

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 SOUTHAVEN

Top of Mississippi



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2021

Prepared by:
City of Southaven
Department of Finance and Administration

CITY OF SOUTHAVEN, MISSISSIPPI

**Annual Comprehensive Financial Report
For Year Ended September 30, 2021**

TABLE OF CONTENTS

INTRODUCTORY SECTION	4
Letter of Transmittal	5
Listing of City Officials.....	9
FINANCIAL SECTION.....	13
Independent Auditor's Report	14
Management's Discussion and Analysis	17
BASIC FINANCIAL STATEMENTS	28
Statement of Net Position.....	29
Statement of Activities	30
Balance Sheet – Governmental Funds.....	31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	34
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	36
Statement of Cash Flows – Proprietary Funds.....	37
Notes to Financial Statements	38
REQUIRED SUPPLEMENTARY INFORMATION	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual - General Fund.....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual – Tourism and Convention Fund.....	67
Schedule of the City's Proportionate Share of the Net Pension Liability.....	68
Schedule of City's Contributions.....	69
Schedule of Changes in the Total OPEB Liability and Related Ratios	70
Notes to the Required Supplementary Information	71
SUPPLEMENTARY INFORMATION.....	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual –Bond Funded Capital Project Fund.....	79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual – Debt Service Fund	81
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual – Utility Fund.....	83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual – Sanitation Fund.....	84

CITY OF SOUTHAVEN, MISSISSIPPI

**Annual Comprehensive Financial Report
For Year Ended September 30, 2021**

TABLE OF CONTENTS

OTHER SCHEDULES.....	85
Schedule of Surety Bonds for Municipal Officials.....	86
Schedule of Expenditures of Federal Awards	88
STATISTICAL SECTION	90
Net Position by Component - Last Ten Fiscal Years.....	91
Changes in Net Position - Last Ten Fiscal Years	92
Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	94
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	95
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	96
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....	97
Principal Property Taxpayers - Current Year and Two Years Ago	98
Property Tax Levies and Collections - Last Six Years.....	99
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	100
Ratio of Net General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years	101
Direct and Overlapping Governmental Activities Debt	102
Legal Debt Margin Information - Last Ten Fiscal Years	103
Pledged Revenue Coverage - Last Ten Fiscal Years.....	104
Demographic and Economic Statistics - Last Ten Fiscal Years	105
Principal Employers Current and Last Fiscal Years.....	106
Full Time Equivalent City and Government Employees by Department - Last Five Fiscal Years	107
Operating Indicators by Function/Program - Last Ten Years.....	108
Capital Asset Statistics by Function/Program - Last Ten Years.....	109
SPECIAL REPORTS	110
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the uniform Guidance	113
Independent Auditor's Report on Compliance with State Laws and Regulations	115
Schedule of Findings and Questioned Costs	117

INTRODUCTORY SECTION

CITY OF SOUTHAVEN

Top of Mississippi

8710 Northwest Drive
Southaven, MS 36867



Phone: 662.393.6939
Fax: 662.393.7294

May 2, 2022

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

The Department of Finance and Administration is pleased to submit the Annual Comprehensive Financial Report ("ACFR") of the City of Southaven, Mississippi, for the fiscal year ended September 30, 2021. The accompanying financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These financial statements are also prepared and presented in conformity with Governmental Accounting Standards Board ("GASB") Statement #34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Management. Management believes that the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. Note disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included (see pages 38 through 63).

Pursuant to Section 21-35-31 of the Mississippi Code of 1972, an audit of the financial statements has been completed by the City's independent Certified Public Accountant, Fortenberry and Ballard, PC. Their report is included on page 14. The independent auditors' report is presented in the financial section of this report. The audit was designed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021 are free of material misstatement. The independent auditors have concluded based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Southaven's financial statements for the year ended September 30, 2021 are fairly presented and conform to GAAP.

Management's Discussion and Analysis ("MD&A") is included on pages 17 through 27. The MD&A is a narrative that introduces the basic financial statements and provides an analytical overview of the City's financial activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the auditors' report in the financial section of the report.

CITY PROFILE

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

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

The City provides a variety of services including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; wastewater sanitation, storm water management; and solid waste collection.

ECONOMIC CONDITION

The City is home to roughly 2,500 businesses. The leading employers in Southaven include the DeSoto County School system, Baptist Memorial Hospital, Future Electronics, and Associated Wholesale Grocers. Southaven has once again seen healthy growth in the retail sales job market.

With the improvement of the economy nationwide, the City's unemployment rate (3.2%) is significantly below the national average (4.7%), but below the state average (5%) as of September 2021. Over the last 10 years the City has seen a population increase of 15%.

The City has seen consistent increases in sales tax revenues since 2009 until fiscal year 2020. The shutdown of the economy due to COVID-19 negatively affected the upward trend in sales tax collections. However, in 2021, the City had record high sales tax collections. The distribution, warehousing and shipping industry continue to be a growing sector of the City's economy. The industry benefits from close proximity to Memphis and ease of access to the Memphis International Airport as well as to the Mississippi River. Retail and restaurant sales have increased significantly in 2021. The City anticipates continued growth through natural growth from existing businesses and new businesses locating in Southaven.

Property value assessments for 2022 are approximately \$55 million higher than in 2021. This is due to an increase in new construction coupled with an increase in property value assessments. New housing permits and business permits have seen an increase in 2021, related to the Silo Square project. The City of Southaven maintained its property tax rate of 43.73 for fiscal years 2021 and 2022.

The City of Southaven has seen a steady population growth over the past decade. Between 2010 and 2020, the number of people living in the area increased by 11.5 percent. The 2020 Census puts the City's population at 54,648. Southaven is a relatively young city with approximately 33% of the population being under 18 and approximately 53% of the City's population being between the ages of 19-64.

According to the 2020 US Census, the median household income was \$61,026. The median value of owner-occupied homes from 2015-2019 was \$153,200.

FINANCIAL INFORMATION

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

Internal Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City maintains specific budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Board of Aldermen. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the department level. Any amendments to the total budgeted expenditures of a department require Council approval. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

ENTERPRISE FUNDS

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

DEBT

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Southaven's total assessed valuation is \$682,966,011; therefore, the 15% limitation equals \$102,444,902. After reduction for GO Bonds outstanding (excluding Mississippi Development Bank backed bonds) of \$33,506,000, the City's remaining margin for further debt issuance is \$68,938,902.

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

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

For more detailed information on the City's debt refer to Note 7 on page 50 of this report.

FUTURE INITIATIVES

Over the course of the next several years, the City plans to continue infrastructure projects including but not limited to the widening of Getwell Road from Church Road south to Star Landing Road, Pepperchase Road extension, extending Nail Road, and completing the Horn Lake bridge repairs. Engineering work and some construction has already begun on these projects. The City has also continued to commit over \$3 million annually to the maintenance and repair of existing municipal streets and drainage systems.

Our city continues to grow. A large retail/residential project called Silo Square began in fiscal year 2020 and will continue over the next several years. This is a 228-acre mixed use development with a pedestrian friendly design. This project will bring many businesses and restaurants to the area, as well as dwellings for our increasing population.

With the increase in population, there is a need for more services. The City has begun construction of Fire Station No. 5 for \$3,871,000. The station will be located adjacent to the curve on Star Landing Road just west of Getwell. The City will use bond proceeds to fund this project.

A "Penny for Your Parks" tourism tax was reinstated in fiscal year 2022 which implemented a 1% tax on the gross proceeds of Southaven's restaurants. The money from these taxes will be used for new parks projects. The Board will decide which projects to fund now that the legislature has approved the bill.

The City has also begun a \$10,000,000 project to renovate the Bank Plus Snowden Grove Amphitheater. A bid has been accepted on this project with the anticipation of completion in fall 2022. This project will improve the promote tourism in our City. The Pedestrian Bridge that connects Snowden Park and Silo Square, a new walkable development, will be done in spring of 2022.

Several players in the global industrial market have selected Southaven to house some of their operations. Google has chosen Southaven as the location of the first call/operations center in North America. This will be a \$26 million investment that is currently under construction on Airways Boulevard. This will create 100 new jobs with the expectation to expand to 350.

Medline constructed a \$46 million, 1.2 million square foot manufacturing/distribution center that will create 450 new jobs. This facility will be used to distribute medical supplies throughout the southeastern part of the United States. Spectra Laboratories completed construction on a 211,000 square foot facility that will house medical laboratory operations. Spectra brought approximately 300 jobs to the city with plans to increase that to 600.

ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Southaven for its annual comprehensive financial report (ACFR) for fiscal year ended September 30, 2020. This was the sixth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report was made possible by the dedicated service of the entire staff of the Department of Finance and Administration. I also wish to express my appreciation to all other City departments for their cooperation in providing information for this report and all others who assisted and contributed to the preparation of this report. Special thanks are extended to the Southaven Mayor and Board of Alderman for their continued support and for maintaining the highest standards of professionalism in the management of the City of Southaven's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "Edi McIlwain". The signature is written in dark ink and is positioned to the left of a vertical line.

Edi McIlwain, CPA
Finance Director

ELECTED OFFICIALS

Mayor

Darren Musselwhite



City Council

George Payne, At Large



Kristian Kelly, Ward 1



Charlie Hoots, Ward 2



William Jerome, Ward 3



Joel Gallagher, Ward 4



John David Wheeler, Ward 5



Raymond Flores, Ward 6



CITY OF SOUTHAVEN, MISSISSIPPI

City Clerk
Andrea Mullen

Andrea Mullen, City Clerk
Macon Moore, Police Chief
Whitney Choat-Cook, Planning Director
Michael Norris, IT Director
Bradley Wallace, Operations Director

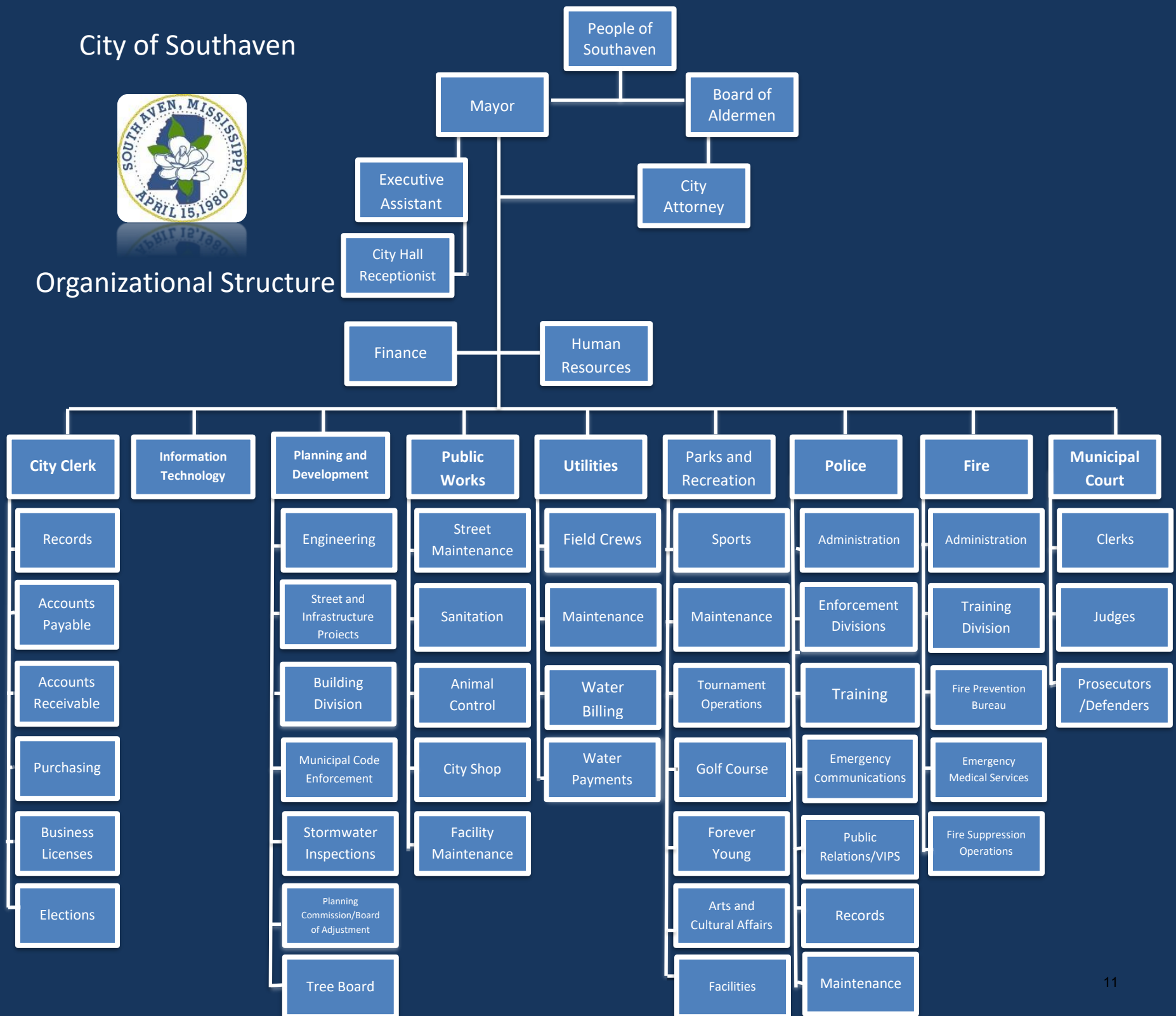
Edi McIlwain, Finance Director
Danny Scallions, Fire Chief
Ray Humphreys, Utilities Director
Wes Brown, Parks and Recreational Director
Melanie Drisdale, Human Resources Director

City Attorney
Butler Snow, LLC

City of Southaven



Organizational Structure





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Southaven
Mississippi**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Mayor and Board of Aldermen
City of Southaven, Mississippi

Report on the Financial Statements

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 Southaven, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Southaven, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Southaven, 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, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City's Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 18-27 and 65-76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

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

The budgetary schedules, the other schedule, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such

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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 May 2, 2022, on our consideration of the City of Southaven, 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 the City of Southaven, 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 Southaven, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
May 2, 2022

Certified Public Accountants



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year End September 30, 2021

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2021

As management of the City of Southaven (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$51,195,824 (total net position). There were grants that were not expended in the current year causing the increase in net position.
- The government's total net position increased by \$3,474,314 due to grants and increased sales tax collections in the General Fund.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balance of \$18,389,094 a decrease of \$5,516,246 in comparison with the prior year. At the end of the current fiscal year, **unassigned fund balance** for the General Fund was \$13,034,227, or 24 percent of total general fund expenditures for the fiscal year.
- The City's total debt decreased by \$4,834,264 (6%) during the current fiscal year. The key factor in this decrease is \$4.7 million bonds issued in the current year, but \$9.3 million of debt paid.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains required supplementary information, supplementary information and other information that will enhance the reader's understanding of the financial condition of the City.

Basic Financial Statements

The first two statements (Pages 29 and 30) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Pages 31 and 33) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Required Supplementary Information

After the notes, required supplementary information is provided to show budgetary information required by Governmental Accounting Standards Board for the General Fund and the Tourism and Convention Fund. Additionally, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of the City's Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios are included in this section.

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2021

Supplementary Information

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

Other Schedules

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements are on pages 29 and 30 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Mississippi, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of City can be divided into two categories: governmental funds and proprietary funds.

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

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

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2021

charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The City has one type of proprietary fund.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and for its sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 38 of this report.

Government-Wide Financial Analysis

The City of Southaven's Net Position

Figure 1

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS						
Current and other assets	\$ 54,030,378	\$ 58,381,203	\$ 32,354,672	\$ 32,529,714	\$ 86,385,050	\$ 90,910,917
Capital assets, net	105,475,474	98,312,041	38,071,564	39,620,395	143,547,038	137,932,436
Total assets	159,505,852	156,693,244	70,426,236	72,150,109	229,932,088	228,843,353
DEFERRED OUTFLOW OF RESOURCES	13,138,210	9,386,609	1,197,789	925,114	14,335,999	10,311,723
LIABILITIES						
Current Liabilities	10,036,102	12,333,068	5,957,976	4,983,998	15,994,078	17,317,066
Long term debt outstanding	34,730,764	40,787,403	27,336,998	25,797,364	62,067,762	66,584,767
Other post employment benefit liability	7,223,633	6,964,757	-	-	7,223,633	6,964,757
Net pension liability	51,926,902	64,646,330	2,983,898	3,954,228	54,910,800	68,600,558
Total liabilities	103,917,401	124,731,558	36,278,872	34,735,590	140,196,273	159,467,148
DEFERRED INFLOW OF RESOURCES	51,520,963	31,914,758	1,355,027	51,660	52,875,990	31,966,418
NET POSITION						
Net investment in capital assets	68,008,956	68,852,448	8,117,508	11,710,930	76,126,464	80,563,378
Restricted	2,501,035	14,909,777	3,154,447	2,694,592	5,655,482	17,604,369
Unrestricted	(53,304,293)	(74,328,688)	22,718,171	23,882,451	(30,586,122)	(50,446,237)
Total net position	\$ 17,205,698	\$ 9,433,537	\$ 33,990,126	\$ 38,287,973	\$ 51,195,824	\$ 47,721,510

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Southaven exceeded liabilities and deferred inflows of resources by \$51,195,824, as of September 30, 2021.

The largest portion of net position, \$76,126,464 is reflected in the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2021

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. There is a deficit of \$30,586,122 in unrestricted net position due to recording of unfunded pension liabilities under GASB 68 and the liability from the other postemployment benefits. Please refer to note 12.

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

- Increased property tax collections of approximately \$925,000.
- Increased sales tax revenues of approximately \$3,360,000 which is normal growth.
- Grant money received increased approximately \$3,444,000 in the current fiscal year. A grant for Horn Lake Creek Bridge repairs was received for \$797,000 from the State of Mississippi and \$3,802,000 from the American Rescue Plan Act.
- Operating expense only increased by approximately \$1,000,000.
- There was a negative change in fund balance in the current fiscal year. In the prior year, the City issued \$15,000,000 in bonds. In the current fiscal year, the city spent the bond proceeds on infrastructure.
- Continued low cost of debt due to the City's high bond rating.

City of Southaven's Changes in Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 11,049,752	\$ 9,241,045	\$ 16,530,984	\$ 15,613,136	\$ 27,580,736	\$ 24,854,181
Capital grants	6,106,897	4,639,399	-	-	6,106,897	4,639,399
Total program revenues	17,156,649	13,880,444	16,530,984	15,613,136	33,687,633	29,493,580
General Revenues						
Property taxes	29,746,324	28,820,916	-	-	29,746,324	28,820,916
Sales tax	18,740,721	15,377,413	-	-	18,740,721	15,377,413
Other general revenues	2,450,220	2,923,713	154,174	460,291	2,604,394	3,384,004
Total general revenues	50,937,265	47,122,042	154,174	460,291	51,091,439	47,582,333
Total Revenues	68,093,914	61,002,486	16,685,158	16,073,427	84,779,072	77,075,913
EXPENSES						
General government	21,704,154	24,124,376	-	-	21,704,154	24,124,376
Public safety	23,987,130	22,542,438	-	-	23,987,130	22,542,438
Public works	5,258,883	7,510,095	-	-	5,258,883	7,510,095
Culture and recreation	7,878,812	5,818,241	-	-	7,878,812	5,818,241
Economic development	197,643	53,305	-	-	197,643	53,305
Health and welfare	343,665	348,683	-	-	343,665	348,683
Interest on long term debt	951,466	1,261,116	-	-	951,466	1,261,116
Utility Fund	-	-	17,841,166	11,539,967	17,841,166	11,539,967
Sanitation	-	-	3,141,839	2,995,388	3,141,839	2,995,388
Total expenses	60,321,753	61,658,254	20,983,005	14,535,355	81,304,758	76,193,609
Excess or deficiency of revenues over expenses before the transfers	7,772,161	(655,768)	(4,297,847)	1,538,072	3,474,314	882,304
Transfer - asset	-	817	-	(817)	-	-
Change in net position	7,772,161	(654,951)	(4,297,847)	1,538,072	3,474,314	882,304
Net Position-Beginning of Year	9,433,537	10,088,488	38,287,973	36,749,901	47,721,510	46,838,389
Net Position-End of Year	\$ 17,205,698	\$ 9,433,537	\$ 33,990,126	\$ 38,287,973	\$ 51,195,824	\$ 47,721,510

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

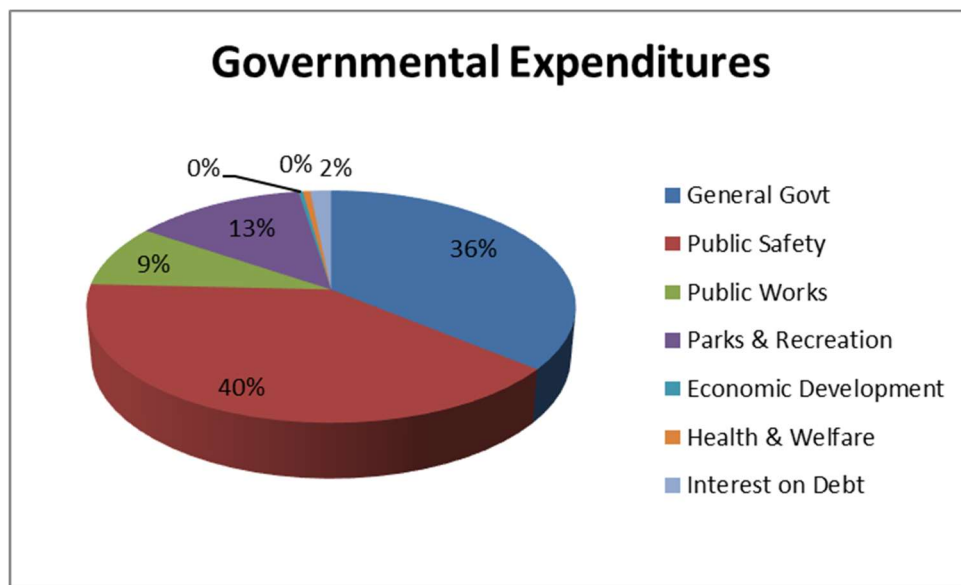
For the Year Ended September 30, 2021

Governmental activities. Governmental activities increased the City's net position by \$7,772,161. Key elements of this decrease are as follows:

- Six capital projects that were bond funded were either completed or significantly complete in this fiscal year.
- Expenses were up across the board due to an increase in the number of employees as well as operations being at full capacity post COVID closures.
- Property taxes and sales taxes were up in the current year.

Governmental Activities Expenses are broken out by department as follows

Chart 1



Business-type activities: Business-type activities decreased the City's net position by \$4,297,847. Key elements of this increase are as follows:

- Charges for services increased approximately \$910,000 from the prior year. This increase is mainly due to the new customers. Consumption was not up in the current fiscal year due to a rainy summer.
- Maintenance and servicing expenses increased approximately \$6,447,650, mostly related to the input of automatic meter readers.

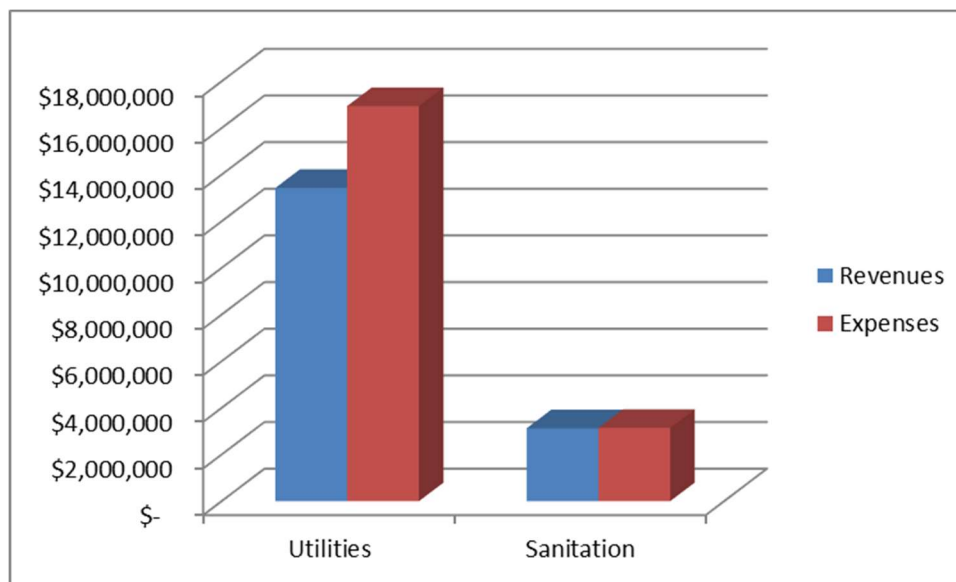
CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2021

Business type revenues compared to expenses are as follows:

Chart 2



Financial Analysis of the City of Southaven's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,034,227, while total fund balance reached \$13,676,536. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24 percent of total General Fund expenditures.

At September 30, 2021, the governmental funds of the City reported a combined fund balance of \$18,389,094, a 23 percent decrease over last year. Included in this change in fund balance are increases in fund balance in the General and Debt Service Fund and a decrease in the Bond Funded Capital Projects Fund and the Tourism and Convention Fund.

The General Fund fund balance increase was mainly due to grant money received from the American Rescue Plan Act approved by the federal government. This grant money has not yet been expended. Property tax and sales tax also increased \$698,000 and \$3,363,000, respectively. The increase in expenses was approximately \$1,000,000 in the General Fund, most of which was primarily public safety. The Tourism and Convention Fund fund balance decreased due to the expending of prior year bond money on specified projects. The Bond Funded Capital Project Fund fund balance also decreased due to expending prior year bond money on specified projects. The Debt Service Fund fund balance increased only slightly.

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

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2021

recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts in fiscal year 2021 due to sales tax being higher than anticipated. We budgeted conservatively as we were uncertain how our city would rebound after the shutdowns for COVID. Expenditures increased from prior fiscal year primarily due to an increase in overtime wages in public safety. With events such as graduations and the fair happening in fiscal year 2021, overtime caused an increase in salaries. There were also added employees to public safety in the current year. In the general fund, street improvements increased by approximately \$1 million. The remaining general government expenditures remained relatively flat.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year is \$20,942,316, and for the Sanitation Fund is \$1,775,855. The total decrease in net position for the Utility fund was \$4,282,678, and total decrease in net position in the Sanitation fund was \$15,169. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2021, totals \$143,547,038 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Vehicles purchased in current fiscal year: \$317,000 for new police cars, \$27,600 for trucks for the planning department, \$28,500 for animal control, \$58,600 for public works, \$30,000 for parks and recreation, \$112,000 for utility.
- Machinery and equipment purchased in the current fiscal year: \$67,000 in computers, \$345,000 in lawn equipment and other equipment for parks, \$245,000 in police and firefighting equipment (including emergency radios), and \$481,000 for heavy machinery for the utility and sanitation departments.
- Disposal of a building, approximately \$1,500,000 and \$78,000 of computer equipment in governmental activities. Disposal of parks vehicles, \$91,500. Disposal of police vehicles, approximately \$238,000
- There was an additional \$13,106,699 added to CIP in governmental activities roads, park projects, other infrastructure and utility infrastructure and \$8,219,556 of CIP that was complete in the current fiscal year..

The City of Southaven's Capital Assets

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 8,047,521	\$ 8,047,521	\$ 579,036	\$ 579,036	\$ 8,626,557	\$ 8,626,557
Construction in progress	14,397,920	9,735,240	2,012,542	1,788,079	16,410,462	11,523,319
Infrastructure	118,765,319	112,940,488	64,709,960	64,709,960	183,475,279	177,650,448
Buildings and improvements	65,901,390	64,995,965	381,573	381,573	66,282,963	65,377,538
Leased equipment	376,843	549,888	744,057	744,057	1,120,900	1,293,945
Equipment and vehicles	23,714,675	22,890,507	4,076,191	3,482,567	27,790,866	26,373,074
Accumulated depreciation	(125,728,194)	(120,847,568)	(34,431,795)	(32,064,877)	(160,159,989)	(152,912,445)
	<u>\$ 105,475,474</u>	<u>\$ 98,312,041</u>	<u>\$ 38,071,564</u>	<u>\$ 39,620,395</u>	<u>\$ 143,547,038</u>	<u>\$ 137,932,436</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Additional information on the City's capital assets can be found in note 4 of the Basic Financial Statements.

Long-term Debt. As of September 30, 2021, the City had total bonded debt outstanding of \$55,533,000. All of this debt is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), notes payable, and leases payable.

City of Southaven's Outstanding Debt
General Obligation and Revenue Bonds

Figure 4

	<u>2021</u>	<u>2020</u>
Governmental activities		
General obligation bonds	\$ 38,492,500	\$ 42,948,000
Tax increment bonds	-	885,000
Notes payable	1,354,527	2,735,034
Leases payable	181,734	242,312
Compensated absences	660,639	606,104
Bond premiums	<u>658,687</u>	<u>758,642</u>
Governmental activities	<u>\$ 41,348,087</u>	<u>\$ 48,175,092</u>
 Business -type activities		
General obligation bonds	\$ 17,040,500	\$ 13,698,000
Notes payable	12,247,903	13,469,839
Compensated absences	46,987	53,735
Bond premiums	1,123,772	1,248,541
Bond discounts	<u>(25,886)</u>	<u>(29,580)</u>
Business-type activities	<u>\$ 30,433,276</u>	<u>\$ 28,440,535</u>
 Total Long-Term Debt	<u>\$ 71,781,363</u>	<u>\$ 76,615,627</u>

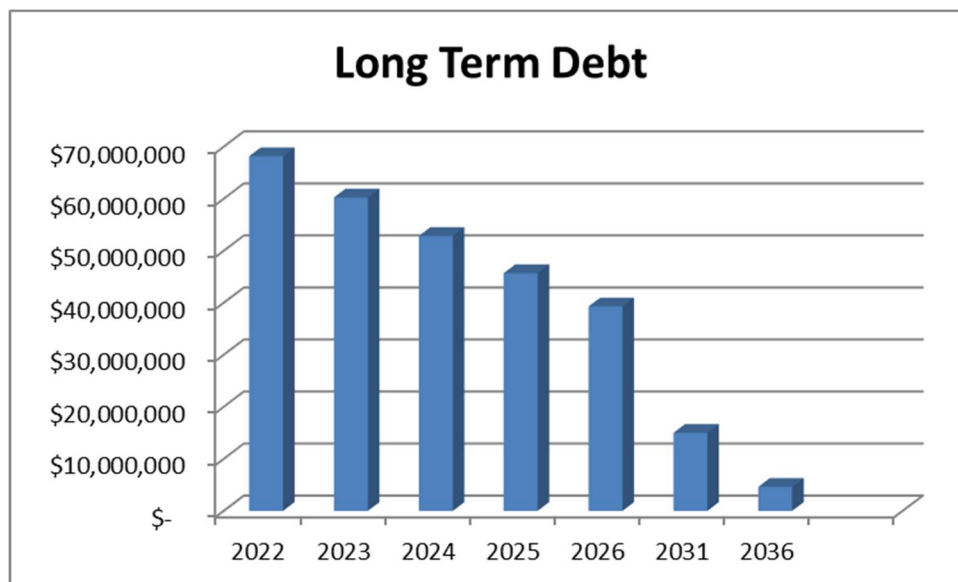
The City's total debt decreased by \$4,834,264 (6.3%) throughout the fiscal year. There was a new \$4,710,000 bond issuance in the current year, but total payments were approximately \$9,310,000.

Mississippi general statutes limit the amount of general obligation debt that a unit of government can issue to 15 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for additional debt for the City is \$68,938,902.

**City of Southaven, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2021**

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

Chart 3



Additional information regarding the City's long-term debt can be found in note 7 on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Low unemployment. The City's unemployment rate of 3.2%, as of September 30, 2021, is below the State average of 5% and the national average of 4.7%.
- In 2020, Southaven's population was calculated, according to the United States Census most recent numbers, to be 54,648. This equates to roughly 30% of the total DeSoto County population and makes Southaven the 3rd largest city in Mississippi.
- Leading employers in Southaven include the DeSoto County School system, Baptist Memorial Hospital, Future Electronics and Associated Wholesale Grocers. Southaven has seen rapid growth in various industries. Google, Medline, and Spectra Laboratories have invested hundreds of millions of dollars in infrastructure and will bring over 1,000 jobs.
- The Silo Square development in the Snowden district is the City's first "leisure and recreation" district. This development includes commercial and residential development and has already attracted many restaurants and retail stores with anticipation of more to come. It is walkable from the Snowden recreational area.

Budget Highlights for the Fiscal Year Ending September 30, 2022

Governmental Activities: Property taxes are anticipated to increase as the property assessments of the city increased significantly. We also anticipate a moderate increase in sales tax. The City is generally conservative when budgeting revenues due to unknown economic factors.

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the year Ended September 30, 2021

The City budgeted for 15 new police officers and 4 new dispatchers for fiscal year 2022. The City also budget for Public Works, Utilities and Sanitation to received new heavy equipment and the fire department to receive a new fire truck and a new ambulance. The other departments remained relatively static in their budgets expenditures from the prior year.

Business – type Activities: The water and sewer rates in the City will remain static. General operating expenses should remain fairly constant over the next fiscal year, outside of any inflation that may naturally occur. The City will purchase a building for the Utility department in fiscal year 2022.

The Sanitation fund budgeted and actual expenses should remain relatively similar to fiscal year 2021 with only slight increases due to natural growth.

Requests for Information

This report is designed to provide an overview of the City of Southaven's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Edi McIlwain, Finance Director at 662-280-2489.

BASIC FINANCIAL STATEMENTS

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 4,919,661	\$ 23,498,382	\$ 28,418,043
Accounts receivable, net of allowance for doubtful accounts of \$454,226	157,010	2,531,803	2,688,813
Intergovernmental receivable	2,156,810	-	2,156,810
Franchise tax receivable	503,633	-	503,633
Property tax receivable	32,472,738	-	32,472,738
Other receivable	-	3,710	3,710
Prepaid items	642,309	199,314	841,623
Total Current Assets	<u>40,852,161</u>	<u>26,233,209</u>	<u>67,085,370</u>
Non-Current Assets			
Restricted assets:			
Cash in bank	13,178,217	-	13,178,217
Bean patch receivable	-	6,121,463	6,121,463
Land and other nondepreciable assets	22,445,442	2,591,577	25,037,019
Other capital assets, net of accumulated depreciation	83,030,032	35,479,987	118,510,019
Total Non-Current Assets	<u>118,653,691</u>	<u>44,193,027</u>	<u>162,846,718</u>
Total Assets	<u>159,505,852</u>	<u>70,426,236</u>	<u>229,932,088</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows on refunding	335,242	432,233	767,475
Deferred outflows - other post-employment benefits	738,011	-	738,011
Deferred outflows - pension	12,064,957	765,556	12,830,513
Total Deferred Outflows of Resources	<u>13,138,210</u>	<u>1,197,789</u>	<u>14,335,999</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	1,812,939	1,081,507	2,894,446
Accrued payroll	849,057	87,270	936,327
Customer deposits	506,550	1,587,765	2,094,315
Accrued interest	250,233	105,156	355,389
Long term liabilities due in one year - capital debt	5,956,684	3,049,291	9,005,975
Long term liabilities due in one year - non capital debt	660,639	46,987	707,626
Total Current Liabilities	<u>10,036,102</u>	<u>5,957,976</u>	<u>15,994,078</u>
Non-Current Liabilities			
Due in more than one year:			
Capital debt	34,730,764	27,336,998	62,067,762
Net other post employment benefit liability	7,223,633	-	7,223,633
Net pension liability	51,926,902	2,983,898	54,910,800
Total Non-Current Liabilities	<u>93,881,299</u>	<u>30,320,896</u>	<u>124,202,195</u>
Total Liabilities	<u>103,917,401</u>	<u>36,278,872</u>	<u>140,196,273</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property tax for future reporting periods	32,472,738	-	32,472,738
Deferred inflows - other post-employment benefits	440,320	-	440,320
Deferred inflows - pension	18,607,905	1,355,027	19,962,932
Total Deferred Inflows of Resources	<u>51,520,963</u>	<u>1,355,027</u>	<u>52,875,990</u>
<u>NET POSITION</u>			
Net investment in capital assets	68,008,956	8,117,508	76,126,464
Expendable:			
Restricted for:			
Debt service	518,226	3,154,447	3,672,673
Capital projects	1,982,809	-	1,982,809
Unrestricted	<u>(53,304,293)</u>	<u>22,718,171</u>	<u>(30,586,122)</u>
Total Net Position	<u>\$ 17,205,698</u>	<u>\$ 33,990,126</u>	<u>\$ 51,195,824</u>

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

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

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for	Capital	Governmental	Business-Type	Total
Primary Government	Expenses	Services	Grants and Contributions			
<u>Governmental Activities</u>						
General government	\$ 21,704,154	\$ 4,533,468	\$ 4,154,168	\$ (13,016,518)	\$ -	\$ (13,016,518)
Public safety	23,987,130	1,363,984	953,734	(21,669,412)	-	(21,669,412)
Public works	5,258,883	-	998,995	(4,259,888)	-	(4,259,888)
Culture and recreation	7,878,812	5,044,865	-	(2,833,947)	-	(2,833,947)
Economic development	197,643	95,363	-	(102,280)	-	(102,280)
Health and welfare	343,665	12,072	-	(331,593)	-	(331,593)
Interest on long-term debt	951,466	-	-	(951,466)	-	(951,466)
Total governmental activities	<u>60,321,753</u>	<u>11,049,752</u>	<u>6,106,897</u>	<u>(43,165,104)</u>	<u>-</u>	<u>(43,165,104)</u>
<u>Business-Type Activities</u>						
Utility Fund	17,841,166	13,405,352	-	-	(4,435,814)	(4,435,814)
Sanitation	3,141,839	3,125,632	-	-	(16,207)	(16,207)
Total business-type activities	<u>20,983,005</u>	<u>16,530,984</u>	<u>-</u>	<u>-</u>	<u>(4,452,021)</u>	<u>(4,452,021)</u>
Total primary government	<u>\$ 81,304,758</u>	<u>\$ 27,580,736</u>	<u>\$ 6,106,897</u>	<u>(43,165,104)</u>	<u>(4,452,021)</u>	<u>(47,617,125)</u>
		<u>General Revenues</u>				
		Property taxes		29,746,324	-	29,746,324
		Sales tax		18,740,721	-	18,740,721
		Franchise tax		1,987,102	-	1,987,102
		Interest		195,023	126,237	321,260
		Miscellaneous		268,095	27,937	296,032
		Total General Revenues		<u>50,937,265</u>	<u>154,174</u>	<u>51,091,439</u>
		Change in Net Position		<u>7,772,161</u>	<u>(4,297,847)</u>	<u>3,474,314</u>
		Net Position-Beginning of Year		<u>9,433,537</u>	<u>38,287,973</u>	<u>47,721,510</u>
		Net Position-End of Year		<u>\$ 17,205,698</u>	<u>\$ 33,990,126</u>	<u>\$ 51,195,824</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2021

	General Fund	Bond Funded Capital Project Fund	Debt Service Fund	Tourism and Convention Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,151,202	\$ -	\$ 768,459	\$ -	\$ 4,919,661
Accounts receivable, net of allowance for doubtful accounts of \$219,305	157,010	-	-	-	157,010
Intergovernmental receivable	1,597,998	358,405	-	200,407	2,156,810
Franchise tax receivable	503,633	-	-	-	503,633
Property tax receivable	27,002,180	-	5,470,558	-	32,472,738
Prepaid items	642,309	-	-	-	642,309
Due from other funds	5,022,939	-	-	-	5,022,939
Restricted cash	4,139,606	9,038,611	-	-	13,178,217
Total Assets	<u>\$ 43,216,877</u>	<u>\$ 9,397,016</u>	<u>\$ 6,239,017</u>	<u>\$ 200,407</u>	<u>\$ 59,053,317</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 1,182,554	\$ 625,397	\$ -	\$ 4,988	\$ 1,812,939
Accrued payroll	849,057	-	-	-	849,057
Deposits	506,550	-	-	-	506,550
Due to other funds	-	3,903,122	-	1,119,817	5,022,939
Total Liabilities	<u>2,538,161</u>	<u>4,528,519</u>	<u>-</u>	<u>1,124,805</u>	<u>8,191,485</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	<u>27,002,180</u>	<u>-</u>	<u>5,470,558</u>	<u>-</u>	<u>32,472,738</u>
Total deferred inflows of resources	<u>27,002,180</u>	<u>-</u>	<u>5,470,558</u>	<u>-</u>	<u>32,472,738</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid items	642,309	-	-	-	642,309
Restricted:					
Capital projects		4,868,497			4,868,497
Debt service	-	-	768,459	-	768,459
Unassigned	<u>13,034,227</u>	<u>-</u>	<u>-</u>	<u>(924,398)</u>	<u>12,109,829</u>
Total Fund Balances	<u>13,676,536</u>	<u>4,868,497</u>	<u>768,459</u>	<u>(924,398)</u>	<u>18,389,094</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 43,216,877</u>	<u>\$ 9,397,016</u>	<u>\$ 6,239,017</u>	<u>\$ 200,407</u>	<u>\$ 59,053,317</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2021

Total Fund Balance - Governmental Funds \$ 18,389,094

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets consist of:

Land	8,047,521	
Construction in progress	14,397,920	
Buildings and improvements	65,901,390	
Equipment and vehicles	23,714,675	
Infrastructure	118,765,319	
Leased equipment	376,843	
Accumulated depreciation	<u>(125,728,194)</u>	
		105,475,474

Deferred outflows of resources are not available to pay for current period
expenditures and therefore are deferred in the funds 13,138,210

Net pension liabilities are not due and payable in the current period and not reported in
the funds:

General pension		(51,926,902)
-----------------	--	--------------

Other post-employment benefit liabilities are not due and payable in the current period and
not reported in the funds:

General other post-employment benefits		(7,223,633)
--	--	-------------

Deferred inflows of resources are not available to pay for current period
expenditures and therefore are excluded from the governmental funds (19,048,225)

Some liabilities are not due and payable in the current period and therefore
are not reported in the funds. Those liabilities consist of:

Notes payable	(1,354,527)	
General obligation and revenue bonds	(38,492,500)	
Lease payable	(181,734)	
Accrued interest	(250,233)	
Bond premium	(658,687)	
Compensated absences	<u>(660,639)</u>	
		<u>(41,598,320)</u>

Net Position of Governmental Activities \$ 17,205,698

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

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

	General Fund	Bond Funded Capital Project Fund	Debt Service Fund	Tourism and Convention Fund	Total Governmental Funds
<u>REVENUES</u>					
General property taxes	\$ 22,793,534	\$ -	\$ 6,952,790	\$ -	\$ 29,746,324
Sales tax	18,740,721	-	-	-	18,740,721
Licenses and permits	1,226,414	-	-	-	1,226,414
Intergovernmental	688,224	998,995	-	2,547,143	4,234,362
Charges for services	3,873,777	-	-	95,363	3,969,140
Fines	2,325,820	-	-	-	2,325,820
Franchise taxes	1,987,102	-	-	-	1,987,102
Rents	293,010	-	-	-	293,010
Grant proceeds	5,107,902	-	-	-	5,107,902
Interest	101,829	93,194	-	-	195,023
Miscellaneous	268,095	-	-	-	268,095
Total Revenues	57,406,428	1,092,189	6,952,790	2,642,506	68,093,913
<u>EXPENDITURES</u>					
General government	17,300,459	-	-	-	17,300,459
Public safety	24,952,088	-	-	-	24,952,088
Public works	2,794,407	-	-	-	2,794,407
Culture and recreation	6,679,409	-	-	-	6,679,409
Health and welfare	379,010	-	-	-	379,010
Tourism and convention	-	-	-	197,642	197,642
Capital outlay	1,910,011	11,133,469	-	1,752,506	14,795,986
Debt service:					
Principal	-	-	5,464,079	1,317,506	6,781,585
Interest	-	-	1,159,271	75,084	1,234,355
Total Expenditures	54,015,384	11,133,469	6,623,350	3,342,738	75,114,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,391,044	(10,041,280)	329,440	(700,232)	(7,021,028)
<u>OTHER FINANCIAL SOURCES (USES)</u>					
Sale of assets	1,504,782	-	-	-	1,504,782
Total Other Financing Sources	1,504,782	-	-	-	1,504,782
Net Change in Fund Balances	4,895,826	(10,041,280)	329,440	(700,232)	(5,516,246)
Fund Balances - Beginning of Year	8,780,710	14,909,777	439,019	(224,166)	23,905,340
Fund Balances - End of Year	\$ 13,676,536	\$ 4,868,497	\$ 768,459	\$ (924,398)	\$ 18,389,094

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

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

Net Change in Fund Balances - Total Governmental Funds	\$	(5,516,246)
--	----	-------------

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$14,018,074 were less than depreciation expense of \$6,045,055.		7,973,019
--	--	-----------

In the Statement of Activities, only gains or losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increases financial resources.		(809,586)
---	--	-----------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments of \$6,781,585.		6,781,585
---	--	-----------

Some items are reported in the Statement of Activities relating to the continuation of GASB 68 are not reported in the governmental funds. These activities include:		
Recording of pension expense for the current period		(4,225,213)
Recording retirement contributions made during the fiscal year:		
Before the measurement date		3,064,598
Subsequent to the measurement date		960,572

Some items are reported in the Statement of Activities relating to the continuation of GASB 75 are not reported in the governmental funds. These activities include:		
Recording of other post-employment benefits expense for the current period		(720,879)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the increase/(decrease) is

Compensated absences payable		(54,535)
Amortization of bond discounts/(premiums)		99,955
Deferred outflow on refunding amortization		(64,000)
Change in accrued interest payable		282,891

Change in Net Position of Governmental Activities	\$	7,772,161
---	----	-----------

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position - Proprietary Funds
September 30, 2021

	Utility Fund	Sanitation Fund	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 21,607,184	\$ 1,891,198	\$ 23,498,382
Accounts receivable, net of allowance for doubtful accounts of \$234,921	2,032,229	499,574	2,531,803
Other receivable	2,878	832	3,710
Prepays	161,883	37,431	199,314
Total Current Assets	<u>23,804,174</u>	<u>2,429,035</u>	<u>26,233,209</u>
Noncurrent Assets			
Bean Patch receivable	6,121,463	-	6,121,463
Land and other nondepreciable assets	2,591,577	-	2,591,577
Other capital assets, net of accumulated depreciation	35,195,517	284,470	35,479,987
Total Noncurrent Assets	<u>43,908,557</u>	<u>284,470</u>	<u>44,193,027</u>
Total Assets	<u>67,712,731</u>	<u>2,713,505</u>	<u>70,426,236</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows on refunding	432,233	-	432,233
Deferred outflows - pension	704,629	60,927	765,556
Total Deferred Outflows of Resources	<u>1,136,862</u>	<u>60,927</u>	<u>1,197,789</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	834,189	247,318	1,081,507
Accrued payroll	81,840	5,430	87,270
Accrued interest	105,156	-	105,156
Customer deposits	1,587,765	-	1,587,765
Long-term liabilities due within one year:			
Capital debt	3,049,291	-	3,049,291
Non-capital debt	40,794	6,193	46,987
Total Current Liabilities	<u>5,699,035</u>	<u>258,941</u>	<u>5,957,976</u>
Long-term liabilities due in more than one year:			
Capital debt	27,336,998	-	27,336,998
Net pension liability	2,627,172	356,726	2,983,898
Total Long-Term Liabilities	<u>29,964,170</u>	<u>356,726</u>	<u>30,320,896</u>
Total Liabilities	<u>35,663,205</u>	<u>615,667</u>	<u>36,278,872</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - pension	1,256,587	98,440	1,355,027
Total Deferred Inflows of Resources	<u>1,256,587</u>	<u>98,440</u>	<u>1,355,027</u>
<u>NET POSITION</u>			
Net investment in capital assets	7,833,038	284,470	8,117,508
Restricted for:			
Debt service	3,154,447	-	3,154,447
Unrestricted	20,942,316	1,775,855	22,718,171
Total Net Position	<u>\$ 31,929,801</u>	<u>\$ 2,060,325</u>	<u>\$ 33,990,126</u>

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

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

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Sales	\$ 13,405,352	\$ 3,125,632	\$ 16,530,984
Miscellaneous	26,899	1,038	27,937
	<u>13,432,251</u>	<u>3,126,670</u>	<u>16,558,921</u>
Total Operating Revenues			
<u>OPERATING EXPENSES</u>			
Personnel	2,619,711	162,214	2,781,925
Supplies	1,210,707	2,073	1,212,780
Depreciation and amortization	2,317,983	48,935	2,366,918
Maintenance and other	10,134,620	-	10,134,620
Professional services	651,861	2,928,617	3,580,478
	<u>16,934,882</u>	<u>3,141,839</u>	<u>20,076,721</u>
Total Operating Expenses			
Operating Income	<u>(3,502,631)</u>	<u>(15,169)</u>	<u>(3,517,800)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Bond issue costs	(104,100)	-	(104,100)
Interest income	126,237	-	126,237
Interest expense	(802,184)	-	(802,184)
Total Non-Operating Revenues (Expenses)	<u>(780,047)</u>	<u>-</u>	<u>(780,047)</u>
Net Income (Loss)	<u>(4,282,678)</u>	<u>(15,169)</u>	<u>(4,297,847)</u>
Net Position - Beginning of Year	36,212,479	2,075,494	38,287,973
Net Position - End of Year	<u>\$ 31,929,801</u>	<u>\$ 2,060,325</u>	<u>\$ 33,990,126</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Utility Fund	Sanitation Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 13,435,568	\$ 3,095,055	\$ 16,530,623
Cash payments for goods and services	(11,608,794)	(2,906,395)	(14,515,189)
Cash payments to employees	(2,568,275)	(160,037)	(2,728,312)
Net Cash Provided By (Used In) Operating Activities	<u>(741,501)</u>	<u>28,623</u>	<u>(712,878)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Payments for capital acquisitions, net	(681,187)	(136,900)	(818,087)
Bond proceeds, net	4,620,050		4,620,050
Principal payments on debt	(2,589,438)	-	(2,589,438)
Interest payments on debt	(802,184)	-	(802,184)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>547,241</u>	<u>(136,900)</u>	<u>410,341</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments received on notes, net	1,079,453	-	1,079,453
Receipts of interest	126,237	-	126,237
Miscellaneous expense	-	(44,571)	(44,571)
Net Cash Provided By (Used In) Investing Activities	<u>1,205,690</u>	<u>(44,571)</u>	<u>1,161,119</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,011,430</u>	<u>(152,848)</u>	<u>858,582</u>
Cash and Cash Equivalents-Beginning of Year	<u>20,595,754</u>	<u>2,044,046</u>	<u>22,639,800</u>
Cash and Cash Equivalents-End of Year	<u><u>\$ 21,607,184</u></u>	<u><u>\$ 1,891,198</u></u>	<u><u>\$ 23,498,382</u></u>
Reconciliation of Operating Income to Net Cash Provided By (Used In)			
Operating Activities			
Operating Income (Loss)	<u>\$ (3,502,631)</u>	<u>\$ (15,169)</u>	<u>\$ (3,517,800)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,317,983	48,935	2,366,918
Change in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in customer receivables	(107,347)	(31,615)	(138,962)
(Increase) decrease in prepaids	2,059	423	2,482
(Increase) decrease in deferred outflows	(251,976)	(20,699)	(272,675)
Increase (decrease) in accounts payable	386,335	23,872	410,207
Increase (decrease) in customer deposits	110,664	-	110,664
Increase (decrease) in deferred inflows	1,218,473	84,894	1,303,367
Increase (decrease) in net pension liability	(907,128)	(63,202)	(970,330)
Increase (decrease) in compensated absences	(7,933)	1,184	(6,749)
Total adjustments	<u>2,761,130</u>	<u>43,792</u>	<u>2,804,922</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (741,501)</u></u>	<u><u>\$ 28,623</u></u>	<u><u>\$ (712,878)</u></u>

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

City of Southaven, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2021

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Southaven (the “City”) was incorporated in 1980. The City operated under the Board of Aldermen-Mayor form of government and provides the following services; public safety (police and fire), public works (streets and improvements), culture, recreation, public improvements, planning and zoning, economic development, and general administrative services.

The City complies with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting framework and the more significant accounting policies are discussed in subsequent sections of this note.

B. Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City of Southaven has no component units.

C. Basis of Presentation

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. They include all funds of the financial reporting entity with the exception of any fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide Financial Statements

The Statement of Net Position presents the financial condition of governmental activities and business-type activities at year end. The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to general government.

Fund Financial Statements

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Governmental Funds

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

General Fund:

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

Bond Funded Capital Project Fund:

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

Debt Service Fund:

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

Tourism and Convention Fund:

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

Proprietary Funds

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

Utility Fund:

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

Sanitation Fund:

The Sanitation Fund is used to account for the provision of sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of sanitation services, as well as billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current), deferred outflows of resources and deferred inflows of resources are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting, pursuant to GASB Statement No. 33. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A two month availability period is used for recognition of all other Government Fund revenues. Expenditures are recognized when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are generally not measurable or available until actually received.

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements: The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk submits a budget of estimated expenditures and revenues to the Mayor and Board of Aldermen by August 1.

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

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

F. Cash and Cash Equivalents

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

G. Prepaid Items

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

H. Interfund Transactions and Balances

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

I. Restricted Assets

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

J. Capital Assets and Depreciation

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows.

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Threshold will correspond with the amount for the asset classification as listed above.

Leased property capitalization policy and estimated useful life will correspond with the amounts for the applicable asset classification, as listed above.

K. Long-term Liabilities

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

L. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, governmental funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires. The City uses the General Fund and the Utility Fund to liquidate the compensated absences.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

Deferred amount on refunding – For current refunding and advance refunding resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 9 for additional details.

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

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

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

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

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 9 for additional details.

N. Pensions

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

O. Postemployment Benefits Other than Pensions (OPEB)

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

P. Equity Classifications

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

NET INVESTMENT IN CAPITAL ASSETS

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

RESTRICTED

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

UNRESTRICTED

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

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB Statement No. 54”), which became effective in fiscal 2011. Under GASB Statement No. 54, fund balance in governmental fund financial statements is classified as: non-spendable, restricted, committed, assigned, and unassigned.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

The governmental fund type classified fund balances as follows:

NONSPENDABLE

Non-spendable fund balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaid expenses) or funds that legally or contractually must be maintained intact (e.g. corpus of endowment funds).

RESTRICTED

Restricted fund balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

COMMITTED

Committed fund balance consists of funds that are set aside for a specific purpose by the City's highest level of decision making authority (Board of Aldermen and Mayor). Formal action must be taken by the end of the fiscal year to commit fund balances. The same formal action must be taken to remove or change the limitations placed on the funds. The formal action is an order of the Board of Aldermen as approved in the board minutes. Currently there is no committed fund balance for this city.

ASSIGNED

Assigned fund balance consists of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. This intent to use funds for specific purpose is approved by the Board of Aldermen in the board minutes. Assigned funds cannot cause a deficit fund balance. Currently there is no assigned fund balance for this city.

UNASSIGNED

Unassigned fund balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for a specific purpose has exceeded the amounts restricted, committed, or assigned to the purposes, those amounts are reported as negative unassigned fund balance.

The Board of Aldermen establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes).

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing so, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures/expenses are made.

Q. Property Tax Revenues

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

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes that become a lien are due in the month that coincides with the month of the original purchase.

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

R. Intergovernmental Revenues in Governmental Funds.

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

S. Estimates

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

T. Changes in Accounting Standards

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Custodial credit risk is the risk that, in the event of a financial institution's failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk. As of September 30, 2021, the City's bank balance was not exposed to custodial credit risk.

As of September 30, 2021, the carrying amount of the City's deposits was \$28,418,043 and the bank balances totaled \$41,868,496. Of the bank balances, \$750,000 was insured by the FDIC and \$40,568,734 was covered by pooled and/or pledged collateral.

As of September 30, 2021, the carrying amount of the City's restricted cash was \$13,178,217.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 3 – NOTES RECEIVABLE

In December 2007, the City entered into an agreement with the City of Hernando, Mississippi whereby the City of Southaven will design and construct a sewer system (the “Hurricane Creek Project”) by which it will collect and

transport wastewater through the City of Hernando to the DeSoto County Regional Authority’s sewer system for treatment and disposal. Upon completion, the City of Hernando will operate and maintain the sewer line. Further, the City of Hernando has agreed to pay the City of Southaven \$1,000,000 over seven years to reimburse the City of Southaven for a portion of the construction costs. The City of Hernando makes payments annually on October 1. The project was complete as of September 30, 2015. The interest rate on the note is 1.95%. See the amortization schedule below:

Year Ending September 30	Enterprise Fund Debt	
	Principal	Interest
2022	\$ 150,725	3,378

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2021:

	Balance at 9/30/2020	Additions	Deletions	Transfers / Completed Construction	Balance at 9/30/2021
<u>GOVERNMENTAL ACTIVITIES</u>					
Capital assets, not being depreciated:					
Land	\$ 8,047,521	\$ -	\$ -	\$ -	\$ 8,047,521
Construction in progress	9,735,240	12,882,236	-	(8,219,556)	14,397,920
Total capital assets, not being depreciated	17,782,761	12,882,236	-	(8,219,556)	22,445,441
Capital assets, being depreciated:					
Buildings and improvements	64,995,965	-	(1,500,000)	2,405,425	65,901,390
Equipment and vehicles	22,890,507	1,125,138	(300,970)	-	23,714,675
Infrastructure	112,940,488	10,700	-	5,814,131	118,765,319
Leased equipment	549,888	-	(173,045)	-	376,843
Total capital assets, being depreciated	201,376,848	1,135,838	(1,974,015)	8,219,556	208,758,227
Less accumulated depreciation for:					
Buildings and improvements	(22,310,965)	(1,794,051)	696,874	-	(23,408,142)
Equipment and vehicles	(17,066,823)	(1,499,642)	294,510	-	(18,271,955)
Infrastructure	(80,919,892)	(2,751,362)	-	-	(83,671,254)
Leased equipment	(549,888)	-	173,045	-	(376,843)
Total accumulated depreciation	(120,847,568)	(6,045,055)	1,164,429	-	(125,728,194)
Total capital assets, being depreciated, net	80,529,280	(4,909,217)	(809,586)	8,219,556	83,030,033
Governmental activities capital assets, net	\$ 98,312,041	\$ 7,973,019	\$ (809,586)	\$ -	\$ 105,475,474
<u>BUSINESS-TYPE ACTIVITIES</u>					
Capital assets, not being depreciated:					
Land	\$ 579,036	\$ -	\$ -	\$ -	\$ 579,036
Construction in progress	1,788,079	224,463	-	-	2,012,542
Total capital assets, not being depreciated	2,367,115	224,463	-	-	2,591,578
Capital assets, being depreciated:					
Buildings	381,573	-	-	-	381,573
Infrastructure	64,709,960	-	-	-	64,709,960
Equipment and vehicles	3,482,567	593,624	-	-	4,076,191
Leased equipment	744,057	-	-	-	744,057
Total capital assets, being depreciated	69,318,157	593,624	-	-	69,911,781
Less accumulated depreciation for:					
Buildings	(251,680)	(50,065)	-	-	(301,745)
Infrastructure	(29,034,089)	(2,005,481)	-	-	(31,039,570)
Equipment and vehicles	(2,392,199)	(281,610)	-	-	(2,673,809)
Leased equipment	(386,909)	(29,762)	-	-	(416,671)
Total accumulated depreciation	(32,064,877)	(2,366,918)	-	-	(34,431,795)
Total capital assets, being depreciated, net	37,253,280	(1,773,294)	-	-	35,479,986
Business-type activities capital assets, net	\$ 39,620,395	\$ (1,548,831)	\$ -	\$ -	\$ 38,071,564

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Depreciation expense was charged to the following functions:

Depreciation expenses:

Governmental activities:

General government	\$ 590,308
Public safety	1,276,326
Public works	2,612,356
Culture and recreation	<u>1,566,065</u>

Total depreciation expense, governmental activities	<u>\$ 6,045,055</u>
---	---------------------

Business-type activities:

Utility Fund	<u>\$ 2,366,918</u>
--------------	---------------------

Total depreciation expense, business-type activities	<u>\$ 2,366,918</u>
--	---------------------

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following:

Description	General Fund
Sales tax	\$ 1,585,204
Capital project	<u>571,606</u>
Total	<u>\$ 2,156,810</u>

NOTE 6 – INTERFUND TRANSFERS AND BALANCES

The following is a summary of interfund transactions and balances:

Due from / to other funds:	Due from	Due to
Major funds:		
General fund	\$ 5,022,939	\$ -
Bond Funded Capital Project fund	-	3,903,122
Tourism and Convention fund	<u>-</u>	<u>1,119,817</u>
Total	<u>\$ 5,022,939</u>	<u>\$ 5,022,939</u>

The purpose of the due to / from was to record cash the construction and tourism accounts owe to the general fund bank account.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 7 – LONG-TERM DEBT

Long-term activity for the year ended September 30, 2021 was as follows:

	Balance at 10/1/2020	Additions	Deletions	Balance at 9/30/2021	Amounts Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 42,948,000	\$ -	\$ 4,455,500	\$ 38,492,500	\$ 4,481,000
Tax increment financing bonds payable	885,000	-	885,000	-	-
Notes payable	2,735,034	-	1,380,507	1,354,527	1,415,106
Leases payable	242,312	-	60,578	181,734	60,578
Compensated absences	606,104	660,639	606,104	660,639	660,639
Bond premium	758,642	-	99,955	658,687	-
Governmental activities	<u>\$ 48,175,092</u>	<u>\$ 660,639</u>	<u>\$ 7,487,644</u>	<u>\$ 41,348,087</u>	<u>\$ 6,617,323</u>
Business-type activities:					
General obligation bonds payable	\$ 13,698,000	\$ 4,710,000	\$ 1,367,500	\$ 17,040,500	\$ 1,800,000
Notes payable	13,469,839	-	1,221,936	12,247,903	1,249,291
Compensated absences	53,735	1,183	7,931	46,987	46,987
Bond premium	1,248,541	-	124,769	1,123,772	-
Bond discounts	(29,580)	-	(3,694)	(25,886)	-
Business-type activities	<u>\$ 28,440,535</u>	<u>\$ 4,711,183</u>	<u>\$ 2,718,442</u>	<u>\$ 30,433,276</u>	<u>\$ 3,096,278</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

General obligation bonds are direct obligations and pledge full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
General obligation bonds					
2011	2.00 - 3.50%	1/25/2011	10/1/2021	\$ 3,505,000	\$ 360,000
2012	1.25 - 1.70%	11/6/2013	11/1/2022	2,875,000	620,000
2012	1.00 - 2.25%	10/9/2012	12/1/2024	3,015,000	1,240,000
2013	2.50 - 3.50%	11/19/2013	12/1/2033	6,565,000	4,760,000
2014	3.97%	1/31/2014	3/1/2025	2,930,000	1,220,000
2014	2.00 - 5.00%	3/4/2014	3/1/2024	7,945,000	1,755,000
2015	2.00 - 3.00%	3/11/2014	12/1/2025	6,870,000	3,730,000
2017	2.30%	11/22/2017	2/1/2030	3,620,000	3,471,000
2017	3.00-4.00%	12/21/2017	1/1/2030	6,000,000	5,480,000
2020	3.00%	3/25/2020	11/1/2027	3,015,000	2,800,000
2020	4.00%	4/23/2020	3/1/1940	15,000,000	14,792,000
2012 Water/Sewer	1.00 - 2.125%	10/6/2012	12/1/2023	2,735,000	835,000
2016 Water/Sewer	2.00 - 5.00%	5/3/2016	2/1/2027	13,350,000	9,760,000
2020 Water/Sewer	1.50 - 2.00%	11/2/2020	11/1/2031	4,710,000	4,710,000
Total general obligation bonds				<u>\$ 82,135,000</u>	<u>\$ 55,533,000</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Notes outstanding at year end are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
MS Dept of Health DWSLRF	3.00%	12/1/2002	9/1/2022	\$ 1,400,961	115,662
MS Dept of Health DWSLRF	3.00%	1/1/2003	10/1/2022	1,361,525	105,370
MS Dept of Health DWSLRF	3.00%	7/1/2003	4/1/2023	1,250,436	143,457
MS Dept of Health DWSLRF	4.00%	9/20/2004	7/1/2024	1,425,168	279,459
MS Dept of Health DWSLRF	1.95%	11/2/2007	1/1/2029	807,693	384,795
MS Dept of Health DWSLRF	1.95%	11/2/2007	10/1/2029	2,096,881	1,014,483
MS Dept of Health DWSLRF	1.95%	10/1/2008	6/1/2030	1,082,138	534,549
MS Dept of Health DWSLRF	1.95%	10/1/2008	9/30/2030	1,821,006	946,775
MS Dept of Environmental Quality WPCRLF	1.75%	9/1/2011	12/31/2033	4,219,481	2,786,003
MS Dept of Environmental Quality WPCRLF	1.75%	1/1/2010	8/31/2035	6,766,517	4,996,115
MS Dept of Environmental Quality WPCRLF	1.75%	9/1/2013	12/31/2035	1,241,824	941,235
Trustmark - 2018	2.81%	7/31/2018	6/19/2022	5,200,000	1,354,527
Total Notes				<u>\$ 28,673,630</u>	<u>\$ 13,602,430</u>

The aggregate maturities of general obligation bonds, revenue bonds, tax increment financing, and notes for the years subsequent to September 30, 2021 are as follows:

Year Ending September 30	Governmental Long-Term Debt		Enterprise Fund Debt	
	Principal	Interest	Principal	Interest
2022	\$ 5,896,106	\$ 1,026,206	\$ 3,049,291	\$ 773,746
2023	4,399,000	871,640	2,983,335	680,605
2024	4,200,500	755,916	2,965,893	588,023
2025	3,712,000	645,481	2,682,835	498,114
2026	2,873,500	552,573	2,770,590	409,422
2027-2031	9,614,500	1,819,431	10,226,479	1,284,490
2032-2036	5,479,000	1,003,597	4,591,366	153,478
2037-2041	3,672,421	181,860	18,614	55
Total	<u>\$ 39,847,027</u>	<u>\$ 6,856,704</u>	<u>\$ 29,288,403</u>	<u>\$ 4,387,933</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Leases.

Description of Leasing Arrangements.

The City's leasing operations consist principally of the leasing of various police vehicles and utility lines. These leases are classified as capital leases. The vehicle leases expire over the next three years, while the utility lines leases expire over the next 10 years.

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

Year Ending September 30	General Fund Activities Principal
2022	\$ 60,578
2023	60,578
2024	<u>60,578</u>
Present Value of Minimum Lease Payments	<u>\$ 181,734</u>

Legal Debt Margin.

The City is subject to the limitations of indebtedness prescribed by Section 21-33-303, Miss. Code Ann. (1972). No municipality may issue bonds secured by a pledge of its full faith and credit in an amount which, when added to the then outstanding bond indebtedness for such municipality, would exceed the 15% and 20% tests prescribed in Section 21-33-303. These percentages are applied to the assessed value of the taxable property within such municipality, with certain types of bond issues being excluded from the authorized debt limit tests. Presented in the schedule below are the calculations of the applicable statutory debt limitations and the resulting margin for further debt in the amount of \$68,938,902 (the smaller of the two computed margins) as of September 30, 2021.

	<u>15% Test</u>	<u>20% Test</u>
Assessed value as of September 30, 2021:		
\$682,966,011 times applicable percentage	\$ 102,444,902	\$ 136,593,202
Less present debt subject to debt limits as of September 30, 2021:		
Total bonds outstanding (excluding MDB backed bonds)	<u>(33,506,000)</u>	<u>(33,506,000)</u>
Margin for additional debt	<u>\$ 68,938,902</u>	<u>\$ 103,087,202</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 8 – DEFERRED LOSS ON REFUNDING

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

Governmental Activities	
Series 2015	\$ 225,186
Series 2020	110,056
	<u>335,242</u>
Business-type Activities	
Series 2016	\$ <u>432,233</u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of 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 provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2021, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$4,332,239, \$4,189,259 and \$3,648,602, respectively, equal to the required contributions for each year.

If the City were to liquidate the net pension liability the fund that will be used would be the General Fund for the governmental activities and Utility Fund for the business-type activities.

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 \$54,910,800 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 contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.371510 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.017147 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$4,547,543. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 860,572	-
Net difference between projected and actual earnings on pension plan investments		16,684,777
Changes of assumptions	4,212,943	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	6,723,147	3,278,155
City contributions subsequent to the measurement date	1,033,851	-
	<u>1,033,851</u>	<u>-</u>
Total	\$ <u>12,830,513</u>	<u>19,962,932</u>

\$1,033,851 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Year ending September 30	Amount
2022	\$ (465,115)
2023	(886,264)
2024	(1,887,018)
2025	(4,927,873)
Total	\$ <u>(8,166,270)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 100% 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 total pension liability were based on the results of an actuarial experience study for the four-year period from 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 lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

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

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

Sensitivity to 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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of the net pension liability	\$ 77,766,569	54,910,800	36,075,831

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan.

Plan description. The City maintains fully-insured medical insurance coverage for eligible employees and retired employees and their dependents under the age of 65. The City provides a single-employer defined benefit post-employment health care plan ("the Plan") that covers eligible employees and retired employees of the City and their dependents under the age of 65. The plan is funded 100% by the contributions from retirees. To be eligible to continue coverage under the City's plan, employees must satisfy the retirement eligibility requirements. Retirees are required to contribute 100% of the premium rates.

The City OPEB plan is not administered through a trust or equivalent arrangements. Therefore, there are no assets accumulated in a GASB-compliant trust.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

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

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

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

Medical Benefits: Retirees can continue in the medical plan and can choose between the following plans through UHC (effective 1/1/2020)

- o 2000 Deductible
- o 3000 Deductible
- o 4000 Deductible

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

Tier	2000 Ded	3000 Ded	4000 Ded
Employee	\$ 609.70	\$ 574.44	\$ 557.87
Employee+Spouse	\$ 1,085.28	\$ 1,022.51	\$ 993.02
Employee+Child(ren)	\$ 943.21	\$ 888.66	\$ 863.03
Employee+Family	\$ 1,375.50	\$ 1,295.96	\$ 1,258.57

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

Changes in Actuarial Assumptions

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

The prior mortality assumptions were based on the PubG.H-2010 mortality tables, using Scale MP-2019 with a generational projection. The generational projection was updated to use Scale MP-2021. This resulted in an increase in the Total OPEB Liability.

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

2020	2.41%
2021	2.19%

Discount Rate

The discount rate is used to compute the present value of future post-retirement benefits. The higher the discount rate, the lower the present values, and therefore the OPEB cost. For plans that are not funded through irrevocable trusts, paragraph 36 of GASB 75 requires that the discount rate equal the “expected yield or index rate for 20-year, tax-exempt obligation municipal bonds with an average rating of AA/Aa or higher...” determined as of the measurement date, which in this case is September 30, 2021. The Plan’s valuation used the Fidelity General Obligation AA 20 Year Yield as of the measurement date, which was 2.19%.

OPEB Plan – Number of Employees Covered

Inactive employees currently receiving benefits payments	6
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	<u>423</u>
Total	<u><u>429</u></u>

Participation by Retirees: 100% for future eligible retirees are assumed to choose to participate in the plan at retirement.

Dependent Status: 15% of future retirees are assumed to have a covered spouse. Current marital status for current retirees is assumed to persist in all future years. Husbands are assumed to be three years older than wives. 0% of retirees are assumed to have children.

Claim Cost Trend: For 2021 through 2023, L&E best estimate assumptions, developed by observation and extrapolation of plan experience. Thereafter, rates developed using the baseline projection of the SoA Long-Run Medical Cost Trend Model and the following model input variables:

Rate of Inflation:	2.50%
Rate of Growth in Real Income/GDP per capita:	1.50%
Excess Medical Cost Growth:	1.10%
Health Share of GDP in 2029:	20.00%
Health Share of GDP Resistance Point:	25.00%
Year for Limiting Cost Growth to GDP Growth:	2075

See below for the table of the trend factors.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Year	Trend	Year	Trend
2020	*	2060-2065	4.8%
2021	5.8%	2066	4.7%
2022	5.6%	2067	4.6%
2023-2024	5.4%	2068-2069	4.5%
2025-2027	5.3%	2070	4.4%
2028-2050	5.2%	2071	4.3%
2051	5.1%	2072-2073	4.2%
2052-2054	5.0%	2074	4.1%
2055-2059	4.9%	2075+	4.0%

*0.0%, -2.9% & -0.8% for 2000, 2000 & 4000 Ded plans, respectively

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

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

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

The City's total OPEB liability was \$7,223,633 as of September 30, 2021 and was determined by an actuarial valuation as of that date.

For the year ended September 30, 2021, the City recognized OPEB expense of \$720,879. At September 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between actual and expected experience	\$ 3,718	270,076
Change of assumptions or other inputs	734,294	170,244
Total	\$ 738,011	440,320

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2022	\$ 203,152
2023	203,152
2024	(108,613)
Total	\$ 297,691

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	September 30, 2021
Valuation Date	September 30, 2020
Inflation	2.50 percent
Salary increases	0.50 percent

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

Discount Rate	2.19 percent
Cost Method	Entry age, determined as a level percent of Pay method.
Prior Year Discount Rate	2.41 percent

Discount rate. The discount rate used to measure the total OPEB liability at September 30, 2021 was 2.19 percent and it was based on the 9/30/2020 Fidelity General Obligation AA 20-Year Yield.

Sensitivity of the City's Total OPEB liability to changes in the discount rate. The following presents the City's Total OPEB liability, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current discount rate:

	1% Decrease (1.41%)	Discount Rate (2.41%)	1% Increase (3.41%)
Total OPEB liability	\$ 8,258,804	\$ 7,223,633	\$ 6,324,004

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Total OPEB liability	\$ 6,089,166	\$ 7,223,633	\$ 8,615,932

If the City were to liquidate the total OPEB liability, the funds that would be used are: the General Fund for the governmental activities and the Utility Fund for the business-type activities.

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – EFFECT OF DEFERRED AMOUNT ON NET POSITION

The net investment in capital assets net position amount of \$76,126,464 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of the City's debt. The \$767,475, balance of the deferred outflow of resources at September 30, 2021 will be recognized as an expense and decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$30,586,122) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. The \$738,011 balance of the deferred outflow of resources at September 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$30,586,122) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$1,033,851 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$11,796,662 balance of deferred outflow of resources, at September 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

The unrestricted net position amount of (\$30,586,122) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$19,962,932 balance of deferred inflow of resources, at September 30, 2021 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$30,586,122) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$440,320 balance of deferred inflow of resources at September 30, 2021 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

NOTE 13 – LITIGATION

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

NOTE 14 – TAX ABATEMENTS

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

The City of Southaven Board of Aldermen negotiates property tax abatements on an individual basis. All abatements are for ten years and are for economic development purposes. The City had thirteen (12) tax abatement agreements with thirteen entities as of September 30, 2021.

The City had two types of abatements, none of which provide for the abatement of school or state tax levies. These taxes are not included in the amounts listed since DeSoto County, Mississippi collects the ad valorem taxes and forwards the City of Southaven their levied portion of those collections:

Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

All allowable property tax levies except for countywide road fund tax levy

All thirteen companies have tax abatements listed under this statute.

Category	% of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Construction and expansion of a manufacturing and/or storage facility	48.6%	\$ 476,476

These companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes.

NOTE 15 – OTHER MATTERS

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the City is uncertain at this time.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2021

NOTE 16 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net 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 Net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net position date require disclosure in the accompanying notes. Management of the City of Southaven, Mississippi evaluated the activity of the City through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

The City issued the following debt obligation:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
3/17/22	2.65-5.00%	\$	10,000,000	Taxable special obligation bonds	User charges

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
General property taxes	\$ 24,255,000	\$ 24,255,000	\$ 22,793,530	\$ (1,461,470)
Sales tax	15,825,000	17,481,500	18,740,722	1,259,222
Licenses and permits	910,500	910,500	1,226,414	315,914
Intergovernmental	983,000	983,000	688,224	(294,776)
Charges for services	4,512,600	4,519,600	3,987,915	(531,685)
Fines	2,090,000	2,176,692	2,325,820	149,128
Franchise taxes	1,954,000	1,954,000	1,976,325	22,325
Interest	175,000	175,000	105,342	(69,658)
Rents	540,000	540,000	293,010	(246,990)
Grant proceeds	179,900	981,900	5,107,901	4,126,001
Miscellaneous	153,000	238,424	268,992	30,568
Total Revenues	51,578,000	54,215,616	57,514,195	3,298,579
<u>EXPENDITURES</u>				
General government				
Personnel services	5,842,600	5,872,600	5,858,266	14,334
Supplies	131,500	141,391	136,786	4,605
Other services and charges	9,248,930	11,006,430	10,993,559	12,871
Total general government	15,223,030	17,020,421	16,988,611	31,810
Public safety:				
Police:				
Personnel services	11,361,000	11,611,000	11,549,576	61,424
Supplies	518,500	580,500	580,309	191
Other services and charges	1,001,200	1,094,200	1,083,320	10,880
Fire:				
Personnel services	10,933,400	10,933,400	10,541,671	391,729
Supplies	373,400	403,800	351,512	52,288
Other services and charges	574,000	643,600	624,913	18,687
Total public safety	24,761,500	25,266,500	24,731,301	535,199
Public works				
Personnel services	1,369,950	1,267,950	1,261,131	6,819
Supplies	302,400	346,000	345,945	55
Other services and charges	962,500	1,104,400	1,104,321	79
Total public works	2,634,850	2,718,350	2,711,397	6,953

continued

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - General Fund
For the Year Ended September 30, 2021
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
Culture and recreation				
Personnel services	3,537,720	3,222,720	3,051,424	171,296
Supplies	723,000	923,000	894,460	28,540
Other services and charges	2,407,500	2,672,500	2,595,591	76,909
Total culture and recreation	6,668,220	6,818,220	6,541,475	276,745
Health and welfare				
Personnel services	328,900	328,900	326,452	2,448
Supplies	23,000	23,000	22,129	871
Other services and charges	26,500	28,051	27,490	561
Total health and welfare	378,400	379,951	376,071	3,880
Capital outlay	1,962,000	2,082,174	2,023,816	58,358
Total Expenditures	51,628,000	54,285,616	53,372,671	912,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(70,000)	4,141,524	4,211,524
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of assets	50,000	70,000	1,504,782	1,434,782
Total Other Financing Sources (Uses)	50,000	70,000	1,504,782	1,434,782
Net Changes in Fund Balances	-	-	5,646,306	5,646,306
Fund Balance - Beginning of Year	-	-	13,150,954	13,150,954
Fund Balance - End of Year	\$ -	\$ -	18,797,260	\$ 18,797,260
Adjustments to conform with GAAP:				
Revenues			(107,767)	
Expenditures			(5,012,957)	
Fund Balance - End of Year (GAAP basis)			\$ 13,676,536	

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

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Tourism and Convention Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 2,547,143	\$ 547,143
Charges for services	282,000	282,000	95,363	(186,637)
Miscellaneous	-	1,068,000	-	(1,068,000)
Total Revenues	2,282,000	3,350,000	2,642,506	(707,494)
<u>EXPENDITURES</u>				
Tourism and convention	444,500	204,904	95,951	108,953
Capital Outlay	444,910	1,752,506	1,752,506	-
Total Expenditures	889,410	1,957,410	1,848,457	108,953
<u>OTHER FINANCING SOURCES (USES)</u>				
Note payments	(1,392,590)	(1,392,590)	(1,392,590)	-
Total Other Financing Sources (Uses)	(1,392,590)	(1,392,590)	(1,392,590)	-
Net Changes in Fund Balances	-	-	(598,541)	(816,447)
Fund Balance - Beginning of Year	-	-	(263,211)	(263,211)
Fund Balance - End of Year	\$ -	\$ -	\$ (861,752)	\$ (1,079,658)
Adjustments to conform with GAAP:				
Revenues			(62,646)	
Expenditures			-	
Fund Balance - End of Year (GAAP basis)			\$ (924,398)	

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

City of Southaven, Mississippi

Schedule of the City's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
City's proportionate share of the net pension liability (asset)	\$ 54,910,800	68,600,559	60,687,730	55,910,567	55,481,240	55,295,502	47,077,580	35,708,308
City's proportion of the net pension liability (asset)	0.371510%	0.354363%	0.344974%	0.336143%	0.333754%	0.309562%	0.304551%	0.294182%
City's covered payroll	24,701,655	23,596,184	22,467,251	21,465,937	21,410,527	19,803,435	19,026,578	17,976,032
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

City of Southaven, Mississippi
 Schedule of City Contributions
 PERS
 Last 10 Fiscal Years*

		2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$	1,033,851	999,700	916,177	806,167	746,769	874,904	827,888
Contributions in relation to the contractually required contribution		1,033,851	999,700	916,177	806,167	746,769	874,904	827,888
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-
City's covered payroll	\$	5,941,672	5,745,402	5,816,997	5,118,521	4,741,390	5,554,946	5,256,432
Contributions as a percentage of covered payroll		17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

City of Southaven, Mississippi

Schedule of Changes in the Total OPEB Liability and Related Ratios

OPEB

Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 361,416	369,817	254,293	253,028
Interest	200,857	192,927	189,241	173,917
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(31,858)	(410,304)	6,967	2,793
Changes in Assumptions or Other Inputs	(226,991)	190,800	1,549,534	-
Benefit Payments	(44,548)	(48,400)	(33,693)	(28,078)
Net change in Total OPEB Liability	\$ 258,876	294,840	1,966,342	401,660
Total OPEB Liability - beginning	\$ 6,964,757	\$ 6,669,917	\$ 4,703,575	\$ 4,301,915
Total OPEB Liability - ending	<u>\$ 7,223,633</u>	<u>\$ 6,964,757</u>	<u>\$ 6,669,917</u>	<u>\$ 4,703,575</u>
Covered Employee Payroll	\$ 19,017,091	\$ 18,923,175	\$ 16,479,854	\$ 16,397,865
Total OPEB Liability as a percentage of covered employee payroll	38.0%	36.8%	40.5%	28.7%

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

There are no assets accumulated in a trust that meets the criteria of GASB to pay related benefits for the OPEB plan.

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

City of Southaven, Mississippi

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

Budgetary Comparison Schedules

(1) Basis of Presentation

The funds budgeted are presented in either this section or in the following schedules presented in the supplementary information section of this report. For comparison purposes, the final, amended budget is utilized, and it is presented on a modified cash basis of accounting as required by the State of Mississippi, which is not consistent with generally accepted accounting principles. All budgetary appropriations lapse at year-end.

(2) Budget amendments and revisions

The budget is adopted and may be amended by the Board of Aldermen. A budgetary comparison for the general fund and each major special revenue fund and is presented on a cash basis of accounting.

(3) Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

City of Southaven, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

City of Southaven, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to

City of Southaven, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

0.28% of payroll.

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

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

The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

(2) Change in Benefit Provisions

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

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

City of Southaven, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

OPEB Schedules

(1) *Changes of assumptions*

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

2018 3.83%

2019 2.75%

2020 2.41%

2021 2.19%

(2) *Changes in benefit provisions*

2018:

None

2019:

None

2020:

None

(3) *Actuarial Methods and Assumptions*

Actuarial Cost Method: Entry Age Level Percent of Pay

Other Actuarial Assumptions: Best Estimate

Total OPEB Liability: Determined using the actuarial present value of future employer-paid benefits and expenses

Pre-Retirement Mortality: PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021

Post-Retirement Mortality: PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021.

Employee Turnover: 60% of the Annual Rates of Withdrawal and Vesting from the Public Employees' Retirement System of Mississippi's June 30, 2019 valuation; the 60% factor is based on recent City experience.

City of Southaven, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

Sample Age	Gender	
	Male	Female
20	15.9%	19.5%
25	11.1%	11.1%
30	7.1%	7.2%
35	5.1%	5.3%
40	4.1%	4.2%
45+	3.8%	3.6%

For all ages, rates of 20.1% for 1st year of employment and 14.4% for 2nd year.

Retirement:

60% of the Annual Rates of Service Retirements from the Public Employees' Retirement System of Mississippi's June 30, 2019 valuation; the 60% factor is based on recent City experience.

Sample Age	Male		Female	
	<25 YOS*	25+YOS*	<25 YOS*	25+YOS*
45	0.0%	13.5%	0.0%	10.8%
50	0.0%	9.0%	0.0%	7.8%
55	0.0%	11.0%	0.0%	11.4%
60	6.3%	11.7%	8.0%	13.4%
62	12.5%	19.2%	11.4%	22.5%
65	15.0%	17.7%	17.6%	25.5%
70	12.0%	15.0%	14.4%	15.3%
75	60.0%	60.0%	60.0%	60.0%

*For employees hired on or after 7/1/2011, 30 year of service (YOS).

SUPPLEMENTARY INFORMATION

Supplementary information is presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation, in order to be in conformity with Generally Accepted Accounting Standards.

CAPITAL PROJECT FUND

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

The City maintains only one capital project fund as follows:

1. Bond Funded Capital Project Fund

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Bond Funded Capital Project Fund
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
<u>EXPENDITURES</u>				
Capital outlay	\$ 230,000	\$ 19,222,480	\$ 10,968,147	\$ (8,254,333)
Total Expenditures	230,000	19,222,480	10,968,147	(8,254,333)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	14,000,000	14,000,000	-	(14,000,000)
Grant proceeds	5,271,000	5,271,000	6,490,236	1,219,236
Interest earnings	-	-	92,080	92,080
Total Other Financing Sources (Uses)	19,271,000	19,271,000	6,582,316	(12,688,684)
Net Changes in Fund Balances	19,041,000	48,520	(4,385,831)	(4,434,351)
Fund Balance - Beginning of Year	-	-	14,730,134	14,730,134
Fund Balance - End of Year	<u>\$ 19,041,000</u>	<u>\$ 48,520</u>	\$ 10,344,303	<u>\$ 10,295,783</u>
Adjustments to conform with GAAP:				
Revenues			-	
Expenditures			(5,475,806)	
Fund Balance - End of Year (GAAP basis)			<u>\$ 4,868,497</u>	

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

DEBT SERVICE FUND

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

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

1. Debt Service Fund

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Debt Service Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
General property taxes	\$ 6,598,000	\$ 6,828,500	\$ 6,952,790	\$ 124,290
Total Revenues	6,598,000	6,828,500	6,952,790	124,290
<u>EXPENDITURES</u>				
Debt service				
Principal	5,403,655	5,566,655	5,566,451	204
Interest	1,194,345	1,201,345	1,201,399	(54)
Total Expenditures	6,598,000	6,768,000	6,767,850	150
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond proceeds	-	-	-	-
Bond issue costs	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balances	-	60,500	184,940	(124,440)
Fund Balance - Beginning of Year	-	-	439,019	439,019
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 60,500</u>	<u>\$ 623,959</u>	<u>\$ 314,579</u>
Adjustments to conform with GAAP:				
Revenues			144,500	
Expenditures			-	
Fund Balance - End of Year (GAAP basis)			<u>\$ 768,459</u>	

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

ENTERPRISE FUNDS

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

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

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

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Net Position
Budgetary Basis - Budget and Actual - Utility Fund
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Sales	\$ 11,015,000	\$ 11,015,000	\$ 11,232,450	\$ 217,450
Miscellaneous	102,000	102,000	29,488	(72,512)
Total Revenues	11,117,000	11,117,000	11,261,938	144,938
<u>EXPENSES</u>				
Personnel services	2,472,495	2,618,495	2,613,376	5,119
Supplies	777,500	948,517	947,750	767
Maintenance and other	3,751,000	11,475,984	9,154,924	2,321,060
Professional services	851,000	933,000	932,091	909
Total Expenses	7,851,995	15,975,996	13,648,141	2,327,855
Operating Income (Loss)	3,265,005	(4,858,996)	(2,386,203)	2,472,793
<u>Non-Operating Revenue (Expenses)</u>				
Non-revenue receipts	-	3,145,000	-	(3,145,000)
Loan proceeds	154,000	4,864,000	5,015,481	151,481
Interest income	15,000	15,000	115,035	100,035
Interest expense	(3,434,005)	(3,434,005)	(3,219,995)	214,010
Total Non-Operating Revenue (Expenses)	(3,265,005)	4,589,995	1,910,521	(2,679,474)
Net Changes in Net Position	-	(269,001)	(475,682)	(206,681)
Net Position - Beginning of Year	-	-	31,028,419	31,028,419
Net Position - End of Year	\$ -	\$ (269,001)	\$ 30,552,737	\$ 30,283,736

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Net Position
Budgetary Basis - Budget and Actual - Sanitation Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
Charges for services	\$ 2,500,000	\$ 2,762,000	\$ 2,978,023	\$ 216,023
Other	145,000	145,355	1,038	(144,317)
Total Revenues	2,645,000	2,907,355	2,979,061	71,706
<u>EXPENSES</u>				
Personnel services	118,155	118,155	160,036	(41,881)
Depreciation and amortization			48,272	
Professional services	2,500,000	2,762,000	3,108,518	(346,518)
Other	1,700	301,775	1,501	300,274
Total Expenses	2,619,855	3,181,930	3,318,327	(88,125)
<u>Non-Operating Revenue (Expenses)</u>				
Non-revenue receipts	-	300,075	-	300,075
Total Non-Operating Revenue (Expenses)	-	300,075	-	300,075
Net Changes in Net Position	25,145	25,500	(339,266)	364,766
Net Position - Beginning of Year	-	-	2,075,494	2,075,494
Net Position - End of Year	\$ 25,145	\$ 25,500	\$ 1,736,228	\$ (1,710,728)

OTHER SCHEDULES

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

Name	Position	Surety	Amount	Expiration
Darren L. Musselwhite	Mayor	Western Surety Company	\$ 100,000	7/3/2022
Kristian R. K. Kelly	Alderman, Ward 1	Western Surety Company	100,000	7/3/2022
Charlie Hoots	Alderman, Ward 2	Western Surety Company	100,000	7/3/2022
George Payne	Alderman, Ward 3	Western Surety Company	100,000	7/3/2022
William Jerome	Alderman, Ward 3	Western Surety Company	100,000	7/3/2022
Joel M.. Gallagher	Alderman, Ward 4	Western Surety Company	100,000	7/3/2022
John David Wheeler	Alderman, Ward 5	Western Surety Company	100,000	7/3/2022
Raymond V. Flores, Jr.	Alderman, Ward 6	Western Surety Company	100,000	7/3/2022
William E. Brooks	Alderman, At Large	Western Surety Company	100,000	7/3/2022
Andrea Mullen	City Clerk	Western Surety Company	50,000	11/1/2021
Macon Moore	Police Chief	Western Surety Company	50,000	11/1/2021
Danny Scallions	Fire Chief	Western Surety Company	50,000	11/1/2021
Chris Wilson	Chief Administrative Officer	Western Surety Company	50,000	11/1/2021
Edith McIlwain	Finance Director	Western Surety Company	50,000	11/1/2021
Lutisha Cox	Comptroller	Western Surety Company	50,000	11/1/2021
Chris Shelton	IT Director	Western Surety Company	50,000	11/1/2021
Chris Shelton	ITEC Director	Western Surety Company	50,000	11/1/2021
Janice McRee	HR Generalist	Western Surety Company	50,000	11/1/2021
Wesley Brown	Parks Director	Western Surety Company	50,000	11/1/2021
Jayson Beal	Assistant Athletic Director	Western Surety Company	50,000	11/1/2021
Susan Miller	Gift Shop Manager	Western Surety Company	50,000	11/1/2021
Stephen Jourdan	Manager	Western Surety Company	50,000	11/1/2021
John Lyons	Parks Cash Control	Western Surety Company	50,000	11/1/2021
Loretta Duncan	Parks Forever Young	Western Surety Company	50,000	11/1/2021
Lizzie Robinson	Parks Food & Beverage	Western Surety Company	50,000	11/1/2021
Perry Mason	Animal Control Supervisor	Western Surety Company	50,000	11/1/2021
Ashley Daniel	Animal Control Officer	Western Surety Company	50,000	11/1/2021
Sam Cook	Animal Control Officer	Western Surety Company	50,000	11/1/2021
Mark Little	Deputy Chief of Police	Western Surety Company	50,000	11/1/2021
Thomas Mastin	Court Clerk	Western Surety Company	50,000	11/1/2021
Kristen King	Court Clerk	Western Surety Company	50,000	11/1/2021
Tammy T. Wright	Court Clerk	Western Surety Company	50,000	11/1/2021
Cathi Lynn Faxon	Court Clerk	Western Surety Company	50,000	11/1/2021
Jennifer Peppers	Court Clerk	Western Surety Company	50,000	11/1/2021
Wanda Gail Reynolds	Court Clerk	Western Surety Company	50,000	11/1/2021
Letitia Brown	Court Clerk	Western Surety Company	50,000	11/1/2021
Joshua Freeman	Court Clerk	Western Surety Company	50,000	11/1/2021
Latoya Mabry	Records Clerk	Western Surety Company	50,000	11/1/2021
Kimberly Kennedy	Records Clerk	Western Surety Company	50,000	11/1/2021
Wendy Haire	Records Clerk	Western Surety Company	50,000	11/1/2021
Heather Hester	Records Clerk	Western Surety Company	50,000	11/1/2021
Adrianna Ferretiz	Building Clerk	Western Surety Company	50,000	11/1/2021
Mary Roberts	Building Clerk	Western Surety Company	50,000	11/1/2021
Ray Humphrey	Utility Director	Western Surety Company	50,000	11/1/2021
Cliff Wilkins	Utility Maintenance	Western Surety Company	50,000	11/1/2021
Mary Ann Palmer	Billing Supervisor	Western Surety Company	50,000	11/1/2021
Marianne Chandler Carlisle	Billing Clerk	Western Surety Company	50,000	11/1/2021
Tina Hardy	Billing Clerk	Western Surety Company	50,000	11/1/2021
Kristie Wright	Billing Clerk	Western Surety Company	50,000	11/1/2021

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

Name	Position	Surety	Amount	Expiration
Kim Turner	Billing Clerk	Western Surety Company	50,000	11/1/2021
Judy Diane Guerrero	Billing Clerk	Western Surety Company	50,000	11/1/2021
Alecia Ferguson	Billing Clerk	Western Surety Company	50,000	11/1/2021
Angela Moore	Billing Clerk	Western Surety Company	50,000	11/1/2021
Abby Puff	Dispatcher	Western Surety Company	50,000	11/1/2021
Connie Lewis	Dispatcher	Western Surety Company	50,000	11/1/2021
Georgia Hitt	Dispatcher	Western Surety Company	50,000	11/1/2021
Joyce Poole	Dispatcher	Western Surety Company	50,000	11/1/2021
Hunter Pogue	Dispatcher	Western Surety Company	50,000	11/1/2021
Deborah Rosenberg	Dispatcher	Western Surety Company	50,000	11/1/2021
Bobbie Baker	Dispatcher	Western Surety Company	50,000	11/1/2021
Kristie Kerr	Dispatcher	Western Surety Company	50,000	11/1/2021
Robert Robinson	Dispatcher	Western Surety Company	50,000	11/1/2021
Gary Boisseau	Dispatcher	Western Surety Company	50,000	11/1/2021
Zachary Edmonds	Dispatcher	Western Surety Company	50,000	11/1/2021
Kristen Hylander	Dispatcher	Western Surety Company	50,000	11/1/2021
Ryan Payne	Dispatcher	Western Surety Company	50,000	11/1/2021
Amber White	Dispatcher	Western Surety Company	50,000	11/1/2021
Ashton Worley	Dispatcher	Western Surety Company	50,000	11/1/2021
Rhonda Smith	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Karen White	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Denisa Young	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Lyndsey Brown	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Teresa Ried	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Marsha Yates	Administrative Assistant	Western Surety Company	50,000	11/1/2021
Debbie Bounds	Planning Associate	Western Surety Company	50,000	11/1/2021
Pam Pyle	Deputy Clerk	Western Surety Company	50,000	11/1/2021
Ashley Ford	Deputy Clerk	Western Surety Company	50,000	11/1/2021
Sonya Pride	Deputy Clerk	Western Surety Company	50,000	11/1/2021
Elissa Prewitt	Deputy Clerk	Western Surety Company	50,000	11/1/2021
Nicole Hilario	Deputy Clerk	Western Surety Company	50,000	11/1/2021
Police Officers Bond	Police Officer	Western Surety Company	50,000	3/18/2022

City of Southaven, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Award:			
<i>Emergency Watershed Protection Program</i>	10.923		\$ 796,932
Total U.S. Department of Homeland Security			<u>796,932</u>
U.S. Department of Homeland Security			
Direct Award:			
<i>Staffing for Adequate Fire and Emergency Response (SAFER)</i>	97.083		68,674
Total U.S. Department of Homeland Security			<u>68,674</u>
U.S. Department of Transportation			
Passed-through Mississippi Department of Transportation:			
<i>Highway Planning and Construction</i>	20.205	STP-7861	35,878
<i>Highway Planning and Construction</i>	20.205	STP-7862	475,446
<i>Highway Planning and Construction</i>	20.205	STP-9224	2,255
<i>Highway Planning and Construction</i>	20.205	STP-0499-00(004)	176,036
<i>Recreational Trails Program</i>	20.219	STP-0499-00(006)	303,609
Total passed-through Mississippi Department of Transportation			<u>993,224</u>
Passed-through Mississippi Department of Public Safety:			
<i>National Priority Safety Programs</i>	20.616	M5X-2018-MD34-41	75,678
Total passed-through Mississippi Department of Public Safety			<u>75,678</u>
Total U.S. Department of Transportation			<u>1,068,902</u>
Total Expenditures of Federal Awards			<u>\$ 1,934,508</u>

NOTES TO SCHEDULE:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

This page left blank intentionally.

III

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

CITY OF SOUTHAVEN, MISSISSIPPI
Net Position by Component
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 68,008,956	\$ 68,852,448	\$ 54,716,317	\$ 53,695,632	\$ 62,629,000	\$ 57,726,369	\$ 45,323,310	\$ 42,258,077	\$ 47,426,917	\$ 46,347,370
Restricted	2,501,035	14,909,777	4,090,696	1,338,692	-	103,540	4,651,144	7,610,482	1,295,416	1,484,241
Unrestricted	<u>(53,304,293)</u>	<u>(74,328,688)</u>	<u>(48,718,525)</u>	<u>(43,950,007)</u>	<u>(40,551,429)</u>	<u>(34,977,145)</u>	<u>(29,954,997)</u>	<u>4,041,609</u>	<u>3,102,934</u>	<u>2,789,532</u>
Total Governmental Activities Net Position	\$ <u>17,205,698</u>	\$ <u>9,433,537</u>	\$ <u>10,088,488</u>	\$ <u>11,084,317</u>	\$ <u>22,077,571</u>	\$ <u>22,852,764</u>	\$ <u>20,019,457</u>	\$ <u>53,910,168</u>	\$ <u>51,825,267</u>	\$ <u>50,621,143</u>
Business-Type Activities										
Net Investment in Capital Assets	8,117,508	11,710,930	10,536,245	8,894,009	8,608,793	8,097,964	7,880,084	7,765,721	6,564,362	6,619,179
Restricted	3,154,447	2,694,592	2,696,553	2,622,213	2,257,478	2,494,855	2,320,594	2,008,323	1,938,196	1,739,868
Unrestricted	<u>22,718,171</u>	<u>23,882,451</u>	<u>23,517,104</u>	<u>23,836,421</u>	<u>23,678,122</u>	<u>22,757,773</u>	<u>20,751,630</u>	<u>21,342,321</u>	<u>18,413,663</u>	<u>16,889,175</u>
Total Business-Type Activities Net Position	<u>33,990,126</u>	<u>38,287,973</u>	<u>36,749,902</u>	<u>35,352,643</u>	<u>34,544,393</u>	<u>33,350,592</u>	<u>30,952,308</u>	<u>31,116,365</u>	<u>26,916,221</u>	<u>25,248,222</u>
Primary Government										
Net Investment in Capital Assets	\$ 76,126,464	\$ 80,563,378	\$ 65,252,562	\$ 62,589,641	\$ 71,237,793	\$ 65,824,333	\$ 53,203,394	\$ 50,023,798	\$ 53,991,279	\$ 52,966,549
Restricted	5,655,482	17,604,369	6,787,249	3,960,905	2,257,478	2,598,395	6,971,738	9,618,805	3,233,612	3,224,109
Unrestricted	<u>(30,586,122)</u>	<u>(50,446,237)</u>	<u>(25,201,421)</u>	<u>(20,113,586)</u>	<u>(16,873,307)</u>	<u>(12,219,372)</u>	<u>(9,203,367)</u>	<u>25,383,930</u>	<u>21,516,597</u>	<u>19,678,707</u>
Total Primary Government Net Position	\$ <u>51,195,824</u>	\$ <u>47,721,510</u>	\$ <u>46,838,390</u>	\$ <u>46,436,960</u>	\$ <u>56,621,964</u>	\$ <u>56,203,356</u>	\$ <u>50,971,765</u>	\$ <u>85,026,533</u>	\$ <u>78,741,488</u>	\$ <u>75,869,365</u>

NOTE: In 2015, the City implemented GASB 68 and 71

NOTE 2: In 2018 the City implement GASB 75

NOTE: In 2020 the City issued debt that was restricted for capital projects.

NOTE: In 2021 the City had spent restricted debt on capital projects decreasing both restricted and unrestricted net position

CITY OF SOUTHAVEN, MISSISSIPPI
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses					
Governmental Activities:					
General Government	\$ 21,704,154	\$ 24,124,376	\$ 23,494,565	\$ 24,329,842	\$ 21,905,820
Public Safety	23,987,130	22,542,438	21,603,119	21,004,797	19,701,934
Public Works	5,258,883	7,510,095	7,457,365	7,000,264	6,330,987
Culture and Recreation	7,878,812	5,818,241	7,304,862	6,773,184	6,468,356
Economic Development	197,643	53,305	285,738	421,983	313,377
Health and Welfare	343,665	348,683	321,995	289,355	249,786
Interest on Long-Term Debt	951,466	1,261,116	1,168,363	1,324,816	1,308,545
Total Governmental Activities Expense	<u>60,321,753</u>	<u>61,658,254</u>	<u>61,636,007</u>	<u>61,144,241</u>	<u>56,278,805</u>
Business-Type Activities					
Utility Fund	17,038,982	10,709,274	10,302,196	10,847,545	9,805,055
Sanitation	3,141,839	2,995,388	2,915,324	2,879,974	2,742,226
Interest on Long-Term Debt	802,184	830,693	887,749	983,152	1,031,851
Total Business-Type Activities	<u>20,983,005</u>	<u>14,535,355</u>	<u>14,105,269</u>	<u>14,710,671</u>	<u>13,579,132</u>
Total Primary Governmental Expenses	<u>81,304,758</u>	<u>76,193,609</u>	<u>75,741,276</u>	<u>75,854,912</u>	<u>69,857,937</u>
Program Revenue					
Governmental Activities:					
Charges for Services					
General Government	\$ 4,533,468	\$ 4,106,847	\$ 4,557,889	\$ 3,979,579	\$ 4,419,512
Public Safety	1,363,984	1,639,393	2,030,338	1,626,304	1,985,292
Culture and Recreation	5,044,865	3,439,962	4,224,956	3,059,175	3,956,251
Economic Development	95,363	42,105	257,833	225,029	190,673
Health and Welfare	12,072	12,738	12,540	13,341	16,435
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	6,106,897	4,639,399	2,544,459	1,798,142	3,299,170
Total Governmental Activities Program Revenues	<u>17,156,649</u>	<u>13,880,444</u>	<u>13,628,015</u>	<u>10,701,570</u>	<u>13,867,333</u>
Business-Type Activities					
Charges for Services	<u>16,530,984</u>	<u>15,613,136</u>	<u>15,253,703</u>	<u>15,166,702</u>	<u>14,727,312</u>
Total Business-Type Activities Program Revenues	<u>16,530,984</u>	<u>15,613,136</u>	<u>15,253,703</u>	<u>15,166,702</u>	<u>14,727,312</u>
Total Primary Government Program Revenues	<u>33,687,633</u>	<u>29,493,580</u>	<u>28,881,718</u>	<u>25,868,272</u>	<u>28,594,645</u>
Net (Expenses)/Revenue					
Governmental Activities	\$ (43,165,104)	\$ (47,777,810)	\$ (48,007,992)	\$ (50,442,671)	\$ (42,411,472)
Business-Type Activities	(4,452,021)	1,077,781	1,148,434	456,031	1,148,180
Total Primary Government Net Expense	<u>\$ (47,617,125)</u>	<u>\$ (46,700,029)</u>	<u>\$ (46,859,558)</u>	<u>\$ (49,986,640)</u>	<u>\$ (41,263,292)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes					
Property Taxes	29,746,324	28,820,916	29,150,188	26,520,649	25,515,310
Sales Taxes	18,740,721	15,377,413	15,148,749	14,846,481	14,164,401
Franchise Taxes	1,987,102	1,915,346	1,949,995	1,953,846	1,771,518
Intergovernmental	-	-	-	-	-
Fines	-	-	-	-	-
Rents	-	-	-	-	-
Interest	195,023	758,413	596,146	144,598	63,350
Miscellaneous	268,095	249,954	167,085	285,758	121,700
Sale of assets	-	-	-	-	-
Transfer (to) from other funds	-	817	-	-	-
Total governmental activities	<u>50,937,265</u>	<u>47,122,859</u>	<u>47,012,163</u>	<u>43,751,332</u>	<u>41,636,279</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Interest	126,237	338,059	190,416	28,124	25,866
Miscellaneous	27,937	123,049	58,409	324,095	19,755
Transfer (to) from other funds	-	(817)	-	-	-
Sale of assets	-	-	-	-	-
Total business-type activities	<u>154,174</u>	<u>460,291</u>	<u>248,825</u>	<u>352,219</u>	<u>45,621</u>
Total primary government					
Change in Net Position					
Governmental activities	\$ 7,772,161	\$ (654,951)	\$ (995,829)	\$ (6,691,339)	\$ (775,193)
Business-type activities	(4,297,847)	1,538,072	1,397,259	808,250	1,193,801
Total primary governments	<u>\$ 3,474,314</u>	<u>\$ 883,121</u>	<u>\$ 401,430</u>	<u>\$ (5,883,089)</u>	<u>\$ 418,608</u>

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 20,969,900	\$ 17,921,504	\$ 8,911,832	\$ 9,091,210	\$ 10,978,549
19,342,389	21,618,917	21,315,040	21,045,108	20,605,372
6,147,583	6,340,767	6,059,971	5,871,360	5,710,930
5,935,644	7,187,714	6,045,661	6,054,011	6,063,410
343,140	327,249	329,337	565,964	828,449
252,357	269,460	389,959	397,923	313,035
1,416,200	1,888,015	2,333,401	2,293,239	2,300,091
<u>54,407,213</u>	<u>55,553,626</u>	<u>45,385,201</u>	<u>45,318,815</u>	<u>46,799,836</u>
9,188,270	9,122,918	6,732,782	8,034,841	7,422,653
2,428,315	2,607,801	2,941,467	3,283,611	2,982,624
996,607	1,180,621	1,162,990	1,301,034	1,313,265
<u>12,613,192</u>	<u>12,911,340</u>	<u>10,837,239</u>	<u>12,619,486</u>	<u>11,718,542</u>
<u>67,020,405</u>	<u>68,464,966</u>	<u>56,222,440</u>	<u>57,938,301</u>	<u>58,518,378</u>
\$ 4,448,611	\$ 4,596,486	\$ 4,356,739	\$ 586,533	\$ 439,389
1,700,745	1,744,440	1,503,267	1,127,296	1,224,827
4,001,320	4,261,062	4,459,621	2,252,037	2,422,049
223,050	135,732	187,948	203,086	182,289
15,950	14,392	19,104	18,850	20,702
-	-	-	-	-
5,324,590	3,421,839	91,428	1,137,034	2,877,974
<u>15,714,266</u>	<u>14,173,951</u>	<u>10,618,107</u>	<u>5,324,836</u>	<u>7,167,230</u>
14,757,403	13,632,810	11,833,977	11,442,827	12,474,185
<u>14,757,403</u>	<u>13,632,810</u>	<u>11,833,977</u>	<u>11,442,827</u>	<u>12,474,185</u>
<u>30,471,669</u>	<u>27,806,761</u>	<u>22,452,084</u>	<u>16,767,663</u>	<u>19,641,415</u>
\$ (38,692,947)	\$ (41,379,675)	\$ (34,767,094)	\$ (39,993,979)	\$ (39,632,606)
2,144,211	721,470	996,738	(1,176,659)	755,643
<u>\$ (36,548,736)</u>	<u>\$ (40,658,205)</u>	<u>\$ (33,770,356)</u>	<u>\$ (41,170,638)</u>	<u>\$ (38,876,963)</u>
24,512,212	24,205,563	21,311,336	20,430,223	\$ 20,197,404
14,902,262	13,773,583	13,117,679	12,521,573	12,438,105
1,651,785	1,913,744	2,331,621	1,832,042	1,715,137
-	-	-	1,864,386	1,685,781
-	-	-	3,236,128	3,280,771
-	-	-	647,471	565,585
23,735	21,510	15,177	75,108	372,607
436,260	624,281	137,480	170,692	548,689
-	-	(61,298)	15,596	500
-	-	-	-	-
<u>41,526,254</u>	<u>40,538,681</u>	<u>36,851,995</u>	<u>40,793,219</u>	<u>40,804,579</u>
-	-	3,122,952	2,723,997	3,005,658
28,292	7,078	7,446	6,196	13,440
225,781	21,373	73,008	81,646	21,600
-	-	-	-	-
-	-	-	32,819	-
<u>254,073</u>	<u>28,451</u>	<u>3,203,406</u>	<u>2,844,658</u>	<u>3,040,698</u>
\$ 2,833,307	\$ (840,994)	\$ 2,084,901	\$ 799,240	\$ 1,171,973
<u>2,398,284</u>	<u>749,921</u>	<u>4,200,144</u>	<u>1,667,999</u>	<u>3,796,341</u>
\$ 5,231,591	\$ (91,073)	\$ 6,285,045	\$ 2,467,239	\$ 4,968,314

CITY OF SOUTHAVEN, MISSISSIPPI
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Non-Spendable	642,309	650,960	610,237	577,969	536,869	653,249	549,286	519,474	559,568	524,945
Restricted	-	-	-	-	-	-	500,000	359,606	426,048	426,048
Committed	-	-	-	762,895	-	103,540	-	205,566	469,049	465,574
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	13,034,227	8,129,750	11,897,262	8,085,810	7,752,525	6,793,553	5,914,779	3,751,667	2,463,089	2,418,834
Total General Fund	13,676,536	8,780,710	12,507,499	9,426,674	8,289,394	7,550,342	6,964,065	4,836,313	3,917,754	3,835,401
All Other Governmental Funds										
Bond Funded Capital Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	4,868,497	14,909,777	605,530	1,300,295	-	982,839	1,273,771	4,179,797	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(985,542)	-	-	-	98,279	-
Total Bond Funded Capital Fund	4,868,497	14,909,777	605,530	1,300,295	(985,542)	982,839	1,273,771	4,179,797	98,279	-
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	768,459	439,019	411,091	172,941	236,715	375,625	375,162	2,062,566	1,371,809	1,628,105
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	768,459	439,019	411,091	172,941	236,715	375,625	375,162	2,062,566	1,371,809	1,628,105
Other Governmental Funds										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	(924,398)	(224,166)	4,090,696	5,575,159	37,611	-	1,952,955	1,286,805	313,063	414,100
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(44,620)	-	-	-	-
Total Other Governmental Funds	(924,398)	(224,166)	4,090,696	5,575,159	37,611	(44,620)	1,952,955	1,286,805	313,063	414,100

NOTES:

The increase in the Bond Funded Capital Fund is due to a bond issuance that had not been expended as of September 30, 2020.

The increase in the Government Fund is due to completed projects using one time cash receipts.

The decrease in Other Governmental Funds is due to several projects being completed using prior year designated cash.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues										
General Property Taxes	\$ 29,746,324	\$ 28,820,916	\$ 29,150,187	\$ 26,520,650	\$ 25,515,310	\$ 24,512,212	\$ 24,205,563	\$ 21,311,337	\$ 20,430,223	\$ 20,197,404
Licenses and Permits	1,226,414	1,187,448	843,659	735,083	794,676	739,814	762,822	656,568	586,533	439,389
Intergovernmental	22,975,083	21,465,671	18,667,163	16,836,824	19,695,453	22,914,571	17,173,085	15,698,888	14,385,959	14,123,885
Charges for Services	3,969,140	2,663,312	4,005,664	3,653,376	4,220,301	3,701,116	4,164,357	3,715,831	3,601,269	3,849,867
Fines	2,325,820	1,816,340	2,426,193	2,048,785	2,444,391	2,428,527	2,605,182	2,411,341	3,236,128	3,280,771
Franchise Taxes	1,987,102	1,915,346	1,949,995	1,953,846	1,771,518	1,651,785	1,913,744	2,331,621	1,832,042	1,715,137
Rents	293,010	461,127	637,679	572,905	566,889	650,788	591,742	659,007	647,471	565,585
Grant Proceeds	5,107,902	1,663,960	1,581,405	739,988	310,021	181,712	485,319	91,428	1,137,034	2,877,974
Interest	195,023	758,413	596,147	144,597	63,350	23,735	21,510	15,177	75,108	372,607
Miscellaneous	268,095	249,953	167,085	476,526	121,701	436,261	613,714	137,481	152,298	498,689
Total Revenues	<u>68,093,913</u>	<u>61,002,486</u>	<u>60,025,177</u>	<u>53,682,580</u>	<u>55,503,610</u>	<u>57,240,521</u>	<u>52,537,038</u>	<u>47,028,679</u>	<u>46,084,065</u>	<u>47,921,308</u>
Expenditures										
General Government	17,300,459	15,735,372	16,205,652	13,188,958	12,786,753	10,481,117	9,455,797	7,564,746	10,514,328	7,650,605
Public Safety	24,952,088	23,609,706	22,366,428	21,497,751	20,632,711	20,360,322	19,966,943	19,782,725	19,483,184	20,295,589
Public Works	2,794,407	2,545,177	2,434,849	2,256,535	1,955,152	1,829,022	1,947,379	1,764,594	1,579,685	1,418,054
Culture and Recreation	6,679,409	4,770,871	5,532,914	5,410,327	5,368,482	4,971,889	4,607,539	4,677,062	4,978,858	4,936,225
Health and Welfare	379,010	386,408	348,355	313,732	274,219	303,638	272,910	389,790	397,768	313,441
Tourism and Convention	197,642	53,307	285,737	421,983	313,376	343,139	327,248	329,337	565,964	828,449
Capital Outlay	14,795,986	14,304,887	6,056,765	6,598,983	9,198,456	13,880,758	11,305,801	5,203,281	6,812,179	6,597,349
Debt Service:										
Principal	6,781,585	6,902,006	7,002,065	7,536,091	5,435,479	5,271,794	7,927,532	8,291,022	5,660,462	5,783,346
Interest	1,234,355	1,153,489	1,297,036	1,346,559	1,340,298	1,504,405	2,361,820	1,971,481	2,108,642	1,952,024
Issuance Cost	-	591,284	-	46,548	-	-	206,786	413,535	97,761	-
Agent Fees	-	-	-	-	-	-	1,250	39,227	-	14,363
Total Expenditures	<u>75,114,941</u>	<u>70,052,507</u>	<u>61,529,801</u>	<u>58,617,467</u>	<u>57,304,926</u>	<u>58,946,084</u>	<u>58,381,005</u>	<u>50,426,800</u>	<u>52,198,831</u>	<u>49,789,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,021,028)</u>	<u>(9,050,021)</u>	<u>(1,504,624)</u>	<u>(4,934,887)</u>	<u>(1,801,316)</u>	<u>(1,705,563)</u>	<u>(5,843,967)</u>	<u>(3,398,121)</u>	<u>(6,114,766)</u>	<u>(1,868,137)</u>
Other Financial Sources (uses)										
Sale of Assets	1,504,782	20,307	2,520,635	8,453	198,598	3,796	694,333	45,620	75,550	500
Grant Proceeds	-	-	-	-	-	-	2,677,520	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	50,000
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	15,000,000	-	13,176,742	-	-	-	9,495,000	2,893,395	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Refunding Bond Proceeds	-	3,015,000	-	-	-	-	6,870,000	7,945,000	3,015,000	-
Payment to Bond Escrow Agent	-	(3,163,214)	-	-	-	-	(6,400,000)	(7,700,000)	(3,010,345)	-
Loss on Extinguishment of Debt	-	-	-	-	-	-	-	-	-	-
Premium	-	226,140	-	-	-	-	202,586	277,077	93,107	-
Lease Proceeds	-	242,312	-	-	316,710	-	-	-	2,871,358	271,229
Total Other Financing Sources	<u>1,504,782</u>	<u>15,340,545</u>	<u>2,520,635</u>	<u>13,185,195</u>	<u>515,308</u>	<u>3,796</u>	<u>4,044,439</u>	<u>10,062,697</u>	<u>5,938,065</u>	<u>321,729</u>
Net Change in Fund Balance	<u>(5,516,246)</u>	<u>6,290,524</u>	<u>1,016,011</u>	<u>8,250,308</u>	<u>(1,286,008)</u>	<u>(1,701,767)</u>	<u>(1,799,528)</u>	<u>6,664,576</u>	<u>(176,701)</u>	<u>(1,546,408)</u>
Fund Balance-Beginning of Year	<u>23,905,340</u>	<u>17,614,816</u>	<u>16,598,805</u>	<u>7,578,178</u>	<u>8,864,186</u>	<u>10,565,953</u>	<u>12,365,481</u>	<u>5,700,905</u>	<u>5,877,606</u>	<u>7,424,014</u>
Equity Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-End of Year	<u>18,389,094</u>	<u>23,905,340</u>	<u>17,614,816</u>	<u>15,828,486</u>	<u>7,578,178</u>	<u>8,864,186</u>	<u>10,565,953</u>	<u>12,365,481</u>	<u>5,700,905</u>	<u>5,877,606</u>
Debt service as a percentage of noncapital expenditures	13.29%	14.45%	14.96%	16.06%	13.90%	14.07%	20.34%	23.02%	18.07%	18.53%

CITY OF SOUTHAVEN, MISSISSIPPI
Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (amounts express in thousands)

Fiscal Year	Real Property*		Personal Property		Utilities		Automobiles		Total		Assessed to Actual	Total Direct Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2021	500,724	4,172,700	70,169	584,742	17,251	57,503	94,821	316,070	682,965	5,131,015	13%	0.4373
2020	453,395	3,778,292	71,356	594,633	16,429	54,763	86,692	288,973	627,872	4,716,662	13%	0.4373
2019	442,189	3,684,908	72,042	600,350	14,344	47,813	83,795	279,317	612,370	4,612,388	13%	0.4373
2018	401,273	3,343,942	62,848	523,733	14,338	47,793	79,865	266,217	558,324	4,181,685	13%	0.4373
2017	378,593	3,154,942	59,559	496,325	13,860	46,200	76,907	256,357	528,919	3,953,823	13%	0.4373
2016	360,370	3,003,083	61,519	512,658	13,068	43,560	71,530	238,433	506,487	3,797,735	13%	0.4373
2015	342,002	2,850,017	55,372	369,147	12,356	41,187	66,440	221,467	476,170	3,481,817	14%	0.4373
2014	334,544	2,787,867	51,101	340,673	12,112	40,373	62,618	208,727	460,375	3,377,640	14%	0.4373
2013	321,985	2,683,208	127,387	849,247	11,864	39,547	60,129	200,430	521,365	3,772,432	14%	0.4373
2012	348,545	2,904,542	114,496	763,307	10,822	36,073	59,406	198,020	533,269	3,901,942	14%	0.4373

* Per the Desoto County Tax Assessor, real property is not separated by class (1 and 2) and therefore the City use the actual value of the real property.

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

Fiscal Year	City of Southaven				DeSoto County			DeSoto County School District			Northwest Community College			Grand Total Millage
	Operating Millage	Debt Millage	Sanitation Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
2021	35.72	8.01	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2020	33.22	10.51	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2019	32.92	10.81	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2018	31.43	12.30	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2017	30.80	12.93	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2016	27.67	16.06	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2015	27.67	16.06	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2014	22.36	15.37	6.00	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2013	23.12	14.61	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2012	21.13	16.60	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43

CITY OF SOUTHAVEN
Principal Property Taxpayers
Current Year and Seven Years Ago
(amount expressed in thousands)

Taxpayer	2021			2014		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation*	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Personal Property						
US Industrial REIT II	10,178	1	1.62%	3242	6	0.70%
Helen of Troy LP	6,653	2	1.06%	5195	1	1.13%
Associated Wholesale Grocers	6,304	3	1.00%			
Civic Center 1 Apartments LLC	6,137	4	0.98%			
Granite, LLC	5,749	5	0.92%			
Southaven Desoto Investment	5,578	6	0.89%			
Mid-South Outlet Shops LLC	4,780	7	0.76%			
Future Electronics	4,158	8	0.66%			
Southaven Partners I LP	3,618	9	0.58%			
Southaven Towne Center II LLC	3,098	10	0.49%	2,248	9	0.49%
US Industrial RIET III-Midwest				3,605	2	0.78%
Hillwood Lit LP				3,516	3	0.76%
Blenheim DeSoto Holding LLC				3,258	4	0.71%
LIT Industrial LP				3,242	5	0.70%
Asics America Corp				2,990	7	0.65%
Somerset DeSoto Holdings				2,967	8	0.64%
COMCAST of AR/FL/LA/MS/TN INC				1,915	10	0.42%
	56,253		8.96%	32,178		6.99%

NOTE: The City did not accumulate this data prior to 2014, with the exception of 2011.

* The total assessed valuation for 2021 is \$627,875,009

** The total assessed valuation for 2014 is \$460,572,588

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	32,472	27,677	85%	-	27,677	85%
2020	30,064	24,676	82%	2,069	26,745	89%
2019	29,386	29,037	99%	287	29,324	100%
2018	27,022	26,521	98%	18	26,539	98%
2017	25,731	24,428	95%	76	24,504	95%
2016	24,765	23,438	95%	27	23,465	95%
2015	23,430	23,117	99%	68	23,185	99%
2014	22,747	22,186	98%	91	22,277	98%
2013	25,277	22,898	91%	2,214	25,112	99%
2012	23,262	22,573	97%	50	22,623	97%

CITY OF SOUTHAVEN, MISSISSIPPI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities				Business-type Activities							
Fiscal Year	General Obligation Bonds Revenue & Tax Bonds***	Capital Leases	Other General Obligation Debt	Water & Sewer General Obligation Bonds	Capital Leases	State Revolving Loans	Total Outstanding Debt	Personal Income *	Population**	Debt Per Capita	Percentage Of Personal Income
2021	39,151,186	181,734	1,354,527	18,138,385	-	12,247,901	71,073,733	45,764	54,648	1,300.57	2.38%
2020	44,591,642	242,312	2,735,035	14,916,961	-	13,469,839	75,955,789	45,764	54,648	1,389.91	2.54%
2019	35,033,358	-	4,149,540	16,365,537	69,010	14,664,726	70,282,171	42,007	54,944	1,279.16	2.33%
2018	40,742,869	-	5,532,105	17,786,108	135,153	15,833,388	80,029,623	40,702	54,031	1,481.18	2.74%
2017	39,856,381	264,263	493,943	19,105,071	198,548	16,976,459	76,894,665	39,461	53,214	1,445.01	2.72%
2016	45,179,335	-	591,975	20,358,255	259,310	18,094,538	84,483,413	38,386	52,589	1,606.48	3.05%
2015	50,336,531	72,508	716,446	20,670,610	317,548	18,596,940	90,710,583	36,375	51,824	1,750.36	3.38%
2014	54,485,547	2,336,812	1,604,674	21,680,294	373,367	15,746,180	96,226,874	36,242	50,997	1,886.91	3.70%
2013	49,173,977	2,815,514	4,766,994	22,739,979	426,868	12,965,628	92,888,960	35,374	50,374	1,843.99	3.66%
2012	50,627,574	444,715	5,281,897	23,940,848	478,146	10,412,837	91,186,017	35,772	50,374	1,810.18	3.59%

* U.S. Bureau of Economic Analysis Statistics for DeSoto County

** U.S. Census Bureau

*** This includes unamortized premiums and discounts

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

Fiscal Year	Estimated Population	Assessed Property Value*	Gross General Obligation Bonds*	Less Debt Service Funds	Net GO Bonded Debt	Percentage of Assessed Taxable Value of Property	Net Bonded Debt Per Capita
2021	54.6	682,966	57,289	768	56,521	8.28%	1,035.18
2020	54.6	627,875	58,624	439	58,185	9.27%	1,065.66
2019	54.9	612,371	49,674	411	49,263	8.04%	897.32
2018	54.0	558,324	55,968	172	55,796	9.99%	1,033.26
2017	53.2	528,815	55,601	236	55,365	10.47%	1,040.70
2016	52.6	506,720	61,117	375	60,742	11.99%	1,154.79
2015	51.8	476,170	55,347	375	54,972	11.54%	1,061.24
2014	50.9	460,573	59,410	2,062	57,348	12.45%	1,126.68
2013	50.4	521,365	54,019	1,372	52,647	10.10%	1,044.58
2012	50.4	533,269	52,363	1,628	50,735	9.51%	1,006.65

* This amount includes unamortized premiums and discounts

CITY OF SOUTHAVEN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021
(amounts expressed in thousands)

Jurisdiction	<u>Debt Outstanding</u>	<u>Amount Applicable to Government</u>	<u>Percentage Applicable to Government</u>
Direct:			
City of Southaven	40,687	40,687	100%
Overlapping:			
None	<u>0</u>	<u>0</u>	<u>0</u>
Total all	<u>40,687</u>	<u>40,687</u>	

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit (15%)	\$ 102,445	\$ 94,181	\$ 91,856	\$ 83,749	\$ 79,322	\$ 75,488	\$ 71,426	\$ 69,086	\$ 78,205	\$ 79,792
Total net GO Debt Applicable to Limit	<u>28,796</u>	<u>33,341</u>	<u>38,401</u>	<u>43,510</u>	<u>48,220</u>	<u>52,680</u>	<u>47,610</u>	<u>50,945</u>	<u>48,290</u>	<u>46,350</u>
Legal Debt Margin	<u>\$ 73,649</u>	<u>\$ 60,840</u>	<u>\$ 53,455</u>	<u>\$ 40,239</u>	<u>\$ 31,102</u>	<u>\$ 22,808</u>	<u>\$ 23,816</u>	<u>\$ 18,141</u>	<u>\$ 29,915</u>	<u>\$ 33,442</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	28.1%	35.4%	41.8%	52.0%	60.8%	69.8%	66.7%	73.7%	61.7%	58.1%

CITY OF SOUTHAVEN
Pledged Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Water and Sewer Gross Revenue	Water and Sewer Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2021	13,558	14,624	(1,066)	1,800	555	2,355	-221%
2020	13,030	8,471	4,559	1,367	559	1,926	42%
2019	12,399	8,103	4,296	1,320	562	1,882	44%
2018	13,128	8,309	4,819	1,299	595	1,894	39%
2017	12,187	7,264	4,923	1,298	633	1,931	39%
2016	12,498	6,610	5,888	1,260	691	1,951	33%
2015	11,630	7,380	4,250	1,155	830	1,985	47%
2014	11,503	5,154	6,349	1,105	873	1,978	31%
2013	14,248	9,763	4,485	1,015	1,065	2,080	46%
2012	15,501	3,564	11,937	1,469	1,085	2,554	21%

NOTE: Principal and interest do not include notes payable that are paid through sales tax.

Note: An improvement fee is collected on services provided that is used to pay revenue backed debt.

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

<u>Fiscal Year</u>	<u>Estimated Population *</u>	<u>Per Capita Income **</u>	<u>School Enrollment ***</u>	<u>Unemployment Rate City ****</u>	<u>Unemployment Rate State****</u>	<u>Unemployment Rate Nation****</u>
2021	54,648	45,764	34,469	3.20%	5.00%	4.70%
2020	54,648	42,007	34,067	4.70%	7.10%	7.90%
2019	54,944	42,007	34,752	4.30%	5.40%	3.50%
2018	54,031	40,702	34,392	3.30%	4.80%	3.70%
2017	53,214	39,461	33,991	3.50%	5.20%	4.20%
2016	52,589	38,386	33,537	4.10%	5.70%	4.90%
2015	51,824	36,375	33,140	3.50%	5.90%	4.90%
2014	50,997	36,242	33,054	4.60%	7.70%	5.90%
2013	50,374	35,374	32,759	5.93%	9.05%	7.68%
2012	50,374	35,037	32,311	6.14%	9.16%	8.08%

* U. S. Census Bureau

** U. S. Bureau of Economic Analysis

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

**** United States Department of Labor

CITY OF SOUTHAVEN
Principal Employers
Current and Last Fiscal Years

Employer	2021		2012	
	Employees	Rank	Employees	Rank
Baptist Memorial Hospital	1,750	1	1,627	1
DeSoto County School District	957	2	780	2
Helen of Troy	600	3	-	-
Associated Wholesale Grocers	580	4	265	9
City of Southaven	469	5	403	4
Wal-Mart	425	6	600	3
Future Electronics	357	7	300	5
Spectra Labs	350	8	-	-
Seimens Industry	335	9	300	7
DeSoto County Civic Center	314	10	300	6
ScanSource			220	10
Thomas and Betts			300	8

Source: Mississippi Development Authority, October 2013 and November 2012, Desoto County Economic Development Council.

NOTE: This information was not accumulated prior to 2012

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

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Arts & Culture	5	3	3	3	3	3	3	4	4	3
Court	16	12	13	13	14	17	17	16	17	17
General Administration	5	5	5	6	6	6	7	4	4	6
Information Technology	6	5	22	25	25	26	30	30	31	31
City Clerk	6	6	6	6	6	6	6	6	6	6
Building	4	4	0	*	*	*	*	*	*	*
Environmental	2	2	1	*	*	*	*	*	*	*
Planning	6	6	9	16	17	15	16	14	16	17
Police	144	143	122	132	135	132	123	136	138	143
Fire	115	108	123	116	117	117	127	127	127	128
Public Works	10	10	14	12	13	15	21	19	19	19
Parks	52	52	50	49	54	53	48	54	49	50
Municipal Code Enforcement	8	9	5	5	5	5	5	6	8	5
Utilities	24	22	27	27	27	31	32	36	37	42
Sanitation	*	3	3	3	2	2	2	2	2	2
	403	390	403	413	424	428	437	454	458	469

Source: City of Southaven payroll reports

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

Note 2: Beginning in 2014 dispatchers were moved from Police to Information Technology

CITY OF SOUTHAVEN, MISSISSIPPI
Operating Indicators by Function/Program
 Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Calls for service	61,752	70,260	67,521	79,162	69,343	57,543	62,765	59,850	55,886	50,854
Tickets issued	17,707	17,322	21,894	21,193	16,844	7,574	14,608	15,371	11,295	13,244
Arrests	2,952	2,940	3,611	4,281	4,748	3,814	3,586	3,904	3,489	3,846
Fire										
Total Incidents	2,152	2,510	2,670	2,853	3,497	3,561	3,711	3,826	7,794	10,011
Building Fires	41	44	49	38	20	37	34	34	34	28
EMS Transport Calls	4,433	5,004	5,389	4,130	4,216	4,460	4,411	4,483	4,734	4,803
Total Inspections	4,095	4,331	4,197	5,194	4,925	6,190	4,712	5,525	8,641	7,853
Sanitation										
Recycling trailers (pounds)	468,030	531,000	401,000	338,000	364,322	438,510	395,896	395,896	-	3,400
Curbside Recycling (tons)	1,501	1,408	1,273	792	639	554	400	400	806	503
Municipal Code Enforcement										
Ordinance Violations	1,462	2,234	2,156	3,721	4,449	4,671	4,475	4,525	4,332	4,082
Water										
Average Daily consumption (gallons)	4,400,000	4,500,000	4,530,000	4,590,000	4,495,000	4,530,000	4,991,500	4,991,500	4,600,000	4,600,000
Water storage capacity (gallons)	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000

Source: City of Southaven departments

* An asterisk (*) indicates the department had not previously recorded or performed the Function/Program

NOTE: The recycling trailers were taken up due to COVID-19 in 2020 resulting in zero pounds of recycling.
 The trailers were only out for a short time in 2021 resulting in a small amount of recycling.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	103	100	109	112	120	118	96	92	92	92
Other vehicles	31	45	38	30	31	31	49	50	50	50
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Ladder trucks	3	3	3	3	3	3	3	3	3	3
Fire engines	7	8	8	8	8	8	7	7	7	7
Rescue vehicles	6	6	6	7	7	7	8	8	8	8
Parks and recreations										
Parks	25	25	25	25	25	25	25	25	25	25
Golf Courses	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	12	12	12	12	12
Baseball/Softball Fields	25	25	25	25	25	25	25	25	25	25

Source: City of Southaven departments

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Southaven, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Southaven, Mississippi as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Southaven's basic financial statements, and have issued our report thereon dated May 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 internal control was for the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
May 2, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Board of Aldermen
City of Southaven, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Southaven's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. City of Southaven's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Southaven's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Southaven, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
May 2, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Southaven, Mississippi

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Southaven, Mississippi as of and for the year ended September 30, 2021, which collectively comprise the City of Southaven's basic financial statements and have issued our report thereon dated May 2, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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 all 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 and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the City's management, federal awarding agencies, the Office of the State Auditor 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
May 2, 2022

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Southaven, Mississippi

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
10.923	Emergency Watershed Protection Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statements Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

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