

## 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 PORT GIBSON, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

CITY OF PORT GIBSON, MISSISSIPPI  
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**BROWN, EWING & CO.**  
P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Willie A. White  
and Honorable Members of the Board of Alderman  
City of Port Gibson, 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 Port Gibson, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **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 Port Gibson, 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 (pages 4-9), budgetary comparison information (page 16), and pension information (pages 43-44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 an opinion on the financial statements that collectively comprise the City of Port Gibson, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section 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 them.



### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022, on our consideration of the City of Port Gibson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Port Gibson, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Gibson, Mississippi's internal control over financial reporting and compliance.

Brown, G & Co.  
Ridgeland, Mississippi  
February 14, 2022

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2021

## INTRODUCTION

The discussion and analysis of the City of Port Gibson, Mississippi's annual financial performance provides an overall narrative review 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 performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

## FINANCIAL HIGHLIGHTS

The assets of the City of Port Gibson, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$4,881,605 (*net positions*). Of this amount, \$1,147,962 (*unrestricted net positions*) is a deficit and no amount is available to meet the City's ongoing obligations to citizens and creditors.

The City's total net positions increased by \$92,285. This increase is due to a net decrease in total liabilities.

As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,870,457, an increase of \$224,441 in comparison with the prior year. Approximately \$631,258, or 33.75% of this total amount, none is available for spending at the City's discretion (*unrestricted fund balance*) since there is a deficit.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,487,114, or 87.35% of total general fund expenditures.

The City's total long-term debt had a net decrease of \$767,810, or 12.78%, during the current fiscal year. The key factor in this decrease was due to a decrease in the net pension liability of \$539,947 when compared to the prior year.

## OVERVIEW OF FINANCIAL STATEMENTS

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

## GOVERNMENT - WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The City reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

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The government-wide financial statements are divided into two categories, which are described as follows:

- ◆ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ◆ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- ◆ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ◆ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.



CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2021

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

**NET POSITION**

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Assets:</u>						
Current and Other Assets	\$ 1,562,986	\$ 1,288,856	900,877	818,878	\$ 2,463,863	\$ 2,107,734
Capital Assets	<u>2,501,713</u>	<u>2,723,757</u>	<u>6,258,915</u>	<u>6,478,389</u>	<u>8,760,628</u>	<u>9,202,146</u>
Total Assets	<u>4,064,699</u>	<u>4,012,613</u>	<u>7,159,792</u>	<u>7,297,267</u>	<u>11,224,491</u>	<u>11,309,880</u>
Deferred outflow of resources	<u>398,719</u>	<u>298,789</u>	<u>62,806</u>	<u>46,688</u>	<u>461,525</u>	<u>345,477</u>
<u>Liabilities:</u>						
Current and Other Liabilities	76,214	166,874	758,035	571,975	834,249	738,849
Long-term Liabilities	<u>1,886,451</u>	<u>2,385,282</u>	<u>3,352,003</u>	<u>3,620,982</u>	<u>5,238,454</u>	<u>6,006,264</u>
Total Liabilities	<u>1,962,665</u>	<u>2,552,156</u>	<u>4,110,038</u>	<u>4,192,957</u>	<u>6,072,703</u>	<u>6,745,113</u>
Deferred inflows of resources	<u>630,296</u>	<u>113,230</u>	<u>101,412</u>	<u>7,694</u>	<u>731,708</u>	<u>120,924</u>
<u>Net Position:</u>						
Invested in Capital Assets (Net)	2,501,715	2,723,759	3,349,020	3,374,507	5,850,735	6,098,266
Restricted	-	-	178,832	177,130	178,832	177,130
Unrestricted	<u>(631,258)</u>	<u>(1,077,743)</u>	<u>(516,704)</u>	<u>(408,333)</u>	<u>(1,147,962)</u>	<u>(1,486,076)</u>
Total Net Position	<u>\$ 1,870,457</u>	<u>\$ 1,646,016</u>	<u>3,011,148</u>	<u>3,143,304</u>	<u>\$ 4,881,605</u>	<u>\$ 4,789,320</u>

As the presentation appearing above demonstrates, the largest portion of the City's net positions of \$4,881,605, or 119.85%, are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2021 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets, 3.66%, represent resources that are subject to restrictions that are imposed by agreements with the City's requirements imposed by various revenue sources. The remaining unrestricted net assets deficit 23.52% is not available to be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2021

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- ◆ Increase in total current assets in the amount of \$356,129.
- ◆ Decrease in net capital assets in the amount of \$441,518.
- ◆ Increase in current liabilities in the amount of \$95,400.
- ◆ Decrease in long-term liabilities in the amount of \$767,810.

### CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 134,716	\$ 134,136	994,182	887,515	\$ 1,128,898	\$ 1,021,651
Operating grants and contributions	227,232	17,733	-	-	227,232	17,733
Capital grants and contributions	-	-	-	-	-	-
General Revenue:						
Property taxes	1,042,364	1,027,557	-	-	1,042,364	1,027,557
Sales taxes	324,945	342,758	-	-	324,945	342,758
Franchise taxes	99,244	101,385	-	-	99,244	101,385
Charges for services	103,858	135,160	-	-	103,858	135,160
Licenses and permits	10,245	6,722	-	-	10,245	6,722
Fines and forfeits	65,514	30,648	-	-	65,514	30,648
Other	123,567	46,550	43,695	49,408	167,262	95,958
Total Revenue	<u>2,131,685</u>	<u>1,842,649</u>	<u>1,037,877</u>	<u>936,923</u>	<u>3,169,562</u>	<u>2,779,572</u>
Program Expenses:						
General Government						
Finance & Administrative	682,016	751,366	-	-	682,016	751,366
Public safety	595,449	687,031	-	-	595,449	687,031
Parks and recreation	12,545	14,092	-	-	12,545	14,092
Sanitation	115,599	111,969	-	-	115,599	111,969
Public works	490,441	576,589	-	-	490,441	576,589
Interest on long-term debt	11,194	11,845	-	-	11,194	11,845
Water/Sewer	-	-	1,170,034	1,276,656	1,170,034	1,276,656
Total Expenses	<u>1,907,244</u>	<u>2,152,892</u>	<u>1,170,034</u>	<u>1,276,656</u>	<u>3,077,278</u>	<u>3,429,548</u>
Increase (decrease) in Net Assets						
Before Transfers and Special Items	<u>224,441</u>	<u>(310,243)</u>	<u>(132,157)</u>	<u>(339,733)</u>	<u>92,284</u>	<u>(649,976)</u>
Change in Net Positions	224,441	(310,243)	(132,157)	(339,733)	92,284	(649,976)
Net Position Beginning	<u>1,646,016</u>	<u>1,956,259</u>	<u>3,143,304</u>	<u>3,483,037</u>	<u>4,789,320</u>	<u>5,439,296</u>
Net Position Ending	<u>\$ 1,870,457</u>	<u>\$ 1,646,016</u>	<u>3,011,147</u>	<u>3,143,304</u>	<u>\$ 4,881,604</u>	<u>\$ 4,789,320</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2021

The following are significant current year transactions that have had an impact on the Statement of Activities:

**Governmental activities.** Governmental activities increased the City's net position by \$224,441, accounting for 13.64% of the increase in the City's net assets. A key element of this decrease is detailed as follows:

- ◆ Operating grants revenue increased by \$209,499, or 118.16%, during the year.
- ◆ General government department expenses decreased by \$69,350 or 9.23%
- ◆ Public works department expense decreased by \$86,148 or 14.94%

**Business-type activities.** Business-type activities decreased the City's net position by \$132,157, accounting for 4.20% of the decrease in the City's net position. Key elements of this decrease are as follows:

- ◆ Charges for services revenue for the business-type activities increased by \$100,954 or 10.78%.
- ◆ Total operating expenses decreased by \$106,622 or 9.11%
- ◆ Total operating expense exceeded total revenues by \$132,157

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

As of the end of the current fiscal year, the City's governmental fund general fund reported an ending fund balance of \$1,487,114, an increase of \$429,120 in comparison to the prior year. In addition, the City's general fund, reported a fund balance of \$1,487,114, which is available for spending at the City's discretion.

**Proprietary Funds** - are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the water and sewer funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.



CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2021

#### **BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as part of the basic financial statements. Significant revisions to the General Fund's budget during the fiscal year are as follows:

- ◆ Actual property tax revenue collected during the fiscal year had a slight increase compared to the prior year, and exceeded budget amounts.
- ◆ Actual intergovernmental revenues reported for the fiscal year increased by \$235,078 compared to the prior year, and exceeded the budgeted amount.
- ◆ Actual expenditures for the general fund decreased by \$157,927 when compared to the prior year, but were below the amount budgeted by \$263,312.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital asset** - As of September 30, 2021, the City's total capital assets were \$19,089,656. This includes land, buildings, furniture and equipment, mobile equipment, and infrastructure. This amount represents a gross increase, before depreciation, of \$166,044 from the previous fiscal year. The majority of this increase is due to the acquisition of a vehicle for the public works department, and the acquisition of equipment for the water and sewer systems.

Total accumulated depreciation as of September 30, 2021 was \$10,329,028, including \$542,438 of depreciation expense for the year. The balance in total net capital assets was \$8,760,628 at year end.

**Debt Administration** - As of September 30, 2021, the City had \$3,225,357 in long term debt outstanding. This includes state revolving loans and obligations under capital leases. Of this debt, \$232,914 is due within one year.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Port Gibson at P. O. Box 607, Port Gibson, Mississippi 39150.

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Net Position  
For the Year Ended September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 969,845	709,086	\$ 1,678,931
Accounts receivable, net	22,151	12,959	35,110
Other receivables	1,402	-	1,402
Intergovernmental receivables	24,280	-	24,280
Due from other funds	545,308	-	545,308
Restricted Assets:			
Cash and cash equivalents	-	178,832	178,832
Capital Assets:			
Land	185,872	-	185,872
Buildings	1,754,465	134,286	1,888,751
Improvements other than buildings	29,800	5,933,468	5,963,268
Automotive and equipment	51,451	24,905	76,356
Machinery and equipment	104,562	166,256	270,818
Construction in progress	375,563	-	375,563
<b>TOTAL ASSETS</b>	<u>4,064,699</u>	<u>7,159,792</u>	<u>11,224,491</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	398,719	62,806	461,525
<b>Total Deferred Outflows of Resources</b>	<u>398,719</u>	<u>62,806</u>	<u>461,525</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,463,418</u>	<u>7,222,598</u>	<u>\$ 11,686,016</u>
<b>LIABILITIES</b>			
Accounts payable, general	\$ 75,872	51,828	\$ 127,700
Accrued interest payable	342	4,681	5,023
Customer's deposits	-	156,218	156,218
Due to other funds	-	545,308	545,308
Noncurrent liabilities:			
Due within one year	34,993	197,921	232,914
Due in more than one year	280,469	2,711,974	2,992,443
Net pension liability	1,570,989	442,108	2,013,097
<b>Total Liabilities</b>	<u>1,962,665</u>	<u>4,110,038</u>	<u>6,072,703</u>
Deferred Inflows of Resources			
Lease revenues	-	-	-
Pensions	630,296	101,412	731,708
<b>Total Deferred Inflows of Resources</b>	<u>630,296</u>	<u>101,412</u>	<u>731,708</u>
Net Position:			
Net investment in capital assets	2,501,715	3,349,020	5,850,735
Restricted	-	178,832	178,832
Unrestricted	(631,258)	(516,704)	(1,147,962)
<b>Total Net Position</b>	<u>1,870,457</u>	<u>3,011,148</u>	<u>4,881,605</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,463,418</u>	<u>7,222,598</u>	<u>\$ 11,686,016</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2021

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>Primary Government:</b>							
Governmental activities:							
Administration	\$ 608,746	-	60,958	-	(547,788)	-	\$ (547,788)
Judicial	73,270	-	-	-	(73,270)	-	(73,270)
Public safety	595,449	-	166,274	-	(429,175)	-	(429,175)
Public works	490,441	-	-	-	(490,441)	-	(490,441)
Parks and recreation	12,545	-	-	-	(12,545)	-	(12,545)
Sanitation	115,599	134,716	-	-	19,117	-	19,117
Interest on long-term debt	11,194	-	-	-	(11,194)	-	(11,194)
Total governmental activities	<u>1,907,244</u>	<u>134,716</u>	<u>227,232</u>	<u>-</u>	<u>(1,545,296)</u>	<u>-</u>	<u>(1,545,296)</u>
Business-type activities:							
Water/Sewer	1,108,797	994,182	-	-	-	(114,615)	(114,615)
Interest on long-term debt	61,237	-	-	-	-	(61,237)	(61,237)
Total Business-type activities	<u>1,170,034</u>	<u>994,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,852)</u>	<u>(175,852)</u>
Total Primary Government	<u>\$ 3,077,278</u>	<u>1,128,898</u>	<u>227,232</u>	<u>-</u>	<u>(1,545,296)</u>	<u>(175,852)</u>	<u>\$ (1,721,148)</u>
General Revenues:							
Property taxes					\$ 1,042,364	-	\$ 1,042,364
Sales taxes					324,945	-	324,945
Franchise taxes					99,244	-	99,244
Charges for services					103,858	-	103,858
Fines and report fees					65,514	-	65,514
License and permits					10,245	-	10,245
Miscellaneous					122,574	42,914	165,488
Unrestricted investment earnings					993	781	1,774
Total general revenues, special items, and transfers					<u>1,769,737</u>	<u>43,695</u>	<u>1,813,432</u>
Change in net positions					224,441	(132,157)	92,284
Net Positions - Beginning					<u>1,646,016</u>	<u>3,143,304</u>	<u>4,789,320</u>
Net Positions - Ending					<u>\$ 1,870,457</u>	<u>3,011,147</u>	<u>\$ 4,881,604</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended September 30, 2021

Amounts reported for net position in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds	\$	1,487,114
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Amounts reported for net position in the Statement of Net Position are different because:

Capital Assets	7,609,343	
Less: Accumulated Depreciation	<u>(5,107,630)</u>	2,501,713

Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.

Net pension liability	(1,570,989)	
-----------------------	-------------	--

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 pensions	398,719	
Deferred inflows of resource related to pensions	<u>(630,296)</u>	(1,802,566)

Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:

Notes payable	(315,462)	
Other adjustments	<u>(342)</u>	<u>(315,804)</u>

Net Position of Governmental Activities	\$	<u><u>1,870,457</u></u>
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The Accompanying Notes are an integral part of these Financial Statements.



CITY OF PORT GIBSON, MISSISSIPPI  
Balance Sheet  
Governmental Funds  
For the Year Ended September 30, 2021

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 969,845	\$ 969,845
Accounts receivable, net of allowances	22,151	22,151
Other receivables	1,402	1,402
Intergovernmental receivable	24,280	24,280
Due from other funds	545,308	545,308
TOTAL ASSETS	<u>\$ 1,562,986</u>	<u>\$ 1,562,986</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable, general	\$ <u>75,872</u>	\$ <u>75,872</u>
Total Liabilities	<u>75,872</u>	<u>75,872</u>
Deferred Inflows of Resources		
Lease revenues	<u>-</u>	<u>-</u>
Fund Balance		
Unassigned	<u>1,487,114</u>	<u>1,487,114</u>
Total Fund Balance	<u>1,487,114</u>	<u>1,487,114</u>
TOTAL LIABILITIES AND NET FUND BALANCES	<u>\$ 1,562,986</u>	<u>\$ 1,562,986</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2021

	General Fund	Total Governmental Funds
REVENUES:		
General property taxes	\$ 1,042,364	\$ 1,042,364
Privilege licenses and permits	10,245	10,245
Intergovernmental revenues	615,017	615,017
Franchise taxes	35,044	35,044
Charges for services	134,716	134,716
Fines and report fees	65,514	65,514
Interest income	989	989
Rent income	103,858	103,858
Miscellaneous	<u>123,940</u>	<u>123,940</u>
Total Revenues	<u>2,131,687</u>	<u>2,131,687</u>
EXPENDITURES:		
General Government:		
Administration	558,182	558,182
Judicial	69,686	69,686
Public safety	569,218	569,218
Public works	300,739	300,739
Parks and recreation	9,928	9,928
Sanitation	116,686	116,686
Debt services:		
Principal	33,876	33,876
Interest and service charges	10,852	10,852
Capital outlay:		
Public works	<u>33,400</u>	<u>33,400</u>
TOTAL EXPENDITURES	<u>1,702,567</u>	<u>1,702,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>429,120</u>	<u>429,120</u>
Net change in fund balance	429,120	429,120
Fund Balance at Beginning of Year	<u>1,057,994</u>	<u>1,057,994</u>
Fund Balance at End of Year	<u>\$ 1,487,114</u>	<u>\$ 1,487,114</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Reconciliation of the Statement of Revenues  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended September 30, 2021

	<u>AMOUNTS</u>	
Net change in fund balances	\$	<u>429,120</u>
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays	33,400	
Depreciation expense	<u>(255,443)</u>	(222,043)
The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	153,835	
Contributions made after the measurement date	<u>(37,995)</u>	115,840
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		(33,876)
The statement of activities reports pension expenditures and other activity related to net pension liability		
		<u>(64,600)</u>
Change in fund balances of governmental activities	\$	<u><u>224,441</u></u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual  
General Fund  
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 1,032,200	1,032,200	1,042,364	\$ 10,164
Privilege licenses and permits	8,450	8,450	10,245	1,795
Intergovernmental revenues	1,087,580	442,880	615,017	172,137
Franchise taxes	36,000	61,000	35,044	(25,956)
Charges for services	135,000	135,000	134,716	(284)
Rent	104,000	104,000	103,858	(142)
Fines and report fees	21,000	61,000	65,514	4,514
Interest	1,000	1,000	989	(11)
Miscellaneous	77,982	41,232	123,940	82,708
TOTAL REVENUES	<u>2,503,212</u>	<u>1,886,762</u>	<u>2,131,687</u>	<u>244,925</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	640,172	645,357	558,182	87,175
Judicial	65,591	76,091	69,686	6,405
Public Safety				
Police and fire protection	636,693	650,193	569,218	80,975
Public Works				
Streets improvements	350,500	363,100	300,739	62,361
Sanitation	103,356	135,356	116,686	18,670
Parks and recreation	17,618	17,618	9,928	7,690
Capital outlays	730,036	33,436	33,400	36
Debt service	44,728	44,728	44,728	-
Total Expenditures	<u>2,588,694</u>	<u>1,965,879</u>	<u>1,702,567</u>	<u>263,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(85,482)</u>	<u>(79,117)</u>	<u>429,120</u>	<u>508,237</u>
Other Financing Sources:				
Proceeds from long-term debt	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(85,482)	(79,117)	429,120	508,237
Fund Balance at Beginning of Year	1,057,994	1,057,994	1,057,994	-
Fund Balance at End of Year	<u>\$ 972,512</u>	<u>978,877</u>	<u>1,487,114</u>	<u>\$ 508,237</u>

The Accompanying Notes are an integral part of these Financial Statements.



CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Net Position  
Proprietary Fund  
For the Year Ended September 30, 2021

	Business - Type Activities Water/Sewer Fund
Assets	
Cash and cash equivalents	\$ 709,086
Accounts receivable, net of allowances	<u>12,959</u>
Total Current Assets	<u>722,045</u>
Restricted Assets:	
Cash and cash equivalents	178,832
Property, plant and Equipment, at Cost	
Buildings	134,286
Water plant, distribution system and equipment	11,154,866
Automotive and equipment	24,905
Machinery and equipment	<u>166,256</u>
	11,480,313
Less: accumulated depreciation	<u>(5,221,398)</u>
Net property, plant and equipment	<u>6,258,915</u>
Total Assets	<u>7,159,792</u>
Deferred Outflows of Resources	
Deferred outflows of resources	<u>62,806</u>
Total Deferred Outflows of Resources	<u>62,806</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,222,598</u>
Liabilities and Net Assets	
Accounts payable	\$ 51,828
Due to other funds	<u>545,308</u>
Total current liabilities	<u>597,136</u>
Current Liabilities Payable from restricted Assets:	
Customer deposits	156,218
Accrued interest payable	4,681
Current portion of note	173,582
Obligation under capital lease	<u>24,339</u>
Total Current liabilities payable from restricted assets	<u>358,820</u>
Long-Term Debt (less amounts classified as current)	
Net pension liability	442,108
Note payable	2,506,622
Obligation under capital lease	<u>205,352</u>
Total long-term debt	<u>3,154,082</u>
Total Liabilities	<u>4,110,038</u>
Deferred Inflows of Resources	
Deferred inflows of resources	<u>101,412</u>
Total deferred inflows of resources	<u>101,412</u>
Net Position	
Net Investment in Capital Assets	3,349,020
Restricted for debt service	178,832
Unrestricted	<u>(516,704)</u>
Total Net Positions	<u>3,011,148</u>
Total Liabilities and Net Position	<u>\$ 7,222,598</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2021

	Business - Type Activities
Operating Revenues:	
Water sales to customers	\$ 569,495
Sewer sales to customers	424,688
Other revenue	<u>222</u>
Total Operating Revenues	<u>994,405</u>
Operating Expenses:	
Personnel services	249,323
Supplies	139,987
Other services and charges	413,733
Provision for bad debt	18,759
Depreciation	<u>286,995</u>
Total Operating Expenses	<u>1,108,797</u>
Operating Income (Loss)	<u>(114,392)</u>
Nonoperating revenues (expenses)	
Interest income	781
Other income	42,692
Interest and service charges on long-term debt	<u>(61,237)</u>
Total nonoperating revenues	<u>(17,764)</u>
Change in net position	(132,156)
Total net position, beginning	<u>3,143,304</u>
Total net position, ending	<u>\$ 3,011,148</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended September 30, 2021

	Business-Type Activities
	Water/Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from water customers and users	\$ 547,789
Receipts from sewer customers and users	424,910
Payments to employees	(249,134)
Payments to suppliers	(566,924)
Net cash provided by (used for) operating activities	<u>156,641</u>
(Increase) Decrease in:	
Accounts receivable	(2,584)
Increase (Decrease) in:	
Accounts payable	7,420
Due to other funds	176,589
Customer's deposits	2,359
Accrued interest payable	(307)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>340,118</u>
CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:	
Provision for bad debt	<u>18,759</u>
NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES	<u>18,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of capital assets	(67,521)
Other investing activities	(188)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(67,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Interest earned on account	781
Interest paid on retirement of long-term debt	(61,237)
Other income	42,692
Repayment of long-term debt	(193,989)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	<u>(211,753)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,415
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>808,503</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 887,918</u>
<b><u>Supplemental cash flow information:</u></b>	
Cash paid during the year:	
Interest Expense	<u>\$ 61,237</u>
<b>Recap of cash and cash equivalents:</b>	
Cash and cash equivalents	\$ 709,086
Restricted cash and cash equivalents	<u>178,832</u>
Total Cash and cash equivalents	<u>\$ 887,918</u>

The Accompanying Notes are an integral part of these Financial Statements.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

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

The City of Port Gibson, Mississippi (the City) was incorporated under the provisions of Mississippi Law. The City is governed by its Mayor and a Board of Aldermen/Alderwomen consisting of seven members. Services provided to the citizens of Port Gibson include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The City's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the City's more significant accounting policies are described as follows:

***FINANCIAL REPORTING ENTITY***

The accompanying financial statements reflect only the primary government of the City of Port Gibson. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the City.

***BASIC FINANCIAL STATEMENTS***

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncement that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function, and most grants.

**FUND FINANCIAL STATEMENTS**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

**MAJOR GOVERNMENTAL FUNDS**

General Fund - The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**MAJOR BUSINESS- TYPE FUNDS**

Water/Sewer System - The water/sewer system fund is used to account for the operation of the City's water/sewer system, which is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims, and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

***Cash and Cash Equivalents***

The City's deposits excess funds in the financial institutions selected by the Mayor and governing board. State statute specifies how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificate of deposits with maturities of 12 months or less. Cash and cash equivalents are valued at costs.

***Investments***

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality, or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

Investments are reported at fair value.

***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***INTERFUND TRANSACTIONS AND BALANCES***

Interfund transactions and balances are the result of timing differences between the date expense/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are not offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

**INTERNAL ACTIVITY**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

**Restricted Assets** - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

**Capital Assets** - Capital assets, which include property, equipment, and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land Improvements	20
Heavy Machinery and Equipment	5-15
Computer Equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences** - the City does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

**Use of Estimates** - The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance Spending Policy** - The City has not adopted a formal spending policy as it relates to the fund balance, therefore excess amounts are expended in the following manner in accordance with GASB 54 default level: committed, assigned, and unassigned.

**Deferred Outflows/Inflows of Resources** - In additions to assets, the statement of financial position sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

**NOTE 2 - BUDGETARY CONTROL**

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The collateral for public entities, deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$969,845 and \$887,918, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$1,678,931 and Restricted Assets - \$178,832. The Restricted Assets represent the cash balance in the enterprise fund deposit account which is legally restricted and may not be used for purposes that support the City's programs.

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of a failure of financial institutions, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of *September 30, 2021*, none of the City's bank balance of \$1,168,550 was exposed to custodial credit risk.

**NOTE 4 - AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2021, the City levied and collected 40.00 mills of taxes for general corporate purposes of the City.

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS (*Fund Level*)**

Individual fund interfund receivable and payable balances are presented as of September 30, 2021 as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 545,308	\$ -
Water/Sewer System Fund	-	545,308
Total	<u>\$ 545,308</u>	<u>\$ 545,308</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 6 - RECEIVABLES**

Receivables at September 30, 2021 consisted of the following:

	General Fund	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for services	\$ -	198,759	\$ 198,759
Property taxes	22,151	-	22,151
Accounts receivable, other	1,157	-	1,157
Total accounts receivable	<u>23,308</u>	<u>198,759</u>	<u>222,067</u>
<u>Due From Other Governments</u>			
Sales Taxes	24,280	-	24,280
Other	245	-	245
Total due from other governments	24,525	-	24,525
Less: allowance for uncollectibles	-	(185,800)	(185,800)
Receivables, net of allowance	<u>\$ 47,833</u>	<u>12,959</u>	<u>\$ 60,792</u>

**NOTE 7 - CAPITAL ASSETS**

A summary of capital asset transactions for the year ended September 30, 2021 follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities:</b>				
Non Depreciable Capital Assets				
Land	\$ 185,872	-	-	\$ 185,872
Construction in process	375,563	-	-	375,563
Total non depreciable capital assets	<u>561,435</u>	<u>-</u>	<u>-</u>	<u>561,435</u>
Depreciable Capital Assets				
Buildings and Improvements	6,161,487	-	-	6,161,487
Automotive and equipment	198,585	33,400	-	231,985
Machinery and Equipment	654,436	-	-	654,436
Total depreciable capital assets	7,014,508	33,400	-	7,047,908
Accumulated Depreciation	(4,852,187)	(255,443)	-	(5,107,630)
Net depreciable capital assets	2,162,321	(222,043)	-	1,940,278
Total Governmental Activities	<u>\$ 2,723,756</u>	<u>(222,043)</u>	<u>-</u>	<u>\$ 2,501,713</u>
<b>Business-Type Activities:</b>				
Non Depreciable Capital Assets				
Utility Construction in Process	\$ 65,123	-	(65,123)	\$ -
Total nondepreciable capital assets	<u>65,123</u>	<u>-</u>	<u>(65,123)</u>	<u>-</u>
Depreciable Capital Assets				
Building	134,286	-	-	134,286
Water system & improvements	5,720,416	65,123	-	5,785,539
Sewer system & improvements	5,357,592	11,735	-	5,369,327
Automotive and equipment	24,905	-	-	24,905
Machinery and equipment	110,470	55,786	-	166,256
Total depreciable capital assets	11,347,669	132,644	-	11,480,313
Accumulated Depreciation	(4,934,403)	(286,995)	-	(5,221,398)
Net depreciable capital assets	6,413,266	(154,351)	-	6,258,915
Total Business-Type Activities	<u>\$ 6,478,389</u>	<u>(154,351)</u>	<u>(65,123)</u>	<u>\$ 6,258,915</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 7 - CAPITAL ASSETS (Continued)**

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Finance & Administrative	\$ 48,623	-	\$ 48,623
Fire Protection	7,010	-	7,010
Police Protection	10,881	-	10,881
Public Works	186,769	-	186,769
Parks and Recreation	2,160	-	2,160
Water/Sewer System	-	166,559	166,559
Sewer System	-	120,436	120,436
Total Depreciation Expense	<u>\$ 255,443</u>	<u>286,995</u>	<u>\$ 542,438</u>

**NOTE 8 - LONG-TERM DEBT**

***Governmental Activities***

A summary of long-term debt transactions for the year ended September 30, 2021, were as follows:

Governmental activities:	Beginning Balance at 10/01/2020	Additions	Reductions	Debt Forgiveness Adjustments	Ending Balance at 9/30/2021	Amount Due Within One Year
Obligation under capital lease	\$ 349,338	-	(33,876)	-	\$ 315,462	\$ 34,993
Total	<u>\$ 349,338</u>	<u>-</u>	<u>(33,876)</u>	<u>-</u>	<u>\$ 315,462</u>	<u>\$ 34,993</u>



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 8 - LONG-TERM DEBT (Continued)**

***Obligations Under Capital Leases***

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2021.

	<u>Amount Outstanding</u>
During January 2015, the City reached a settlement agreement with FNBS Investments, Inc. with respect to a lease-purchase agreement. The new agreement is with Crews and Associates in the amount of \$900,000 of which \$524,160 or 58.24% is allocated to the general fund with an interest rate of 3.5%, with 178 monthly installments of \$3,727, which includes principal and interest payable from the General Fund. The agreement has a maturity dated of 2029. The lease-purchase agreement qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of motor vehicles, equipment, and utility system improvements. At the end of the lease, the lessee will have the option to purchase the lessor's interest in the property for the purchase option price of \$1. This debt will be retired from the general fund.	
Total	\$ <u>315,462</u> \$ <u>315,462</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 34,993	6,734	\$ 41,727
2023	36,148	8,579	44,727
2024	37,340	7,387	44,727
2025	38,572	6,155	44,727
2026	39,844	4,883	44,727
Thereafter	<u>128,565</u>	<u>6,591</u>	<u>135,156</u>
Total minimum lease payments	\$ <u>315,462</u>	<u>40,329</u>	355,791
Less: amount representing interest			<u>(40,329)</u>
Present value of minimum lease payments			\$ <u>315,462</u>

Included in capital assets is machinery and equipment and motor vehicle with costs totaling \$259,681 under capital lease. The accumulated amortization for this capital asset is \$238,221 as of September 30, 2021, and is recorded as a component of depreciation expense. Amortization expense was \$25,071 for the year ended September 30, 2021.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 8 - LONG-TERM DEBT (Continued)**

***Business-Type Activities***

Long-term debt activity for the year ended September 30, 2021, is presented as follows:

Business -type activities:	Beginning Balance at 10/01/2020	Additions	Reductions	Debt Forgiveness Adjustments	Ending Balance at 9/30/2021	Amount Due Within One Year
DWESRF loan	\$ 2,042,875	-	(108,559)	-	1,934,316	\$ 110,395
Obligation under capital lease	253,195	-	(23,503)	-	229,692	24,339
DEQSRF loan	785,086	-	(54,652)	-	730,434	55,616
DEQWPE loan	22,726	-	(7,273)	-	15,453	7,571
Totals	<u>\$ 3,103,882</u>	<u>-</u>	<u>(193,987)</u>	<u>-</u>	<u>\$ 2,909,895</u>	<u>\$ 197,921</u>

***Obligations Under Capital Leases***

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2021.

During January 2015, the City reached a settlement agreement with FNBS Investments, Inc. with respect to a lease-purchase agreement. The new agreement is with Crews and Associates in the amount of \$900,000 of which \$375,840 or 41.76% is allocated to the water/sewer fund with an interest rate of 3.5% with 178 monthly installments of \$2,673 which includes principal and interest payable from the City's Utility Fund. The agreement has a maturity dated of 2029. The lease-purchase agreement qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of motor vehicles, equipment, and utility system improvements. At the end of the lease, the lessee will have the option to purchase the Lessor's interest in the property for the Purchase Option Price of \$1. This debt will be retired from the water sewer fund.

Amount  
Outstanding

\$ 229,692

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 8 - LONG-TERM DEBT (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

Fiscal year ending September 30	Principal	Interest	Total
2022	\$ 24,339	7,733	\$ 32,072
2023	25,205	6,867	32,072
2024	26,101	5,971	32,072
2025	27,030	5,672	32,702
2026	27,991	4,081	32,072
Thereafter	99,026	6,171	105,197
Total minimum lease payments	<u>\$ 229,692</u>	<u>36,495</u>	266,187
Less: amount representing interest			(36,495)
Present value of minimum lease payments			<u>\$ 229,692</u>

Included in capital assets are heavy equipment, motor vehicles, water meters, and office equipment with costs totaling \$4,881,605 under capital lease. The accumulated amortization for this capital asset is \$631,258 as of September 30, 2021, and is recorded as a component of depreciation expense. Amortization expense was \$16,317 for the year ended September 30, 2021.

**Mississippi State Department of Health SRF Loan**

**Loan No. DWI-L110005-01-0**

*Drinking Water Improvement Loan*

During 2012 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health, Bureau of Public Water Supply in the amount of \$2,746,903 (less a \$500,000 principal forgiveness) dated October 7, 2012, with an estimated interest rate of 1.95%, and 237 monthly payments of \$13,974.37 which includes principal and interest. The proceeds were used to make improvements to the City's Drinking Water System. As of May, 2017, the project was complete. The debt is being repaid from the enterprise fund.

	<u>\$ 1,934,316</u>
Total	<u>\$ 1,934,316</u>



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 8 - LONG-TERM DEBT (Continued)**

***Loan No. DWI-L110005-01***

Year Ended September 30,	Principal	Interest	Total
2022	\$ 110,395	37,033	\$ 147,428
2023	112,873	34,555	147,428
2024	115,093	32,335	147,428
2025	117,358	30,070	147,428
2026	119,667	27,761	147,428
2027 to 2031	634,592	102,548	737,140
2032 to 2036	699,227	37,914	737,141
2037	25,111	60	25,171
	<u>\$ 1,934,316</u>	<u>302,276</u>	<u>\$ 2,236,592</u>

***Mississippi Department of Environmental Quality***

***Loan No. SRF C280768-01***

***Sanitary Sewer Improvement***

In 2011 the City of Port Gibson executed a loan agreement with the Mississippi Department of Environmental Quality in the amount of \$1,130,960 dated November 14, 2011, with an estimated interest rate of 1.75%, and 240 monthly payments of \$5,662.82 which includes principal and interest. The proceeds were used to make improvements to the City's sanitary sewer system. The debt is being repaid from the enterprise fund.

\$ 730,434

***Loan No. WPE-C280019-01-0***

***Sewer Repair Loan***

During 2013 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health, Bureau of Public Water Supply in the amount of \$64,916 dated October 28, 2013, with an interest rate of 4.00%, and 117 monthly payments of \$670.96 which includes principal and interest. The proceeds were used to make repairs to the City's Waste Water System. The debt is being repaid from the enterprise fund.

15,453

Total

\$ 745,887

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 8 - LONG-TERM DEBT (Continued)**

**Loan No. SRF C280768-01**

Year Ended September 30,	Principal	Interest	Total
2022	\$ 55,616	12,338	\$ 67,954
2023	56,597	11,357	67,954
2024	57,595	10,359	67,954
2025	58,611	9,343	67,954
2026	59,645	8,309	67,954
2027 to 2031	314,386	25,384	339,770
2032 to 2033	127,984	2,353	130,337
	<u>\$ 730,434</u>	<u>79,443</u>	<u>\$ 809,877</u>

The estimated annual requirement to amortize all debt outstanding as of September 30, 2021 including interest payments of \$8,052 are as follows:

**Loan No. WPE - C280019-01-0**

Year Ended September 30,	Principal	Interest	Total
2022	\$ 7,571	481	\$ 8,052
2023	7,882	172	8,054
	<u>\$ 15,453</u>	<u>653</u>	<u>\$ 16,106</u>

**NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL**

The City has implemented GASB Statement 54, as such, the fund balances of the governmental funds are classified by specific purposes as follows:

**Restricted** - amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Unassigned** - amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

Fund Balances:	General Fund	Nonmajor Funds	Total
Unassigned:			
Other purposes	\$ 1,487,114	-	\$ 1,487,114
Total Fund Balances	<u>\$ 1,487,114</u>	<u>-</u>	<u>\$ 1,487,114</u>



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. General Information**

*Plan Description and Provisions:* The City of Port Gibson, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS or [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, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of 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. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

*Plan Funding Policy:* PERS members are required to contribute 9.00% of their annual covered salary and the City of Port Gibson, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by the Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The City of Port Gibson, Mississippi contributions to PERS for the years ended September 30, 2021, 2020, and 2019 were \$155,197, \$152,666, and \$137,712 respectively, equal to the required contributions for each year.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	1
Active members:	
Vested	<u>38</u>
Total Participants	<u><u>39</u></u>

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

At September 30, 2021, The City reported a liability of \$2,013,097 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 that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contribution of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.0136200 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.000432 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year September 30, 2021, the City recognized pension expense of \$214,239. At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**1. Governmental Activities:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 90,328	\$ 12,625
Net Difference between projected and actual earnings on pension plan investments	387,955	787,178
Changes of assumptions	199,883	77,052
Changes in proportion and differences between City contributions and proportionate share of contributions	(421,344)	(251,396)
Employers contributions subsequent to the measurement date	<u>141,897</u>	<u>4,837</u>
Total	<u><u>\$ 398,719</u></u>	<u><u>\$ 630,296</u></u>



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**2. Business Activities**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,569	\$ 2,036
Net Difference between projected and actual earnings on pension plan investments	62,573	126,964
Changes of assumptions	32,239	12,428
Changes in proportion and differences between City contributions and proportionate share of contributions	(69,462)	(40,796)
Employers contributions subsequent to the measurement date	22,887	780
Total	<u>\$ 62,806</u>	<u>\$ 101,412</u>

\$461,525 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2022	\$ 21,107
2022	21,107
2024	18,575
Total	<u>\$ 60,789</u>

**3. Actuarial assumptions.**

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Sensitivity of the net pension liability to change in the discount rate.* Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of net pension liability	\$ 2,851,015	\$ 2,013,096	\$ 1,322,583

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**4. Schedule of Assumptions**

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

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	2.40 percent
Salary changes	2.65% - 17.90 %, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation.
Mortality Assumption	PubS.H-2010 (B) Retiree Table with the following adjustments. For males, 95% of males rates up to 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the Pub.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 Assets	10.00	3.75
Private Equity	8.00	6.00
Cash	1.00	(1.00)
Total	100.00%	

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The City has been named as a defendant in several lawsuits as of September 30, 2021. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. The City's legal counsel believes that the City of Port Gibson will prevail in these lawsuits.

**NOTE 12 - RESERVED FUND BALANCES AND RETAINED EARNINGS**

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. The City has no bond covenants.

**NOTE 13 - 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. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

**NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR**

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderswomen. At fiscal year-end, the receivable represents delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Claiborne County bills and collects the real, personal, and ad valorem taxes for the City of Port Gibson, Mississippi. The taxes are remitted to the City on a monthly basis.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2021

**NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR (Continued)**

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments that are received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

**NOTE 15 - SUBSEQUENT EVENTS**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of City of Port Gibson, Mississippi has evaluated the activity of the Organization through February 14, 2022, which is the date the financial statements are available to be issued.

**NOTE 16 - COVID-19 FINANCIAL STATEMENT IMPACTS**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's net position and changes in net assets/fund balance and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**NOTE 17 - NEW ACCOUNTING STANDARDS**

***A. In fiscal year 2021, the City implemented the following GASB Statements:***

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.



CITY OF PORT GIBSON, MISSISSIPPI  
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The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.



CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 17 - NEW ACCOUNTING STANDARDS (Continued)**

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

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.

- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.

The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

In January 2020, the GASB issued Statement No. 92 "Omnibus". The objectives of this Statement are to 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 Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2021

**NOTE 17 - NEW ACCOUNTING STANDARDS (Continued)**

- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, As amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pool for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

## **REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF PORT GIBSON, MISSISSIPPI  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
PERS

Last 10 Fiscal Years\*  
September 30, 2021

	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	\$ 2,013,096	\$ 2,553,044	\$ 2,015,084	\$ 1,836,568	\$ 1,836,268	\$ 1,467,811
City's proportionate share of the net pension liability (asset)	0.013188%	0.013188%	0.012115%	0.011881%	0.011834%	0.011881%
City's covered-employee payroll	876,817	882,958	852,207	749,129	764,425	744,594
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.59 %	289.15 %	236.45 %	245.16 %	240.22 %	197.13 %
Plan fiduciary net position as a percentage of the total pension liability	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2015 , and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

The Accompanying Notes are an integral part of these Financial Statements.

City of Port Gibson, Mississippi  
Required Supplementary Information  
Schedule of the City Contributions  
PERS

Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016
Contractually required Contribution	\$ 152,566	\$ 153,735	\$ 137,712	\$ 123,670	\$ 117,988	\$ 120,397
Contribution in relation to the contractually required contribution	<u>152,566</u>	<u>153,735</u>	<u>137,712</u>	<u>123,670</u>	<u>117,988</u>	<u>120,397</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 876,817	\$ 882,958	\$ 852,207	\$ 754,209	\$ 749,129	\$ 764,425
Contributions as a percentage of covered employee payroll	17.40	17.40	17.40	15.75	15.75	15.75

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2015 and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI

REPORTS ON COMPLIANCE AND  
INTERNAL CONTROL

SEPTEMBER 30, 2021





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

The Honorable Mayor Willie A. White  
and Honorable Members of the Board of Alderman  
Port Gibson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated February 14, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency (2021-001).

## **Compliance and Other Matters**


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

## **City of Port Gibson's Response to Findings**

The City of Port Gibson, Mississippi response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Port Gibson, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

  
Ridgeland, Mississippi  
February 14, 2022

CITY OF PORT GIBSON, MISSISSIPPI  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
Year Ended September 30, 2021

**Finding 2021-001**

**Collection of Utility Accounts Receivable (Repeat Finding)**

***Finding***

During our water and sewer testwork, we found that several other customers had outstanding balances that have extended beyond a reasonable period of time.

***Auditor's Recommendation***

We strongly suggest that the City enforce its payment policies. In addition, the City should implement administrative control procedures to ensure that collection procedures are properly executed in a timely manner. This will help to improve collections and thereby increase the profitability and the availability of funds.

***Auditee's Response***

The City will adopt procedures to ensure that the collection policy is enforced for all customers and proper action will be taken to enforce procedures for nonpaying customers.





**BROWN, EWING & CO.**  
P. A.  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Willie A. White, and  
Honorable Members of the Board of Alderman  
of the City of Port Gibson, Mississippi

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City) as of and for the year ended September 30, 2021, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated February 14, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of procedures performed to test compliance with certain other state laws and regulations disclosed no instances on noncompliance.

This report is intended solely for the information of the Mayor, Board of Alderman, management, and federal awarding agencies and pass-through entities 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.

*Brown, Ewing & Co.*

Ridgeland, Mississippi  
February 14, 2022

CITY OF PORT GIBSON, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2021

Official Name	Position	Insured By	Bond Amount
Willie A. White	Mayor	Western Surety Company	\$ 50,000
Isom Coleman, III	City Clerk	Western Surety Company	50,000
Adrienne Reed	Deputy Clerk	Western Surety Company	50,000
Russell Dorsey	Chief of Police	Western Surety Company	50,000
Andrew Penley	Water Supervisor	Western Surety Company	50,000
Madaline Lee	Water Department Deputy Clerk	Western Surety Company	50,000
Valarie Ellis	Water Department Office Manager	Western Surety Company	50,000
Connie Watson	Aldерwoman	St. Paul	25,000
Chelshe Archie	Aldерwoman	St. Paul	25,000
Myrtle Hedrick	Aldерwoman	St. Paul	25,000
Steven D. Chambliss	Alderman	St. Paul	25,000
Scott Davis	Alderman	St. Paul	25,000
Nicole Young	Aldерwoman	St. Paul	25,000

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Legal Debt Limit  
September 30, 2021

Authorized Debt Limit Percent Rule

	10%	15%
Authorized Debt Limit Percent		
2019 Tax Roll Estimation	\$ 9,713,645	\$ 9,713,645
Less: Homestead Exemption	(21,407)	(21,407)
Net 2019 Estimation Tax Roll	<u>\$ 9,692,238</u>	<u>\$ 9,692,238</u>
Assessed Valuation under respective debt limit	\$ 969,224	\$ 1,453,836
Less: All Bonded Indebtness	-	-
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	-	-
Present debt subject to limitation	-	-
Margin for further debt under respective debt limits	<u>\$ 969,224</u>	<u>\$ 1,453,836</u>

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.



CITY OF PORT GIBSON, MISSISSIPPI  
Schedule of Long-Term Debt  
September 30, 2021

	During Fiscal Year					Balance Outstanding 09/30/2021
	Authorized	Issued	Balance Outstanding 10/01/2020	Retired	Debt Forgiveness Adjustments	
<b><u>General Government:</u></b>						
Obligation under capital lease	\$ 1,189,045	1,189,045	349,338	33,876	-	\$ 315,462
Total General Government	<u>1,189,045</u>	<u>1,189,045</u>	<u>349,338</u>	<u>33,876</u>	<u>-</u>	<u>315,462</u>
<b><u>Proprietary:</u></b>						
Long-term Debt						
MS Dept. of Health	2,811,353	2,811,353	2,042,875	108,559	-	1,934,316
Obligation under capital lease	739,532	739,532	253,195	23,503	-	229,692
DEQSRF loan	-	-	785,088	54,654	-	730,434
DEQWPE loan	64,916	64,916	22,726	7,273	-	15,453
Total Long-Term Debt	<u>3,615,801</u>	<u>3,615,801</u>	<u>3,103,884</u>	<u>193,989</u>	<u>-</u>	<u>2,909,895</u>
Total Long-Term Debt	<u>\$ 4,804,846</u>	<u>4,804,846</u>	<u>3,453,222</u>	<u>227,865</u>	<u>-</u>	<u>\$ 3,225,357</u>