collections in 2006 of \$8,765,796 to gross collections in 2021 of \$13,616,318. 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.

## **CITY OF FLOWOOD, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

#### **FINANCIAL ANALYSIS OF THE CITY - CONTINUED:**

##### **Governmental Activities - continued:**

Major expense activities include police and fire safety expenses accounting for 43.7% of the total program expenses, and street and public property maintenance accounting for 19.9%. The City of Flowood is committed to providing the best services possible for its citizens.

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 \$25,762,124, a decrease of \$12,117,134, of which \$18,585,813 or 72.1% 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 \$7,176,311 or 27.9% 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 \$3,543,055. The increase in the fund balance of General Fund is primarily attributed to an increase in revenues. The Recreation and Tourism Special Tax Fund reported an increase in fund balance in the amount of \$843,155. The increase in the fund balance of the Recreation and Tourism Special Tax Fund is also attributed to an increase in revenues. The decrease in the fund balance of Debt Service Fund was \$191,331. The decrease in fund balance in the City-Wide Capital Projects Fund was \$16,508,731. 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 for the purchase of the conference center. The Other Nonmajor Funds reported an increase in fund balance in the amount of \$196,718. The increase in the fund balance of the Other Nonmajor Funds is attributed to an increase in police seizure income during the current year compared to a significant decrease in prior year due to limitations related to the COVID-19 pandemic.

##### **Business-Type Activities**

Operating revenues of the City's business-type activities were \$11,495,527 and \$10,821,764 for the fiscal years ended September 30, 2021 and 2020, respectively. Operating expenses for the City's business-type activities were \$9,834,265 for 2021 and \$9,028,064 for 2020, resulting in operating income of \$1,661,262 in 2021 and \$1,793,160 in 2020. Net non-operating expenses of

**CITY OF FLOWOOD, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**FINANCIAL ANALYSIS OF THE CITY - CONTINUED:**

**Business-Type Activities - continued:**

\$103,950 in 2021 and \$230,501 in 2020 and capital asset contributions and transfers of \$1,722,835 for 2021 and \$2,119,796 for 2020 resulted in an increase in net position of \$3,280,147 in 2021 and \$3,682,455 in 2020. Key operating results are detailed below:

- The City's Water and Sewer Enterprise Fund recorded charges for services of \$10,691,173 which reflects a .7% decrease from the prior year. The most significant expenses of the Water and Sewer Enterprise Fund were \$1,960,902 for salaries and benefits, \$3,698,714 for operating cost including sewage treatment and \$1,978,404 in depreciation expense.
- The Golf Course Enterprise Fund recorded charges for \$802,525 in 2021, which reflects an increase of 97.2% from prior year due to golf course reopening in April 2021. Operating expenses, excluding depreciation, increased 37.4% to \$1,415,924 in 2021 compared with \$1,030,832 in 2020.
- The R/C Park Enterprise Fund's revenue decreased from \$36,317 in 2020 to \$1,829 in 2021 which reflects a decrease of 95% while operating expenses, excluding depreciation, decreased from \$38,841 in 2020 to \$2,923 in 2021, a decrease of 92.5%. Due to decreased participation and COVID-19 the R/C Park operations were ended in October 2021 and the assets were sold.

The increase in net position in Water and Sewer Enterprise Fund was \$2,881,398. 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 \$434,503. The increase in the net position of the Golf Course Enterprise Fund is attributed improvements to the golf course funded through other governmental sources, and the golf course reopening in April 2021. The decrease in the net position of the R/C Park Enterprise Fund was \$35,754. The decrease in the net position of R/C Park Enterprise Fund is attributed to a loss on the sale of the fixed assets.

**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 2021, 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, 2021**

**BUDGETARY HIGHLIGHTS - CONTINUED:**

looking for possible revenue shortfalls or overspending by individual departments. For the General Fund, final budgeted revenues for fiscal year 2021 were \$22,101,000 and actual revenue collections were \$23,368,719. General Fund operating expenditures were \$17,069,772 compared to budgeted amounts of \$18,709,950.

Original Budget Compared to Final Budget

The original General Fund revenue budget of \$20,688,000 was increased by amendments totaling \$1,413,000 to a final revenue budget of \$22,101,000. Major components of the amendments included:

- Revenues for intergovernmental revenues were increased \$1,460,000 primarily due to an expected increase in sales tax revenue.

The original General Fund expense budget of \$19,373,129 was decreased by various amendments totaling \$663,179 to a final expense budget of \$18,709,950.

Final Budget Compared to Actual Results

Actual revenues for the year were \$1,251,099 more than budgeted. Intergovernmental revenue exceeded the budget by \$725,208 along with current year ad valorem taxes exceeding the budget by \$106,695 and charges for services and fines and forfeits exceeding the final budget by \$160,987 and \$67,400, respectively.

Actual expenditures for the year were \$1,639,521 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 \$395,288 less than budgeted as a result of actual expenses for street overlays and maintenance being less than estimated.
- Public safety services were \$560,778 less than budgeted as a result of other services and charges being less than estimated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2021, the City had approximately \$176 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).



**CITY OF FLOWOOD, MISSISSIPPI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:**

**Capital Assets - continued:**

**Table 3  
Capital Assets at September 30, 2021 and 2020  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 37,868,559	37,868,559	769,308	769,308	38,637,867	38,637,867
Improvements other than buildings	18,313,642	18,355,595	-	-	18,313,642	18,355,595
Buildings	27,831,510	12,319,002	-	-	27,831,510	12,319,002
Machinery and equipment	3,103,863	3,317,726	115,017	152,481	3,218,880	3,470,207
Infrastructure	42,657,821	44,279,154	-	-	42,657,821	44,279,154
Construction in progress	1,579,794	75,479	1,610,922	4,556,388	3,190,716	4,631,867
Water and sewer system	-	-	38,479,303	40,412,703	38,479,303	40,412,703
Golf course	-	-	3,999,236	147,087	3,999,236	147,087
R/C park	-	-	-	35,367	-	35,367
Total	\$ 131,355,189	116,215,515	44,973,786	46,073,334	176,328,975	162,288,849

This year's major additions included:

Governmental Activities

Various Machinery and Equipment	\$ 445,681
Conference Center	15,901,250
Public Safety Vehicles	305,672
Luckney Road Improvements	929,764
Conference Center Road	550,384

Business-Type Activities

Water Well and Tank Projects	661,748
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**Debt**

At September 30, 2021 and 2020, the City of Flowood had \$58,404,112 and \$63,744,663, 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, 2021**

**CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:**

**Debt - continued:**

**Table 4  
Outstanding Debt at September 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 47,550,578	48,552,602	5,157,422	5,365,798	52,708,000	53,918,400
General obligation premium	572,444	627,385	100,343	103,824	672,787	731,209
Revenue bonds	-	-	1,120,000	1,645,000	1,120,000	1,645,000
Limited obligation bonds	107,000	2,407,000	-	-	107,000	2,407,000
Limited obligation discount	-	(36,140)	-	-	-	(36,140)
Special obligation bonds	544,040	1,072,798	345,960	682,202	890,000	1,755,000
Special obligation premium	14,739	29,478	7,909	15,818	22,648	45,296
Notes	-	-	2,132,003	2,306,246	2,132,003	2,306,246
Capital leases payable	143,400	412,048	-	-	143,400	412,048
Compensated absences	527,415	492,045	80,859	68,559	608,274	560,604
Total	\$ <u>49,459,616</u>	<u>53,557,216</u>	<u>8,944,496</u>	<u>10,187,447</u>	<u>58,404,112</u>	<u>63,744,663</u>

The City issued three refunding bonds in 2021 as follows:

- \$1,969,000 General Obligation Refunding Bonds, Series 2021A. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,695,000 Tax Increment Financing Bonds, Series 2006 (Lakeland Commons Project) and all of the outstanding maturities of the \$2,700,000 Mississippi Development Bank Special Obligation Bonds, Series 2009.
- \$6,227,000 General Obligation Refunding Bonds, Series 2021B. The funds were used to currently refund and redeem all of the outstanding maturities of the \$6,413,000 General Obligation Refunding Bonds, Series 2017.
- \$5,430,000 Taxable General Obligation Refunding Bonds, Series 2021C. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,845,000 Taxable General Obligation Refunding Bonds, Series 2015 and advance refund and defease a portion of the outstanding maturities of the \$5,000,000 Taxable General Obligation Bonds, Series 2017.

The City paid \$18,969,291 in principal on outstanding debt during the year including the bonds that were refunded with the new issue.

## **CITY OF FLOWOOD, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:**

##### **Debt - continued:**

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 sixteen 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.

Annually, the City's engineer inspects roadways and suggests the worst for repair. Over the past sixteen 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 2021 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, a new Public Services building, a new Conference Center, and a newly renovated top-quality Municipal Golf Course.

The City has also funded the purchase of approximately \$9 million dollars of public safety and public property vehicles and equipment over the past eleven 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

## **CITY OF FLOWOOD, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED:**

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 are 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.

During fiscal year 2017, the City purchased land adjacent to the City owned Refuge Golf Course along Airport Road and the Medical Parkway and began site work for a resort style 200 room hotel and conference center. The development was completed in April 2021 and will spur additional economic development along Airport Road and the Medical Parkway.

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. Currently, construction has begun on the first phase of single-family residences and a commercial building for a bank headquarters and office space.

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.

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**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 24,293,330	14,488,834	38,782,164
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts	1,883,547	933,317	2,816,864
Grants	106,536	41,412	147,948
Taxes	9,269,149	-	9,269,149
Internal balances	36,688	(36,688)	-
Inventories	-	37,506	37,506
Prepays	129,402	84,649	214,051
Restricted assets:			
Cash and cash equivalents	1,604,455	248,706	1,853,161
Special assessments receivable	2,257,941	-	2,257,941
Due from other governments	2,469,885	-	2,469,885
Capital assets:			
Non-depreciable capital assets	39,448,353	2,380,230	41,828,583
Depreciable capital assets, net	91,906,836	42,593,556	134,500,392
Total assets	<u>173,406,122</u>	<u>60,771,522</u>	<u>234,177,644</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charges on refunding	1,082,388	172,148	1,254,536
Deferred outflows related to pension	<u>2,184,354</u>	<u>346,329</u>	<u>2,530,683</u>
Total deferred outflows of resources	<u>3,266,742</u>	<u>518,477</u>	<u>3,785,219</u>

The accompanying notes are an integral part of this statement.

**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF NET POSITION - CONTINUED:  
AS OF SEPTEMBER 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 726,851	501,278	1,228,129
Accrued liabilities	112,784	13,548	126,332
Accrued interest payable	490,907	79,005	569,912
Claims payable	68,008	-	68,008
Customer deposits	-	577,095	577,095
Funds held for others	50,360	-	50,360
Payable to other governments	818,306	-	818,306
Unearned revenue	1,413,911	-	1,413,911
Noncurrent liabilities:			
Due within one year:			
Compensated absences	80,698	17,943	98,641
Loans and leases payable	143,400	177,489	320,889
Bonds payable	4,581,235	1,190,835	5,772,070
Due in more than one year:			
Compensated absences	446,717	62,916	509,633
Loans and leases payable	-	1,954,514	1,954,514
Bonds payable	44,207,566	5,540,799	49,748,365
Net pension liability	19,468,670	3,086,275	22,554,945
Total liabilities	<u>72,609,413</u>	<u>13,201,697</u>	<u>85,811,110</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred property tax revenue	6,095,283	-	6,095,283
Deferred inflows related to lease	968,000	-	968,000
Deferred inflows related to pension	6,344,679	1,005,848	7,350,527
Total deferred inflows of resources	<u>13,407,962</u>	<u>1,005,848</u>	<u>14,413,810</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	82,422,988	36,110,149	118,533,137
Restricted for:			
Capital projects	2,083	-	2,083
Public safety	655,094	-	655,094
Debt service	5,931,137	248,706	6,179,843
Recreation and tourism	3,656,887	-	3,656,887
Unrestricted	<u>(2,012,700)</u>	<u>10,723,599</u>	<u>8,710,899</u>
	\$ <u>90,655,489</u>	<u>47,082,454</u>	<u>137,737,943</u>

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**CITY OF FLOWOOD, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and	Grants and
			Contributions	Contributions
<b><u>Functions/Programs:</u></b>				
Governmental activities:				
General government	\$ 1,531,215	398,288	-	-
Legal	287,481	-	-	-
Public safety	10,291,127	1,328,730	92,020	84,603
Court	547,687	-	-	-
Public property maintenance	787,022	-	-	-
Sanitation	456,445	-	-	-
Health	68,798	-	-	-
Street maintenance	3,909,906	-	1,856,847	845,152
Recreation and tourism	2,490,962	226,512	2,678	-
Shop and maintenance	604,437	-	-	-
Landscape	738,162	-	-	-
Engineering	142,835	-	-	-
Interest and fiscal charges on long-term debt	1,702,711	-	-	-
Total government activities	<u>23,558,788</u>	<u>1,953,530</u>	<u>1,951,545</u>	<u>929,755</u>
Business-type activities:				
Golf course	1,475,148	802,525	-	-
R/C park	37,857	1,829	-	-
Water and sewer	8,606,251	10,691,173	-	617,546
Total business-type activities	<u>10,119,256</u>	<u>11,495,527</u>	<u>-</u>	<u>617,546</u>
Total government	\$ <u>33,678,044</u>	<u>13,449,057</u>	<u>1,951,545</u>	<u>1,547,301</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				
Gain on disposal of capital assets				
Transfers				
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
(1,132,927)	-	(1,132,927)
(287,481)	-	(287,481)
(8,785,774)	-	(8,785,774)
(547,687)	-	(547,687)
(787,022)	-	(787,022)
(456,445)	-	(456,445)
(68,798)	-	(68,798)
(1,207,907)	-	(1,207,907)
(2,261,772)	-	(2,261,772)
(604,437)	-	(604,437)
(738,162)	-	(738,162)
(142,835)	-	(142,835)
(1,702,711)	-	(1,702,711)
(18,723,958)	-	(18,723,958)
-	(672,623)	(672,623)
-	(36,028)	(36,028)
-	2,702,468	2,702,468
-	1,993,817	1,993,817
(18,723,958)	1,993,817	(16,730,141)
6,803,899	-	6,803,899
41,047	-	41,047
13,616,318	-	13,616,318
4,180,144	-	4,180,144
460,790	-	460,790
586,458	-	586,458
17,064	-	17,064
254,724	-	254,724
457,768	196,763	654,531
44,022	-	44,022
95,527	-	95,527
29,639	-	29,639
(1,105,289)	1,105,289	-
25,482,111	1,302,052	26,784,163
6,758,153	3,295,869	10,054,022
83,897,336	43,786,585	127,683,921
90,655,489	47,082,454	137,737,943

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**CITY OF FLOWOOD, MISSISSIPPI**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2021**

	<b>General Fund</b>	<b>Recreation and Tourism Special Tax Fund</b>	<b>City-Wide Debt Service</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 18,199,734	3,121,174	385,852
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	997,726	-	-
Grants	-	-	-
Taxes	8,506,497	742,789	19,863
Due from other funds	1,058,751	-	8,029
Prepaid expenses	129,402	-	-
Special assessments receivable	1,629,009	-	628,932
Due from other governments	-	-	2,469,885
Restricted Cash	-	-	1,604,455
Total assets	\$ <u>30,521,119</u>	<u>3,863,963</u>	<u>5,117,016</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 526,809	-	-
Accrued liabilities	112,784	-	-
Funds held for others	-	-	50,360
Unearned revenue	63,820	-	-
Due to other funds	-	207,076	740,243
Total liabilities	<u>703,413</u>	<u>207,076</u>	<u>790,603</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	6,075,420	-	19,863
Unavailable revenue - special assessments	1,624,588	-	628,932
Unavailable revenue - court fines	909,371	-	-
Deferred inflows related to lease	968,000	-	-
Unavailable revenue - Rankin County	-	-	2,469,885
Total deferred inflows of resources	<u>9,577,379</u>	<u>-</u>	<u>3,118,680</u>
Fund Balances:			
Nonspendable:			
Prepays	129,402	-	-
Restricted for:			
Capital projects	-	-	-
Public safety	-	-	-
Debt service	-	-	1,207,733
Recreation and tourism	-	3,656,887	-
Assigned to:			
Fiscal year 2022 budget deficit	1,525,112	-	-
Unassigned	<u>18,585,813</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>20,240,327</u>	<u>3,656,887</u>	<u>1,207,733</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>30,521,119</u>	<u>3,863,963</u>	<u>5,117,016</u>

The accompanying notes are an integral part of this statement.

<b>City-Wide Capital Projects</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
1,447,687	697,323	23,851,770
-	-	997,726
-	106,536	106,536
-	-	9,269,149
199,047	-	1,265,827
-	-	129,402
-	-	2,257,941
-	-	2,469,885
-	-	1,604,455
<u>1,646,734</u>	<u>803,859</u>	<u>41,952,691</u>
200,041	-	726,850
-	-	112,784
-	-	50,360
1,307,862	42,229	1,413,911
136,748	106,536	1,190,603
<u>1,644,651</u>	<u>148,765</u>	<u>3,494,508</u>
-	-	6,095,283
-	-	2,253,520
-	-	909,371
-	-	968,000
-	-	2,469,885
-	-	<u>12,696,059</u>
-	-	129,402
2,083	-	2,083
-	655,094	655,094
-	-	1,207,733
-	-	3,656,887
-	-	1,525,112
-	-	18,585,813
<u>2,083</u>	<u>655,094</u>	<u>25,762,124</u>
<u>1,646,734</u>	<u>803,859</u>	<u>41,952,691</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2021**

<b>Total fund balances - governmental funds</b>		<b>\$ 25,762,124</b>
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	219,264,327	
Less accumulated depreciation	<u>(87,909,138)</u>	131,355,189
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.		909,371
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.		4,723,404
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.		402,531
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		(19,468,670)
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	2,184,354	
Deferred inflows of resources related to pension	<u>(6,344,679)</u>	(4,160,325)
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	(48,788,801)	
Loan and lease obligations	(143,400)	
Unamortized deferred charges on refunding bonds	1,082,388	
Accrued interest payable	(490,907)	
Compensated absences	<u>(527,415)</u>	<u>(48,868,135)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>90,655,489</u></b>

The accompanying notes are an integral part of this statement.

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**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Recreation and Tourism Special Tax Fund</u>	<u>City-Wide Debt Service</u>
<b>REVENUES:</b>			
Taxes:			
Current year ad valorem	\$ 6,498,510	-	272,015
Prior years ad valorem	31,584	-	1,790
Interest and penalties on taxes	16,005	-	1,059
Special assessments	185,652	-	79,136
Franchise fees	586,458	-	-
Licenses and permits	336,613	-	-
Intergovernmental	14,097,609	4,180,144	878,490
Charges for services	310,987	-	-
Fines and forfeits	787,252	-	-
Lease revenue	95,527	-	-
Contributions	-	1,500	-
Interest earned	215,914	33,802	8,681
Miscellaneous	205,262	-	-
Total revenues	<u>23,367,373</u>	<u>4,215,446</u>	<u>1,241,171</u>
<b>EXPENDITURES:</b>			
Current:			
General government	1,428,390	-	-
Legal	285,639	-	-
Public safety	9,368,831	-	-
Court	551,297	-	-
Public property maintenance	618,219	-	-
Sanitation	456,445	-	-
Health	70,390	-	-
Street and maintenance	859,729	-	-
Recreation and tourism	966,680	106,069	-
Shop and maintenance	599,479	-	-
Landscape	729,365	-	-
Engineering	136,614	-	-
Debt service:			
Principal	268,648	-	4,061,782
Debt issuance costs	-	-	270,140
Interest and other fiscal charges	10,430	-	1,456,133
Capital outlay:			
General government	3,679	-	-



<b>City-Wide Capital Projects</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
-	-	6,770,525
-	-	33,374
-	-	17,064
-	-	264,788
-	-	586,458
-	-	336,613
845,152	2,033,470	22,034,865
-	-	310,987
-	495,151	1,282,403
-	-	95,527
-	-	1,500
182,488	9,993	450,878
-	-	205,262
<u>1,027,640</u>	<u>2,538,614</u>	<u>32,390,244</u>

-	-	1,428,390
-	-	285,639
-	94,669	9,463,500
-	-	551,297
-	-	618,219
-	-	456,445
-	-	70,390
-	1,850,463	2,710,192
-	-	1,072,749
-	-	599,479
-	-	729,365
-	-	136,614
-	-	4,330,430
-	-	270,140
-	-	1,466,563
-	-	3,679

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**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - CONTINUED:  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>General Fund</b>	<b>Recreation and Tourism Special Tax Fund</b>	<b>City-Wide Debt Service</b>
<b>EXPENDITURES - CONTINUED:</b>			
Public safety	\$ 305,696	-	-
Court	5,084	-	-
Recreation and tourism	-	144,823	-
Street and maintenance	91,304	-	-
Public property maintenance	289,883	-	-
Landscape	39,340	-	-
Total expenditures	<u>17,085,142</u>	<u>250,892</u>	<u>5,788,055</u>
Excess (deficiency) of revenues over expenditures	<u>6,282,231</u>	<u>3,964,554</u>	<u>(4,546,884)</u>
Other financing sources (uses):			
Proceeds from refunding bonds	-	-	13,626,000
Payment to refunded bond escrow agent	-	-	(13,650,800)
Transfers in	-	-	4,380,353
Transfers out	<u>(2,739,176)</u>	<u>(3,121,399)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,739,176)</u>	<u>(3,121,399)</u>	<u>4,355,553</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	3,543,055	843,155	(191,331)
Fund balances at beginning of year	<u>16,697,272</u>	<u>2,813,732</u>	<u>1,399,064</u>
Fund balances at end of year	\$ <u>20,240,327</u>	<u>3,656,887</u>	<u>1,207,733</u>

The accompanying notes are an integral part of this statement.

<b>City-Wide Capital Projects</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
-	396,764	702,460
-	-	5,084
16,932,563	-	17,077,386
978,741	-	1,070,045
-	-	289,883
-	-	39,340
<u>17,911,304</u>	<u>2,341,896</u>	<u>43,377,289</u>
 (16,883,664)	 196,718	 (10,987,045)
-	-	13,626,000
-	-	(13,650,800)
374,933	-	4,755,286
-	-	(5,860,575)
<u>374,933</u>	<u>-</u>	<u>(1,130,089)</u>
 (16,508,731)	 196,718	 (12,117,134)
<u>16,510,814</u>	<u>458,376</u>	<u>37,879,258</u>
<u>2,083</u>	<u>655,094</u>	<u>25,762,124</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, 2021**

**Net change in fund balances - total governmental funds** **\$ (12,117,134)**

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	19,028,962	
Less current year depreciation expense	<u>(3,756,186)</u>	15,272,776

The net effect of other miscellaneous transactions involving  
capital assets (i.e., sales, trade-ins, and donations) is to  
increase net position. (133,102)

Revenues in the funds that provide current financial resources  
but have been included in the Statement of Activities in prior  
fiscal years. (841,802)

The effect of deferred refunding charges when new debt is  
issued, whereas these amounts are deferred and amortized  
in the Statement of Activities. 255,800

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. 33,540

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 2021	(13,626,000)
---------------------------------------	--------------

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. 17,725,430

**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, 2021**

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>(356,875)</u>	87,875

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.

135,688

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	187,091	
Amortization of deferred charges on refunding bonds	(186,639)	
Change in compensated absences	<u>(35,370)</u>	<u>(34,918)</u>

**Change in net position of governmental activities** \$ 6,758,153

The accompanying notes are an integral part of this statement.

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**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF SEPTEMBER 30, 2021**

	<b>Business-Type Activities Enterprise Funds</b>				
	<b>Water and Sewer Enterprise Fund</b>	<b>Golf Course Enterprise Fund</b>	<b>R/C Park Enterprise Fund</b>	<b>Totals</b>	<b>Internal Service Fund</b>
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 14,261,224	210,403	17,207	14,488,834	441,560
Receivables (net of allowance for uncollectibles, where applicable):					
Accounts	933,317	-	-	933,317	67,515
Grants	41,412	-	-	41,412	-
Inventories	-	37,506	-	37,506	-
Prepaid expenses	84,649	-	-	84,649	-
Total current assets	<u>15,320,602</u>	<u>247,909</u>	<u>17,207</u>	<u>15,585,718</u>	<u>509,075</u>
Restricted assets:					
Principal reserve escrow account	248,706	-	-	248,706	-
Total restricted assets	<u>248,706</u>	<u>-</u>	<u>-</u>	<u>248,706</u>	<u>-</u>
Property, plant and equipment:					
Land	769,308	-	-	769,308	-
Machinery and equipment	1,422,450	-	-	1,422,450	-
Water distribution system	68,868,934	-	-	68,868,934	-
Golf course facilities	-	7,620,578	-	7,620,578	-
	71,060,692	7,620,578	-	78,681,270	-
Less: accumulated depreciation	<u>(31,697,064)</u>	<u>(3,621,342)</u>	<u>-</u>	<u>(35,318,406)</u>	<u>-</u>
	39,363,628	3,999,236	-	43,362,864	-
Construction in progress	<u>1,610,922</u>	<u>-</u>	<u>-</u>	<u>1,610,922</u>	<u>-</u>
Net property, plant and equipment	<u>40,974,550</u>	<u>3,999,236</u>	<u>-</u>	<u>44,973,786</u>	<u>-</u>
Total assets	<u>56,543,858</u>	<u>4,247,145</u>	<u>17,207</u>	<u>60,808,210</u>	<u>509,075</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred charge on refunding	172,148	-	-	172,148	-
Deferred outflows related to pension	<u>346,329</u>	<u>-</u>	<u>-</u>	<u>346,329</u>	<u>-</u>
Total deferred outflows of resources	<u>518,477</u>	<u>-</u>	<u>-</u>	<u>518,477</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
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ 432,281	68,997	-	501,278	68,008
Accrued interest payable	79,005	-	-	79,005	-
Accrued liabilities	5,104	8,444	-	13,548	-
Due to other funds	631	73,943	650	75,224	-
Compensated absences - current	17,943	-	-	17,943	-
Notes payable - current	177,489	-	-	177,489	-
Bonds payable - current	1,190,835	-	-	1,190,835	-
Total current liabilities	1,903,288	151,384	650	2,055,322	68,008
Current liabilities payable from restricted assets:					
Customer deposits	577,095	-	-	577,095	-
Long-term liabilities:					
Compensated absences	62,916	-	-	62,916	-
Notes payable - net of current portion	1,954,514	-	-	1,954,514	-
Bonds payable - net of current portion	5,540,799	-	-	5,540,799	-
Net pension liability	3,086,275	-	-	3,086,275	-
Total long-term liabilities	10,644,504	-	-	10,644,504	-
Total liabilities	13,124,887	151,384	650	13,276,921	68,008
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows related to pension	1,005,848	-	-	1,005,848	-
Total deferred inflows of resources	1,005,848	-	-	1,005,848	-
<b><u>NET POSITION</u></b>					
Net investment in capital assets	32,110,913	3,999,236	-	36,110,149	-
Restricted for debt service	248,706	-	-	248,706	-
Unrestricted	10,571,981	96,525	16,557	10,685,063	441,067
Total net position	\$ 42,931,600	4,095,761	16,557	47,043,918	441,067
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				38,536	
Net assets of business-type activities				\$ 47,082,454	

**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>Water and Sewer Enterprise Fund</b>	<b>Golf Course Enterprise Fund</b>	<b>R/C Park Enterprise Fund</b>	<b>Totals</b>
				<b>Internal Service Fund</b>
<b>OPERATING REVENUES:</b>				
Water sales	\$ 2,651,278	-	-	2,651,278
Sewer charges	7,573,332	-	-	7,573,332
Tap fees and connection fees	403,797	-	-	403,797
Late fees	62,766	-	-	62,766
Health and dental contributions	-	-	-	2,981,090
Golf course revenue	-	802,525	-	802,525
R/C track revenue	-	-	1,829	1,829
Total operating revenues	<u>10,691,173</u>	<u>802,525</u>	<u>1,829</u>	<u>11,495,527</u>
<b>OPERATING EXPENSES:</b>				
Personal services	1,960,902	-	-	1,960,902
Supplies	718,174	-	-	718,174
Other service charges	3,698,714	-	-	3,698,714
Depreciation	1,978,404	59,224	-	2,037,628
Claims expense	-	-	-	2,836,571
Golf course expenses	-	1,415,924	-	1,415,924
R/C track expenses	-	-	2,923	2,923
Total operating expenses	<u>8,356,194</u>	<u>1,475,148</u>	<u>2,923</u>	<u>9,834,265</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,334,979</u>	<u>(672,623)</u>	<u>(1,094)</u>	<u>1,661,262</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest income	194,652	1,837	274	196,763
Bond interest and fiscal charges	(265,779)	-	-	(265,779)
Loss on disposal of capital assets	-	-	(34,934)	(34,934)
Total nonoperating revenues (expenses)	<u>(71,127)</u>	<u>1,837</u>	<u>(34,660)</u>	<u>(103,950)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	2,263,852	(670,786)	(35,754)	1,557,312
Capital contributions	617,546	-	-	617,546
Transfers in	-	1,105,289	-	1,105,289
<b>CHANGE IN NET POSITION</b>	2,881,398	434,503	(35,754)	3,280,147
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>40,050,202</u>	<u>3,661,258</u>	<u>52,311</u>	<u>43,763,771</u>
<b>NET POSITION AT END OF YEAR</b>	\$ <u>42,931,600</u>	<u>4,095,761</u>	<u>16,557</u>	<u>47,043,918</u>
Net change in net position - total proprietary funds			\$ 3,280,147	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			<u>15,722</u>	
Net change in net position of business-type activities			\$ <u>3,295,869</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, 2021**

	Business-Type Activities Enterprise Funds				
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 10,663,615	824,938	1,829	11,490,382	-
Health and dental contributions received	-	-	-	-	3,010,723
Cash paid to suppliers and employees	(6,631,714)	(1,429,119)	(3,196)	(8,064,029)	(2,903,753)
Net cash provided by (used in) operating activities	<u>4,031,901</u>	<u>(604,181)</u>	<u>(1,367)</u>	<u>3,426,353</u>	<u>106,970</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	1,105,289	-	1,105,289	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>1,105,289</u>	<u>-</u>	<u>1,105,289</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on bonds and notes	(1,243,861)	-	-	(1,243,861)	-
Interest paid on bonds and notes	(263,538)	-	-	(263,538)	-
Capital grant revenue	815,026	-	-	815,026	-
Proceeds from sale of capital assets	-	-	425	425	-
Acquisition of capital assets	(669,288)	(304,159)	-	(973,447)	-
Net cash used in capital and related financing activities	<u>(1,361,661)</u>	<u>(304,159)</u>	<u>425</u>	<u>(1,665,395)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Earnings on invested proceeds	<u>194,652</u>	<u>1,837</u>	<u>274</u>	<u>196,763</u>	<u>6,890</u>
Net cash provided by investing activities	<u>194,652</u>	<u>1,837</u>	<u>274</u>	<u>196,763</u>	<u>6,890</u>
Net increase (decrease) in cash and cash equivalents	2,864,892	198,786	(668)	3,063,010	113,860
Cash and cash equivalents at beginning of year (including \$245,905 in restricted accounts)	<u>11,645,038</u>	<u>11,617</u>	<u>17,875</u>	<u>11,674,530</u>	<u>327,700</u>
Cash and cash equivalents at end of year (including \$248,706 in restricted accounts)	\$ <u>14,509,930</u>	<u>210,403</u>	<u>17,207</u>	<u>14,737,540</u>	<u>441,560</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF CASH FLOWS - CONTINUED:  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities				
	Enterprise Funds				
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	R/C Park Enterprise Fund	Totals	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 2,334,979	(672,623)	(1,094)	1,661,262	144,519
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,978,404	59,224	-	2,037,628	-
(Increase) decrease in:					
Accounts receivable	(37,654)	22,413	-	(15,241)	29,633
Due from other funds	-	-	16	16	-
Inventories	-	(37,506)	-	(37,506)	-
Prepaid expenses	(54,407)	-	-	(54,407)	-
Deferred outflows related to pension	(38,165)	-	-	(38,165)	-
Increase (decrease) in:					
Accounts payable	(151,622)	(35,223)	(939)	(187,784)	(67,182)
Due to other funds	(9,368)	51,090	650	42,372	-
Accrued compensated absences	6,043	-	-	6,043	-
Accrued liabilities	(12,340)	8,444	-	(3,896)	-
Customer deposits	10,096	-	-	10,096	-
Compensated absences - long-term	6,257	-	-	6,257	-
Net pension liability	(874,889)	-	-	(874,889)	-
Deferred inflows related to pension	874,567	-	-	874,567	-
Total adjustments	1,696,922	68,442	(273)	1,765,091	(37,549)
Net cash provided by (used in) operating activities	\$ 4,031,901	(604,181)	(1,367)	3,426,353	106,970
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Amortization of deferred charges	\$ 26,936	-	-	26,936	-
Amortization of bond premium included in interest expense	\$ (11,390)	-	-	(11,390)	-

The accompanying notes are an integral part of this statement.

**CITY OF FLOWOOD, MISSISSIPPI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**AS OF SEPTEMBER 30, 2021**

**ASSETS**

Cash and cash equivalents	\$ 12,320,463
Due from other governments	<u>4,337</u>
Total assets	<u>12,324,800</u>

**LIABILITIES**

Accounts payable	1,293,527
Unearned revenue	<u>9,307,049</u>
Total liabilities	<u>10,600,576</u>

**NET POSITION**

Restricted for other governments	\$ <u>1,724,224</u>
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The accompanying notes are an integral part of this statement.

**CITY OF FLOWOOD, MISSISSIPPI**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**ADDITIONS:**

Intergovernmental	\$ 4,807,799
Interest	<u>177,532</u>
Total additions	<u>4,985,331</u>

**DEDUCTIONS:**

Capital outlay	<u>4,810,139</u>
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Net increase in fiduciary net position 175,192

Net position - beginning (as restated) 1,549,032

Net position - ending \$ 1,724,224

The accompanying notes are an integral part of this statement.

## **CITY OF FLOWOOD, MISSISSIPPI**

### **NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021**

#### **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, 2021**

**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, 2021**

**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, 2021**

**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 include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**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*

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

**G. Deferred Outflows/Inflows of Resources - continued:**

*of resources*, represents a consumption of net assets 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 assets 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, 2021**

**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, 2021**

**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 \$608,274 has been made in the Statement of Net Position for vacation time at September 30, 2021. 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, 2021**

**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. 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, 2021**

**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 2021 were levied in August 2020 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 2022 property taxes levied in August 2021. The City has recorded deferred inflows for the estimated fiscal year 2022 real and personal property taxes as of September 30, 2021.

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, 2021, were approximately 99% of the total tax levy.

# CITY OF FLOWOOD, MISSISSIPPI

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### NOTE 2 - PROPERTY TAX - CONTINUED:

The tax rate levied by the City for 2021 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, 2021:

	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	\$ 18,199,734	-	-	18,199,734
Recreation and tourism special tax fund	3,121,174	-	-	3,121,174
City-wide debt service	385,852	1,604,455	-	1,990,307
City-wide capital projects	1,447,687	-	-	1,447,687
Nonmajor governmental funds	697,323	-	-	697,323
Internal service fund	<u>441,560</u>	<u>-</u>	<u>-</u>	<u>441,560</u>
Total governmental activities	<u>24,293,330</u>	<u>1,604,455</u>	<u>-</u>	<u>25,897,785</u>
Business-type activities:				
Water and sewer fund	14,261,224	248,706	-	14,509,930
Golf course fund	210,403	-	-	210,403
R/C park fund	<u>17,207</u>	<u>-</u>	<u>-</u>	<u>17,207</u>
Total business-type activities	<u>14,488,834</u>	<u>248,706</u>	<u>-</u>	<u>14,737,540</u>
Government-wide total	\$ <u>38,782,164</u>	<u>1,853,161</u>	<u>-</u>	<u>40,635,325</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, 2021**

**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, 2021, are summarized as follows:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash	\$ 40,635,325	40,949,309
Total deposits	\$ <u>40,635,325</u>	<u>40,949,309</u>

The difference of \$313,984 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, 2021, \$40,449,309 of the City's bank balance of \$40,949,309 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds	
Guaranty Pool	\$ <u>40,449,309</u>
Total	\$ <u>40,449,309</u>

**NOTE 4 - RECEIVABLES**

Receivables at September 30, 2021, 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	\$ 3,181,118	8,506,497	1,629,009	-	-	13,316,624
Recreation and tourism special tax fund	-	742,789	-	-	-	742,789
City-wide debt service fund	-	19,863	628,932	2,469,885	-	3,118,680
City-wide capital projects	-	-	-	-	-	-
Other non-major funds	-	-	-	-	106,536	106,536
Gross receivables	3,181,118	9,269,149	2,257,941	2,469,885	106,536	17,284,629
Less: Allowance for uncollectible accounts	(1,297,571)	-	-	-	-	(1,297,571)
Total governmental activities	<u>1,883,547</u>	<u>9,269,149</u>	<u>2,257,941</u>	<u>2,469,885</u>	<u>106,536</u>	<u>15,987,058</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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	\$ 1,211,218	-	-	-	41,412	1,252,630
Golf course fund	-	-	-	-	-	-
Gross receivables	1,211,218	-	-	-	41,412	1,252,630
Less: Allowance for uncollectible accounts	(277,901)	-	-	-	-	(277,901)
Total business-type activities	933,317	-	-	-	41,412	974,729
Government-wide total	\$ 2,816,864	9,269,150	2,257,941	2,469,885	147,948	16,961,788

**NOTE 5 - LONG-TERM RECEIVABLES**

Special assessments receivable in the amount of \$2,257,941 at September 30, 2021, 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, 2021, in the amount of \$2,469,885 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>
2022	\$ 255,656	614,471
2023	255,733	617,106
2024	255,811	478,264
2025	255,811	472,608
2026	255,811	189,948
2027-2031	1,200,019	183,684
Total payments due under agreements	2,478,841	2,556,081
Less discount to present value	(220,900)	(86,196)
Total long-term receivables	\$ 2,257,941	2,469,885

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

**NOTE 6 - CAPITAL ASSETS**

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

	Balance at October 1, 2020	Increases	Decreases	Balance at September 30, 2021
Governmental activities:				
Nondepreciable assets:				
Land	\$ 37,868,559	-	-	37,868,559
Construction in progress	75,479	2,005,474	(501,159)	1,579,794
Total	<u>37,944,038</u>	<u>2,005,474</u>	<u>(501,159)</u>	<u>39,448,353</u>
Buildings	16,181,452	15,901,250	-	32,082,702
Improvements other than buildings	26,290,864	844,624	-	27,135,488
Machinery and equipment	13,113,984	778,773	(360,353)	13,532,404
Infrastructure	107,065,380	-	-	107,065,380
Total	<u>162,651,680</u>	<u>17,524,647</u>	<u>(360,353)</u>	<u>179,815,974</u>
Total capital assets	<u>200,595,718</u>	<u>19,530,121</u>	<u>(861,512)</u>	<u>219,264,327</u>
Less accumulated depreciation for:				
Buildings	(3,862,450)	(388,742)	-	(4,251,192)
Improvements other than buildings	(7,935,267)	(886,577)	-	(8,821,844)
Machinery and equipment	(9,796,260)	(859,534)	227,251	(10,428,543)
Infrastructure	(62,786,226)	(1,621,333)	-	(64,407,559)
Total accumulated depreciation	<u>(84,380,203)</u>	<u>(3,756,186)</u>	<u>227,251</u>	<u>(87,909,138)</u>
Total governmental activities - capital assets, net	<u>\$ 116,215,515</u>	<u>15,773,935</u>	<u>(634,261)</u>	<u>131,355,189</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	\$ 110,211
Public safety	820,958
Court	-
Public property maintenance	146,240
Street maintenance	1,775,160

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

**NOTE 6 - CAPITAL ASSETS - CONTINUED:**

Recreation and tourism	\$ 877,169
Shop and maintenance	5,450
Landscape	13,864
Health	-
Legal	95
Engineering	<u>7,039</u>
Total depreciation expense - governmental activities	\$ <u>3,756,186</u>

	Balance at October 1, 2020	Increases	Decreases	Balance at September 30, 2021
Business-type activities:				
Nondepreciable assets:				
Land	\$ 769,308	-	-	769,308
Construction in progress	4,556,388	661,748	(3,607,214)	1,610,922
Total	<u>5,325,696</u>	<u>661,748</u>	<u>(3,607,214)</u>	<u>2,380,230</u>
Depreciable assets:				
Machinery and equipment	1,422,450	-	-	1,422,450
Water distribution systems	68,861,394	7,540	-	68,868,934
Golf course facilities	3,709,205	3,911,373	-	7,620,578
R/C park facilities	49,683	-	(49,683)	-
Total	<u>74,042,732</u>	<u>3,918,913</u>	<u>(49,683)</u>	<u>77,911,962</u>
Total capital assets	<u>79,368,428</u>	<u>4,580,661</u>	<u>(3,656,897)</u>	<u>80,292,192</u>
Less accumulated depreciation for:				
Machinery and equipment	(1,269,969)	(37,464)	-	(1,307,433)
Water distribution systems	(28,448,691)	(1,940,940)	-	(30,389,631)
Golf course facilities	(3,562,118)	(59,224)	-	(3,621,342)
R/C park facilities	(14,316)	-	14,316	-
Total accumulated depreciation	<u>(33,295,094)</u>	<u>(2,037,628)</u>	<u>14,316</u>	<u>(35,318,406)</u>
Total business-type activities - capital assets, net	\$ <u>46,073,334</u>	<u>2,543,033</u>	<u>(3,642,581)</u>	<u>44,973,786</u>

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

Golf course	\$ 59,224
Water and sewer	1,978,404
R/C park facilities	<u>-</u>
Total depreciation expense - business-type activities	\$ <u>2,037,628</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021:

	Beginning Balance October 1, 2020	Additions/ Proceeds	Reductions/ Payments	Ending Balance September 30, 2021	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 48,552,602	13,626,000	14,628,024	47,550,578	3,942,515
General obligation premium	627,385	-	54,941	572,444	54,941
Limited obligation bonds	2,407,000	-	2,300,000	107,000	25,000
Limited obligation discount	(36,140)	-	(36,140)	-	-
Special obligation bonds	1,072,798	-	528,758	544,040	544,040
Special obligation premium	29,478	-	14,739	14,739	14,739
Capital lease obligations	412,048	-	268,648	143,400	143,400
Compensated absences	492,045	35,370	-	527,415	80,698
<b>Government activities total</b>	<b>53,557,216</b>	<b>13,661,370</b>	<b>17,758,970</b>	<b>49,459,616</b>	<b>4,805,333</b>
<b>Business-type activities:</b>					
Revenue bonds	1,645,000	-	525,000	1,120,000	550,000
General obligation bonds	5,365,798	-	208,376	5,157,422	283,485
General obligation premium	103,824	-	3,481	100,343	3,481
Special obligation bonds	682,202	-	336,242	345,960	345,960
Special obligation premium	15,818	-	7,909	7,909	7,909
Notes	2,306,246	-	174,243	2,132,003	177,489
Compensated absences	68,559	12,300	-	80,859	17,943
<b>Business-type activities total</b>	<b>10,187,447</b>	<b>12,300</b>	<b>1,255,251</b>	<b>8,944,496</b>	<b>1,386,267</b>
<b>Government-wide total</b>	<b>\$ 63,744,663</b>	<b>13,673,670</b>	<b>19,014,221</b>	<b>58,404,112</b>	<b>6,191,600</b>

Debt service requirements at September 30, 2021, were as follows:

Fiscal Year Ending	<b>Governmental Activities</b>									
	General		Limited		Special		Leases Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
September 30,										
2022	\$ 3,997,456	1,160,657	25,000	4,280	558,779	8,161	143,400	3,585	4,724,635	1,176,683
2023	4,565,777	1,068,908	26,000	3,280	-	-	-	-	4,591,777	1,072,188
2024	4,653,950	969,599	27,000	2,240	-	-	-	-	4,680,950	971,839
2025	4,120,181	877,565	29,000	1,160	-	-	-	-	4,149,181	878,725
2026	4,089,981	791,925	-	-	-	-	-	-	4,089,981	791,925
2027-2031	16,623,677	2,701,671	-	-	-	-	-	-	16,623,677	2,701,671
2032-2037	7,187,000	1,165,227	-	-	-	-	-	-	7,187,000	1,165,227
2037-2038	2,885,000	109,859	-	-	-	-	-	-	2,885,000	109,859
	<u>\$ 48,123,022</u>	<u>8,845,411</u>	<u>107,000</u>	<u>10,960</u>	<u>558,779</u>	<u>8,161</u>	<u>143,400</u>	<u>3,585</u>	<u>48,932,201</u>	<u>8,868,117</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:**

Fiscal Year Ending <u>September 30,</u>	<u>Business-Type Activities</u>									
	General		Special							
	Obligation Bonds		Revenue Bonds		Obligation Bonds		Notes Payable		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 286,966	132,313	550,000	43,425	353,869	5,189	177,489	37,448	1,368,324	218,375
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	543,089	77,264	-	-	-	-	191,218	23,719	734,307	100,983
2027-2031	2,707,409	170,969	-	-	-	-	1,010,010	64,675	3,717,419	235,644
2032-2037	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,047</u>	<u>2,272</u>	<u>200,047</u>	<u>2,272</u>
	\$ 5,257,765	696,192	1,120,000	66,225	353,869	5,189	2,132,003	219,686	8,863,637	987,292

Bonds and notes payable at September 30, 2021, are comprised of the following individual issues:

**General Obligation Bonds:**

\$1,540,000 Special Assessment Bonds Series 2009 due in annual installments of \$80,000 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.

\$ 865,000

\$9,450,000 Refunding Series 2014 due in annual installments of \$565,000 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 \$ 5,399,190

Water & Sewer Enterprise Fund 1,053,183

6,452,373

\$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.

2,310,000

\$5,000,000 General Obligation Capital Improvements Series 2017 due in annual installments of \$195,000 to \$200,000, payable on 11-1 of each year through 11-1-22; and interest at 2.375% to 3.200%, payable on 5-1 and 11-1 of each year.

395,000

\$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.

19,145,000

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:**

General Obligation Bonds - continued:

\$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 \$205,414 at September 30, 2020; and interest at 1.870% to 2.650%, payable on 5-1 and 11-1 of each year.

General Fund	\$ 6,630,832	
Water & Sewer Enterprise Fund	<u>4,204,582</u>	10,835,414

\$1,969,000 General Obligation Refunding Bonds, Series 2021A. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,695,000 Tax Increment Financing Bonds, Series 2006 (Lakeland Commons Project) and all of the outstanding maturities of the \$2,700,000 Mississippi Development Bank Special Obligation Bonds, Series 2009. The bonds are due in annual installments of \$177,000 to \$303,000, payable on 5-1 of each year through 5-1-28; and interest at .80% payable on 5-1 and 11-1 of each year.

1,721,000

\$6,227,000 General Obligation Refunding Bonds, Series 2021B. The funds were used to currently refund and redeem all of the outstanding maturities of the \$6,413,000 General Obligation Refunding Bonds, Series 2017. The bonds are due in annual installments of \$667,000 to \$713,000, payable on 3-1 of each year through 3-1-30; and interest at .90% payable on 3-1 and 9-1 of each year.

6,227,000

\$5,430,000 Taxable General Obligation Refunding Bonds, Series 2021C. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,845,000 Taxable General Obligation Refunding Bonds, Series 2015 and advance refund and defease a portion of the outstanding maturities of the \$5,000,000 Taxable General Obligation Bonds, Series 2017. The bonds are due in annual installments of \$342,000 to \$573,000, payable on 11-1 of each year through 11-1-32; and interest at 1.230% payable on 5-1 and 11-1 of each year.

5,430,000

\$ 53,380,787

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:**

Limited Obligation Bonds:

\$320,000 Tax Increment Financing Bond due in annual installments of \$25,000 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 annually.

\$ 107,000

\$ 107,000

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 remaining 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 \$22,648 at September 30, 2021. Interest is at 2.00% to 5.00%, payable on 5-1 and 11-1 of each year beginning 5-1-12 and ending 11-1-31.

General Fund	\$	558,779	
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Water & Sewer Enterprise Fund		<u>353,869</u>	<u>912,648</u>
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\$ 912,648

Revenue Bonds:

\$5,730,000 Mississippi Development Bank Special Obligations Bonds, water and sewer system refunding project series 2010A, due in annual installments of \$550,000 to \$570,000 payable on 6-1 of each year through 6-1-23; and interest at 2.80%, payable on 6-1 and 12-1 of each year.

\$ 1,120,000

\$ 1,120,000



**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:**

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. \$ 642,974

\$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. 1,489,029  
\$ 2,132,003

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 \$1,042,387 resulting in a net book value of \$252,395. 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, 2021, are \$146,985, comprised of \$143,400 principal and \$3,585 in interest.

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

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:**

Advance Refunding - continued:

balance at September 30, 2021, was \$248,153. 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 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 \$612,038. 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, 2021, was \$517,758. 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.

During fiscal year 2021, the City issued \$6,227,000 General Obligation Refunding Bonds, Series 2021B. The funds were used to currently refund and redeem all of the outstanding maturities of the \$6,413,000 General Obligation Refunding Bonds, Series 2017, which had an unamortized deferred outflow of \$208,523 at September 30, 2021. This amount will be amortized over the life of the refunding debt.

During fiscal year 2021, the City issued \$5,430,000 Taxable General Obligation Refunding Bonds, Series 2021C. Of the proceeds, \$4,295,800 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$5,000,000 Taxable General Obligation Bonds, Series 2017, callable as of November 1, 2022. As a result, the refunded portion of the Series 2017 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 \$4,040,000. The reacquisition price exceeded the net carrying amount of the old debt by \$255,800. This amount is amortized over the life of the refunding debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2020, was \$255,800. This advance refunding was undertaken to reduce debt service payments over the years 2021 and 2032 which equates to a net present value savings of \$172,511.

**NOTE 8 - INTERFUND ADVANCES AND TRANSFERS**

The following tables summarize interfund advances from/to, and transfers in/out at September 30, 2021:

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

**NOTE 8 - INTERFUND ADVANCES AND TRANSFERS - CONTINUED:**

Advances

Advances to/from other funds at September 30, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Nonmajor Funds	\$ 106,536
	City-Wide Debt Service	740,243
	City-Wide Capital Projects	136,748
	Golf Course Enterprise Fund	73,943
	R/C Park Enterprise Fund	650
	Water and Sewer Enterprise Fund	631
City-Wide Capital Projects	Recreational and Tourism	199,047
City-Wide Debt Service	Recreational and Tourism	<u>8,029</u>
		<u>\$ 1,265,827</u>

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, 2021, are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
City-Wide Debt Service	General Fund	\$ 2,563,290
	Recreational and Tourism	1,817,063
Golf Course Enterprise Fund	Recreational and Tourism	1,105,289
City-Wide Capital Projects	General Fund	175,886
	Recreational and Tourism	<u>199,047</u>
		<u>\$ 5,860,575</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.

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

**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.

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.

**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](http://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

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

**General Information about the Pension Plan - continued:**

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 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, 2021, the City's total payroll for all employees was \$10,166,150. Total covered payroll was \$10,109,527. 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, 2021, was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ended September 30, 2021, 2020, and 2019 were \$1,759,058, \$1,748,625, and \$1,613,064, respectively, which equaled the required contributions for each year.

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

**NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

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

At September 30, 2021, the City reported a liability of \$22,554,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.1526 percent, which was an increase of .0039 percent from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$1,623,694. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 356,685	-
Changes in assumptions	1,735,917	-
Net difference between projected and actual earnings on pension plan investments	-	6,825,485
Changes in proportion and differences between City contributions and proportionate share of contributions	-	525,042
City contributions subsequent to the measurement date	<u>438,081</u>	<u>-</u>
Total	\$ <u>2,530,683</u>	<u>7,350,527</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

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

The \$438,081 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, 2022. 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,	
2022	\$ (1,205,287)
2023	(956,604)
2024	(1,071,880)
2025	<u>(2,024,154)</u>
Total	\$ <u>(5,257,925)</u>

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2020 and a measurement date of June 30, 2021 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2020.

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:

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.60 %
International Equity	22.00%	4.50 %
Global Equity	12.00%	4.80 %
Fixed Income	20.00%	(0.25)%
Real Estate	10.00%	3.75 %
Private Equity	8.00%	6.00 %
Cash	<u>1.00%</u>	(1.00)%
Total	<u>100.00%</u>	

*Discount Rate* - The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions 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, calculated using the discount rate of 7.55 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 (6.55 percent) or one percentage point higher (8.55 percent) than the current rate:

	<u>City's Proportionate Share of Net Pension Liability</u>
1.00% decrease (6.55%)	\$ 31,943,093
Current discount rate (7.55%)	22,554,945
1.00% increase (8.55%)	14,818,368



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

**NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

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

*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.

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.

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 12 - HEALTH SELF-INSURANCE PLAN - CONTINUED:**

For the fiscal year ended September 30, 2021, the City was reimbursed \$183,051 for losses in excess of \$75,000 per individual. The AAAP was not exceeded for the fiscal year. The liability reported at September 30, 2021 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 2019 through 2021 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2018-2019	\$ 155,169	2,104,061	1,981,474	277,756
2019-2020	277,756	1,887,685	2,030,251	135,190
2020-2021	135,190	1,850,832	1,918,015	68,008

**NOTE 13 - COMMITMENTS**

At September 30, 2021, 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, 2021	Commitment Outstanding as of September 30, 2021
Luckney Road Widening	Construction	\$ 1,166,277	802,895	363,382
Refuge Blvd Traffic Signal	Construction	469,624	399,685	69,939
Conference Center Roadway Streetlights	Construction	187,730	124,858	62,872
Luckney Road Widening	Engineering	46,000	22,014	23,986
Refuge Blvd Traffic Signal	Engineering	24,860	8,978	15,882
Water Utility Improvements	Engineering	147,100	108,730	38,370
North Flowood Drive Widening	Engineering	135,000	44,398	90,602
Total			\$	<u>665,033</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021, the City abated ad valorem taxes for local businesses in the amount of \$286,402 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 2028.

**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 25-year term of the lease. The amended lease agreement also provides for monthly payments in the amount of \$2,122 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>
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	29,517	44,000	73,517
2027-2031	161,411	220,000	381,411
2032-2036	187,119	220,000	407,119
2037-2041	216,923	220,000	436,923
2042-2043	96,153	88,000	184,153
	<u>\$ 800,840</u>	<u>968,000</u>	<u>1,768,840</u>

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS**

Recently Adopted Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, contains requirements that 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 enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. As a result of implementing Statement No. 84, it was determined that certain activities previously reported as agency funds should be reported as custodial funds. Additionally, the amount reported as a liability (Due to other governments) in the amount of \$1,549,032 as of September 30, 2020, is now reported as beginning net position in the Statement of Changes in Fiduciary Net Position for the year ended September 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*, as 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. The requirements of this standard had no impact 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, 2021**

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:**

Recently Issued Accounting Pronouncements

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. 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. The requirements of this Statement are effective for periods beginning after December 15, 2021. This accounting pronouncement is not expected to impact 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

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:**

Recently Issued Accounting Pronouncements - continued:

changing fallback provisions related to the reference rate. The requirements of this Statement are effective for 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, with the primary objective 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 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

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:**

Recently Issued Accounting Pronouncements - continued:

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.

**NOTE 17 - SUBSEQUENT EVENTS**

The City has evaluated subsequent events through May 12, 2022, 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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Current year ad valorem	\$ 6,482,000	6,420,000	6,526,695	106,695
Prior years ad valorem	30,000	30,000	31,584	1,584
Interest and penalties	14,000	14,000	21,507	7,507
Special assessments	174,000	174,000	189,944	15,944
Franchise fees	575,000	585,000	586,458	1,458
Licenses and permits	460,000	385,000	336,613	(48,387)
Intergovernmental	11,923,000	13,383,000	14,108,208	725,208
Charges for services	125,000	150,000	310,987	160,987
Fines and forfeits	725,000	700,000	767,400	67,400
Lease revenue	40,000	60,000	51,527	(8,473)
Interest earned	140,000	200,000	215,914	15,914
Miscellaneous	-	-	205,262	205,262
Total revenues	<u>20,688,000</u>	<u>22,101,000</u>	<u>23,352,099</u>	<u>1,251,099</u>
<b>EXPENDITURES:</b>				
General government	1,640,000	1,540,000	1,436,030	103,970
Public safety	10,867,079	10,513,800	9,953,022	560,778
Court	724,000	684,000	555,264	128,736
Public property maintenance	891,500	1,057,500	881,489	176,011
Sanitation	420,000	460,000	456,445	3,555
Health	91,000	91,000	70,390	20,610
Street maintenance	1,680,200	1,351,000	955,712	395,288
Shop and maintenance	593,400	665,000	599,479	65,521
Landscape	803,250	825,750	768,618	57,132
Legal	373,500	303,500	285,641	17,859
Recreation	1,148,400	1,074,400	971,723	102,677
Engineering	140,800	144,000	136,616	7,384
Total expenditures	<u>19,373,129</u>	<u>18,709,950</u>	<u>17,070,429</u>	<u>1,639,521</u>
Excess of revenues over expenditures	<u>1,314,871</u>	<u>3,391,050</u>	<u>6,281,670</u>	<u>2,890,620</u>
Other financing sources (uses):				
Transfers out	<u>(2,728,785)</u>	<u>(2,775,000)</u>	<u>(2,739,176)</u>	<u>35,824</u>
Total financing sources (uses)	<u>(2,728,785)</u>	<u>(2,775,000)</u>	<u>(2,739,176)</u>	<u>35,824</u>



**CITY OF FLOWOOD, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - CONTINUED:  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES - CONTINUED:</b>				
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (1,413,914)	616,050	3,542,494	2,926,444
Fund balances at beginning of year	<u>15,104,711</u>	<u>15,104,711</u>	<u>15,104,711</u>	<u>-</u>
Fund balance at end of year	\$ <u>13,690,797</u>	<u>15,720,761</u>	<u>18,647,205</u>	<u>2,926,444</u>
<b>EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY FUND BALANCE AND GAAP FUND BALANCE:</b>				
Fund Balance - budgetary basis			\$ 18,647,205	
Adjustment to GAAP basis:				
Add accrued revenue:				
Ad valorem taxes			139,484	
Special assessments			4,421	
Intergovernmental			2,291,594	
Police fines			45,224	
Add: Prepaid expenses			129,402	
Less: Deferred inflows related to lease			(968,000)	
Less: Accounts payable paid after October 30, 2021			<u>(49,003)</u>	
Fund Balance - GAAP basis			\$ <u>20,240,327</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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>General government:</b>				
Personal services	\$ 1,150,000	1,100,000	1,055,888	44,112
Supplies	55,000	55,000	38,624	16,376
Other services and charges	405,000	375,000	337,183	37,817
Capital outlay	30,000	10,000	3,679	6,321
Total general government	1,640,000	1,540,000	1,435,374	104,626
<b>Public safety:</b>				
Police:				
Personal services	4,290,000	4,065,000	3,880,680	184,320
Supplies	333,000	320,000	276,911	43,089
Other services and charges	465,300	509,500	477,025	32,475
Capital outlay	284,479	360,000	355,603	4,397
Total police	5,372,779	5,254,500	4,990,219	264,281
Fire:				
Personal services	4,675,000	4,500,000	4,344,271	155,729
Supplies	240,000	220,000	152,013	67,987
Other services and charges	338,300	298,300	237,349	60,951
Capital outlay	241,000	241,000	229,170	11,830
Total fire	5,494,300	5,259,300	4,962,803	296,497
Total public safety	10,867,079	10,513,800	9,953,022	560,778
<b>Court:</b>				
Personal services	440,000	460,000	436,581	23,419
Supplies	14,000	14,000	9,302	4,698
Other services and charges	260,000	200,000	104,297	95,703
Capital outlay	10,000	10,000	5,084	4,916
Total court	724,000	684,000	555,264	128,736
<b>Public property maintenance:</b>				
Personal services	86,000	95,000	93,778	1,222
Supplies	33,000	50,000	39,154	10,846
Other services and charges	612,500	612,500	458,673	153,827
Capital outlay	160,000	300,000	289,883	10,117
Total public property maintenance	891,500	1,057,500	881,488	176,012

**CITY OF FLOWOOD, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND EXPENDITURES - CONTINUED:  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Sanitation:</b>				
Personal services	\$ -	-	-	-
Supplies	-	-	-	-
Other services and charges	420,000	460,000	456,445	3,555
Capital outlay	-	-	-	-
Total sanitation	420,000	460,000	456,445	3,555
<b>Health:</b>				
Personal services	26,000	26,000	21,261	4,739
Supplies	63,500	63,500	48,854	14,646
Other services and charges	1,500	1,500	275	1,225
Capital outlay	-	-	-	-
Total health	91,000	91,000	70,390	20,610
<b>Street maintenance:</b>				
Personal services	1,125,000	940,000	864,408	75,592
Supplies	-	-	-	-
Other services and charges	435,200	316,000	-	316,000
Capital outlay	120,000	95,000	91,304	3,696
Total street maintenance	1,680,200	1,351,000	955,712	395,288
<b>Shop:</b>				
Personal services	250,000	250,000	237,034	12,966
Supplies	271,900	340,000	311,843	28,157
Other services and charges	66,500	70,000	50,602	19,398
Capital outlay	5,000	5,000	-	5,000
Total shop	593,400	665,000	599,479	65,521
<b>Landscape:</b>				
Personal services	560,000	530,000	512,853	17,147
Supplies	160,750	160,750	133,865	26,885
Other services and charges	52,500	95,000	82,560	12,440
Capital outlay	30,000	40,000	39,340	660
Total landscape	803,250	825,750	768,618	57,132
<b>Legal:</b>				
Personal services	350,000	280,000	268,417	11,583
Supplies	1,500	1,500	-	1,500
Other services and charges	22,000	22,000	17,224	4,776
Capital outlay	-	-	-	-
Total legal	373,500	303,500	285,641	17,859

**CITY OF FLOWOOD, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND EXPENDITURES - CONTINUED:  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Recreation:</b>				
Personal services	\$ 790,000	700,000	651,364	48,636
Supplies	174,400	174,400	142,151	32,249
Other services and charges	184,000	200,000	178,208	21,792
Capital outlay	-	-	-	-
Total recreation	<u>1,148,400</u>	<u>1,074,400</u>	<u>971,723</u>	<u>102,677</u>
<b>Engineering:</b>				
Personal services	120,000	120,000	117,870	2,130
Supplies	7,000	7,000	3,825	3,175
Other services and charges	13,800	17,000	14,921	2,079
Capital outlay	-	-	-	-
Total engineering	<u>140,800</u>	<u>144,000</u>	<u>136,616</u>	<u>7,384</u>
<b>Total expenditures</b>	<u>\$ 19,373,129</u>	<u>18,709,950</u>	<u>17,069,772</u>	<u>1,640,178</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 3,000,000	3,900,000	4,009,306	109,306
Contributions	-	-	1,500	1,500
Interest earned	26,000	40,000	33,802	(6,198)
Total revenues	<u>3,026,000</u>	<u>3,940,000</u>	<u>4,044,608</u>	<u>104,608</u>
<b>EXPENDITURES:</b>				
Recreation:				
Other services and charges	200,000	110,000	106,069	3,931
Capital outlay	45,000	200,000	144,823	55,177
Total expenditures	<u>245,000</u>	<u>310,000</u>	<u>250,892</u>	<u>59,108</u>
Excess of revenues over expenditures	<u>2,781,000</u>	<u>3,630,000</u>	<u>3,793,716</u>	<u>163,716</u>
Other financing sources (uses):				
Transfers out	(2,761,500)	(3,517,000)	(3,121,399)	395,601
Total other financing sources (uses)	<u>(2,761,500)</u>	<u>(3,517,000)</u>	<u>(3,121,399)</u>	<u>395,601</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	19,500	113,000	672,317	559,317
Fund balance at beginning of year	<u>2,241,781</u>	<u>2,241,781</u>	<u>2,241,781</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,261,281</u>	<u>2,354,781</u>	<u>2,914,098</u>	<u>559,317</u>

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

Fund balance - budgetary basis	\$ 2,914,098
Adjustment to GAAP basis:	
Add accrued sales tax revenue	<u>742,789</u>
Fund balance - GAAP basis	\$ <u>3,656,887</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>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>	<u>2021</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	22,554,947
City's proportionate share of the collective net pension liability	*	*	*	0.1497%	0.1494%	0.1525%	0.1580%	0.1533%	0.1487%	0.1526%
City's covered payroll	*	*	*	\$ 9,352,502	9,560,603	9,782,089	10,091,644	9,983,048	9,904,448	10,147,849
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%	222.26%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	61.70%	57.47%	61.49%	62.54%	61.59%	58.97%	70.44%

\*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>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>	<u>2021</u>
Actuarially determined employer contribution	*	*	*	\$ 1,470,323	1,507,347	1,550,838	1,588,950	1,613,064	1,748,625	1,759,058
Contributions in relation to the actuarially determined contribution:	*	*	*	<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>	<u>1,759,058</u>
Annual contribution deficiency (excess)	*	*	*	\$ <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	10,109,527
Actual contributions as a percentage of covered payroll	*	*	*	15.75%	15.75%	15.75%	15.75%	16.15%	17.40%	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, 2021**

**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, 2019 valuation for the September 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

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

**NOTE B - CHANGES IN BENEFIT PROVISIONS**

None.



**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES - CONTINUED:  
SEPTEMBER 30, 2021**

**Pension Schedules - continued:**

**NOTE C - CHANGES OF ASSUMPTIONS**

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
  - For females, 84% of female rates up to age 72, 100% for ages above 76.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
  - For males, 134% of male rates at all ages.
  - For females, 121% of female rates at all ages.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
  - For males, 97% of male rates at all ages.
  - For females, 110% of female rates at all ages.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

**CITY OF FLOWOOD, MISSISSIPPI**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES - CONTINUED:  
SEPTEMBER 30, 2021**

**Pension Schedules - continued:**

**NOTE C - CHANGES OF ASSUMPTIONS - CONTINUED:**

- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

**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, 2021**

<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
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
Public Employees Honesty Bond	All Employees	Western Surety	50,000 each
Unemployment Bond	All Employees	Western Surety	60,000 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, 2021, which collectively comprise the City of Flowood, Mississippi's basic financial statements and have issued our report thereon dated March 29, 2022. 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  
May 12, 2022