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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.

FINANCIAL STATEMENTS
CITY OF GUNTOWN, MISSISSIPPI
Year Ended September 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Guntown, 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 Guntown, 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 Guntown, 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.

Auditors' 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 auditors' 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 Guntown, Mississippi, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of the City's proportionate share of net pension liability and the schedule of the City's contributions on pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guntown, Mississippi's basic financial statements. The individual fund financial statements, and other supplementary schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the other supplementary information 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 individual fund financial statements and the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the City of Guntown, 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 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 the City of Guntown, Mississippi's internal control over financial reporting and compliance.

Franks, Franks, Wilkmon & Hagood P.A.

Tupelo, Mississippi
November 3, 2023

CITY OF GUNTOWN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information for the Year Ended September 30, 2021

This section of the City of Guntown's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2021. Please read it in conjunction with the City of Guntown financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,115,833. Of this amount, none may be used to meet the City of Guntown's ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$4,672,208, of which none was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City of Guntown's governmental funds reported combined ending fund balances of \$732,250, an increase of \$194,470 in comparison to the prior year. None of the combined fund balances is considered unassigned and is available for spending at the City of Guntown discretion.
- The City of Guntown's total debt is \$2,418,357 which includes the liability for compensated absences of \$17,962. No new debt was issued in the current fiscal year. Debt in the amount of \$241,531 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Guntown.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Guntown's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Guntown's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Guntown has two Governmental Fund types: the General Fund and Special Revenue Fund.

Proprietary Fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and includes the Water and Sewer Utility Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major Governmental Funds, each of which are added together and presented in single columns in the basic financial statements.

CITY OF GUNTOWN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Guntown's financial statements, including the portion of the City of Guntown they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the City of Guntown's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and culture and recreation	Activities the City operates similar to private businesses: Water and Sewer System
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF GUNTOWN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City of Guntown as a whole using accounting methods similar to those used by private-sector companies. The statement of net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Guntown's net position and how they have changed. Net Position—the difference between the City of Guntown's assets and liabilities—is one way to measure the City of Guntown's financial health, or position.

- Over time, increases or decreases in the City of Guntown's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Guntown, the reader should consider additional non-financial factors such as changes in the City of Guntown's economic environment.
- *Governmental activities* – Most of the City of Guntown's basic services are included here, such as the police, fire, public works, tourism, building inspection, parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Guntown charges fees to customers to help it cover the costs of certain services it provides. The City of Guntown's water and sewer systems services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Guntown's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Guntown exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Aldermen establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF GUNTOWN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Guntown has two types of funds:

- **Governmental funds**—Most of the City of Guntown's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Guntown's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Net Position. The City of Guntown utilizes two types of governmental funds: the General Fund and Special Revenue Funds.
- **Proprietary funds**—Services for which the City of Guntown charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary fund—Enterprise Funds. The City of Guntown's Enterprise Funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of Proprietary Funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City of Guntown's assets exceeded liabilities by \$5,115,833 at the close of the most recent fiscal year.

A large portion, 83 percent, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GUNTOWN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

City of Guntown's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 1,190,927	\$ 953,325	\$ 818,225	\$ 687,119	\$ 2,009,152	\$ 1,640,444
Noncurrent Assets	1,208,277	1,071,451	5,891,608	6,190,173	7,099,885	7,261,624
Total Assets	2,399,204	2,024,776	6,709,833	6,877,292	9,109,037	8,902,068
Deferred Outflows	83,901	81,789	44,509	43,218	128,410	125,007
Total Deferred Outflows	83,901	81,789	44,509	43,218	128,410	125,007
Current and Other Liabilities	171,902	164,245	321,937	324,005	493,839	488,250
Long-Term Liabilities	888,183	1,169,693	2,337,719	2,631,642	3,225,902	3,801,335
Total Liabilities	1,060,085	1,333,938	2,659,656	2,955,647	3,719,741	4,289,585
Deferred Inflows	262,578	42,712	139,295	22,570	401,873	65,282
Total Deferred Inflows	262,578	42,712	139,295	22,570	401,873	65,282
Net Investment in Capital Assets	954,503	751,408	3,299,624	3,332,665	4,254,127	4,084,073
Restricted	441,440	345,358	445,363	535,625	886,803	880,983
Unrestricted (deficit)	(235,501)	(366,851)	210,404	74,003	(25,097)	(292,848)
Total Net Position	\$ 1,160,442	\$ 729,915	\$ 3,955,391	\$ 3,942,293	\$ 5,115,833	\$ 4,672,208

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. None of the unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was \$210,404 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Guntown generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position. Approximately 20.32 percent of the City of Guntown's revenue comes from property taxes and approximately 12.00 percent from sales tax, with 36.66 percent of all revenue coming from some type of tax. (See Table A-2.) Another 45.83 percent comes from fees charged for services, and the balance is from intergovernmental revenues, investment earnings and other miscellaneous receipts.

CITY OF GUNTOWN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2
Changes in the City of Guntown's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 107,516	\$ 110,672	\$ 976,940	\$ 759,628	\$ 1,084,456	\$ 870,300
Operating Grants & Contributions	48,788	-	-	-	48,788	-
Capital Grants & Contributions	343,200	-	-	-	343,200	-
General Revenues:						
Property Taxes	480,875	396,228	-	-	480,875	396,228
Sales Taxes	284,035	240,123	-	-	284,035	240,123
Other Taxes	102,768	93,609	-	-	102,768	93,609
Intergovernmental Revenue	7,158	54,732	-	-	7,158	54,732
Investment Income	239	304	1,742	361	1,981	665
Other	11,050	3,131	2,197	470,102	13,247	473,233
Total Revenues	1,385,629	898,799	980,879	1,230,091	2,366,508	2,128,890
Expenses						
General Government	435,609	423,654	-	-	435,609	423,654
Public Safety	482,200	678,155	-	-	482,200	678,155
Public Works	42,540	-	-	-	42,540	-
Culture & Recreation	17,685	15,954	-	-	17,685	15,954
Water & Sewer System	-	-	879,343	904,230	879,343	904,230
Interest on Long-Term Debt	10,285	3,909	55,221	89,702	65,506	93,611
Total Expenses	988,319	1,121,672	934,564	993,932	1,922,883	2,115,604
Excess of Revenue Over Expenses	397,310	(222,873)	46,315	236,159	443,625	13,286
Transfers (to) from Other Funds	33,217	21,825	(33,217)	(21,825)	-	-
Increase (Decrease) in Net Position	430,527	(201,048)	13,098	214,334	443,625	13,286
Net Position—Beginning	729,915	930,963	3,942,293	3,727,959	4,672,208	4,658,922
Net Position—Ending	\$ 1,160,442	\$ 729,915	\$ 3,955,391	\$ 3,942,293	\$ 5,115,833	\$ 4,672,208

Governmental Activities

Governmental activities increased the City's net position by \$430,527, thereby accounting for 97 percent of the total increase in the net position of the City. Key elements are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are property taxes (35 percent), charges for services (8 percent) and sales tax (20 percent).

The largest expense categories for the City's governmental activities are public safety (49 percent) and general government (44 percent).

CITY OF GUNTOWN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Business-type activities increased the City's net position by \$13,098, thereby accounting for 3 percent of the total increase in the net position of the City.

Charges for services are the major revenue categories for the enterprise funds. Total business-type charges for services revenues are comprised of \$976,940 for the water and sewer system.

Financial Analysis of the Government's Funds

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

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

General Fund - The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund deficit of the general fund was (\$21,152). As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total unassigned fund balance represents 0 percent of total fund expenditures. The fund balance of the City's general fund decreased by \$119,751 during the current fiscal year.

Major Fund: American Rescue Plan Act (ARPA) Fund - This major fund has a fund balance of \$343,210, all of which is committed to public health expenditures, replacement of lost revenue, providing pay for essential workers, and investing in water and sewer infrastructure. The net increase in fund balance during the current year in the ARPA fund was \$343,210.

Special Revenue Fund - The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$50,893, which will be used for future expenditures.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$3,955,391, a change of \$13,098.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2020-21 general fund operating budget increased by \$312,008 during the current fiscal year. This increase was primarily related to increases in capital outlay budgets for Public Safety and Public Works. The City's tax millage stayed the same from 2020 to 2021.

CITY OF GUNTOWN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$6,654,522, net of accumulated depreciation of \$4,208,676. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, leased property under capital leases, infrastructure, and construction in progress.

**Table A-3
City of Guntown's Capital Assets**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 118,220	\$ 118,220	\$ 47,128	\$ 47,128	\$ 165,348	\$ 165,348
Construction in Progress	303,239	84,524	-	-	303,239	84,524
Plants, Buildings & Improvements	521,056	521,056	8,400,579	8,345,623	8,921,635	8,866,679
Machinery & Equipment	525,069	516,414	351,622	346,681	876,691	863,095
Leased Property under Capital Leases	536,786	536,786	59,499	59,499	596,285	596,285
Accumulated Depreciation	(796,093)	(705,549)	(3,412,583)	(3,144,383)	(4,208,676)	(3,849,932)
Total	\$ 1,208,277	\$ 1,071,451	\$ 5,446,245	\$ 5,654,548	\$ 6,654,522	\$ 6,725,999

Long-term Debt - At year-end, the City had \$2,418,357 in revenue bonds and other long-term debt outstanding, of which \$220,287 is due within one year. More detailed information about the City of Guntown's long-term liabilities is presented in the notes to the financial statements.

**Table A-4
City of Guntown's Outstanding Debt**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenue Bonds	\$ -	\$ -	\$ 835,000	\$ 895,000	\$ 835,000	\$ 895,000
Notes Payable	-	-	1,290,231	1,389,052	1,290,231	1,389,052
Capital Leases Payable	253,774	320,043	21,390	37,831	275,164	357,874
Compensated Absences	10,489	11,947	7,473	7,693	17,962	19,640
Total	\$ 264,263	\$ 331,990	\$ 2,154,094	\$ 2,329,576	\$ 2,418,357	\$ 2,661,566

CITY OF GUNTOWN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2022 budget. The total budgeted appropriations for the City's general fund operations is \$1,316,963. This is a decrease of \$10,010 from the prior year budget. This decrease is primarily related to capital outlay in the town department and police department.

CONTACTING THE CITY OF GUNTOWN FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Guntown finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Guntown's Finance Department, P.O. Box 27, Guntown, MS 38849.

BASIC FINANCIAL STATEMENTS

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash on Deposit	\$ 492,841	\$ 257,575	\$ 750,416
Money Market, Certificates of Deposit	-	421,601	421,601
Restricted Cash	343,210	445,363	788,573
Due From Other Governments	12,834	-	12,834
Accounts Receivable	-	134,891	134,891
Court Fines Receivable, net	328,811	-	328,811
Property Tax Receivable	5,615	-	5,615
Other Receivable	11,774	-	11,774
Internal Balances	(4,158)	4,158	-
Capital Assets:			
Land	118,220	47,128	165,348
Plant, Buildings and Improvements	521,056	8,400,579	8,921,635
Machinery and Equipment	525,069	351,622	876,691
Leased Property under Capital Leases	536,786	59,499	596,285
Construction in Progress	303,239	-	303,239
Accumulated Depreciation	(796,093)	(3,412,583)	(4,208,676)
TOTAL ASSETS	2,399,204	6,709,833	9,109,037
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amounts Related to Pensions	83,901	44,509	128,410
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 83,901	\$ 44,509	\$ 128,410

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 105,366	\$ 31,055	\$ 136,421
Accrued Compensated Absences	10,489	7,473	17,962
Refundable Deposits	18,885	118,246	137,131
Net Pension Liability	671,571	356,261	1,027,832
Long-Term Liabilities:			
Due Within One Year	47,651	172,636	220,287
Due in More Than One Year	206,123	1,973,985	2,180,108
TOTAL LIABILITIES	1,060,085	2,659,656	3,719,741
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Amounts Related to Pensions	262,578	139,295	401,873
TOTAL DEFERRED INFLOWS OF RESOURCES	262,578	139,295	401,873
<u>NET POSITION</u>			
Net Investment in Capital Assets	954,503	3,299,624	4,254,127
Restricted for:			
Debt Service	-	445,363	445,363
Grant Activities	47,337	-	47,337
Infrastructure - ARPA	343,210	-	343,210
Special Revenue Projects	50,893	-	50,893
Unrestricted (deficit)	(235,501)	210,404	(25,097)
TOTAL NET POSITION	\$ 1,160,442	\$ 3,955,391	\$ 5,115,833

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2021

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Government Activities:							
General Government	\$ 435,609	\$ 38,025	\$ 48,788	\$ -	\$ (348,796)	\$ -	\$ (348,796)
Public Safety	482,200	68,621	-	-	(413,579)	-	(413,579)
Public Works	42,540	-	-	343,200	300,660	-	300,660
Culture and Recreation	17,685	870	-	-	(16,815)	-	(16,815)
Interest on Long-Term Debt	10,285	-	-	-	(10,285)	-	(10,285)
TOTAL GOVERNMENTAL ACTIVITIES	988,319	107,516	48,788	343,200	(488,815)	-	(488,815)
Business-Type Activities:							
Water & Sewer System	934,564	976,940	-	-	-	42,376	42,376
TOTAL BUSINESS-TYPE ACTIVITIES	934,564	976,940	-	-	-	42,376	42,376
TOTAL PRIMARY GOVERNMENT	\$ 1,922,883	\$ 1,084,456	\$ 48,788	\$ 343,200	\$ (488,815)	\$ 42,376	\$ (446,439)
GENERAL REVENUES:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 480,875	\$ -	\$ 480,875
Sales and Use Taxes					284,035	-	284,035
Licenses and Permits					6,162	-	6,162
In Lieu Taxes					96,606	-	96,606
Intergovernmental Revenues					7,158	-	7,158
Gain (Loss) on Sale of Capital Assets					1,825	-	1,825
Investment Earnings					239	1,742	1,981
Miscellaneous					9,225	2,197	11,422
Transfers (to) from Other Funds					33,217	(33,217)	-
TOTAL GENERAL REVENUES AND TRANSFERS					919,342	(29,278)	890,064
CHANGE IN NET POSITION					430,527	13,098	443,625
NET POSITION--BEGINNING					729,915	3,942,293	4,672,208
NET POSITION--ENDING					\$ 1,160,442	\$ 3,955,391	\$ 5,115,833

CITY OF GUNTOWN, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	Major Funds		Other	Total
	General	ARPA	Governmental	Governmental
	Fund	Fund	Funds	Funds
<u>ASSETS:</u>				
Cash on Deposit	\$ 431,921	\$ -	\$ 60,920	\$ 492,841
Restricted Cash	-	343,210	-	343,210
Due From Other Governments	12,834	-	-	12,834
Other Receivables	11,774	-	-	11,774
TOTAL ASSETS	\$ 456,529	\$ 343,210	\$ 60,920	\$ 860,659
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 95,339	\$ -	\$ 10,027	\$ 105,366
Due to Other Funds	4,158	-	-	4,158
Refundable Deposits	18,885	-	-	18,885
TOTAL LIABILITIES	118,382	-	10,027	128,409
<u>FUND BALANCES:</u>				
Restricted:				
Fire Protection	-	-	50,893	50,893
Grant Activities	47,337	-	-	47,337
Infrastructure - ARPA	-	343,210	-	343,210
Assigned:				
Future Budget Requirements	311,962	-	-	311,962
Unassigned	(21,152)	-	-	(21,152)
TOTAL FUND BALANCES	338,147	343,210	50,893	732,250
TOTAL LIABILITIES AND FUND BALANCES	\$ 456,529	\$ 343,210	\$ 60,920	\$ 860,659

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2021

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 732,250
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	1,208,277
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	5,615
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(253,774)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(10,489)
Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(671,571)
Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows of resources related to defined benefit pension plan	83,901
Deferred inflows of resources related to defined benefit pension plan	(262,578)
Accrual of court fine revenues to qualify as financial resources.	<u>328,811</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,160,442</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2021

	Major Funds		Other	Total
	General	ARPA	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES:				
General Property Taxes	\$ 480,140	\$ -	\$ -	\$ 480,140
Sales & Use Taxes	284,035	-	-	284,035
Licenses and Permits	6,162	-	-	6,162
In Lieu of Taxes	96,606	-	-	96,606
Intergovernmental Revenues	7,158	-	-	7,158
Rentals	38,025	-	-	38,025
Park Revenues	870	-	-	870
Fines and Forfeits	52,498	-	-	52,498
Interest Income	194	10	35	239
Grant Income	48,788	343,200	-	391,988
Miscellaneous Revenues	9,200	-	25	9,225
TOTAL REVENUES	1,023,676	343,210	60	1,366,946
EXPENDITURES:				
Current:				
General Government	427,165	-	-	427,165
Public Safety	383,761	-	43,337	427,098
Public Works	261,255	-	-	261,255
Culture and Recreation	15,446	-	-	15,446
Debt Service	52,547	-	24,007	76,554
TOTAL EXPENDITURES	1,140,174	-	67,344	1,207,518
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	(116,498)	343,210	(67,284)	159,428
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	1,825	-	-	1,825
Transfers to Other Funds	(38,295)	-	-	(38,295)
Transfers from Other Funds	33,217	-	38,295	71,512
TOTAL OTHER FINANCING				
SOURCES (USES)	(3,253)	-	38,295	35,042
NET CHANGE IN FUND BALANCES	(119,751)	343,210	(28,989)	194,470
FUND BALANCES - BEGINNING	457,898	-	79,882	537,780
FUND BALANCES - ENDING	\$ 338,147	\$ 343,210	\$ 50,893	\$ 732,250

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT
OF ACTIVITIES
Fiscal Year Ended September 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 194,470

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

Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 227,370

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. (90,544)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net (gain/ loss) of \$715 and the proceeds from the sale of \$2,215 in the current period.

Items reported in the Statement of Activities relating to the implementation of GASB Statement No. 68 are not reported in the governmental funds.

These activities include:

Recognition of pension expense for the current year	(37,919)	
Recognition of contributions made subsequent to the measurement date	13,700	
Recognition of contributions made in the fiscal year prior to measurement date	38,865	14,646

Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in governmental funds. 735

Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received. 16,123

(Increase) decrease in accrual of compensated absences. 1,458

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.

This amount represents long-term debt repayments and issuance costs. 66,269

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 430,527

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the Fiscal Year Ended September 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
General Property Taxes	\$ 408,800	\$ 408,800	\$ 479,652	\$ 70,852
Sales & Use Taxes	185,000	229,291	282,495	53,204
Licenses and Permits	9,800	9,800	6,162	(3,638)
In Lieu of Taxes	76,000	76,000	96,606	20,606
Intergovernmental Revenues	7,500	7,500	7,158	(342)
Rentals	41,300	41,300	38,025	(3,275)
Park Revenues	1,000	1,000	870	(130)
Fines and Forfeits	73,750	73,750	52,498	(21,252)
Interest Income	253	253	194	(59)
Grant Income	-	-	48,788	48,788
Miscellaneous Revenues	1,990	1,990	9,200	7,210
TOTAL REVENUES	805,393	849,684	1,021,648	171,964
EXPENDITURES:				
Current:				
General Government	397,153	444,444	427,165	17,279
Public Safety	439,973	447,973	383,761	64,212
Public Works	67,491	324,208	261,255	62,953
Culture and Recreation	57,498	57,498	15,446	42,052
Debt Service	52,850	52,850	52,547	303
TOTAL EXPENDITURES	1,014,965	1,326,973	1,140,174	186,799
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(209,572)	(477,289)	(118,526)	358,763
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Capital Assets	2,500	2,500	1,825	(675)
Proceeds from Long Term Debt	-	-	-	-
Transfers from Other Funds	70,738	70,738	33,217	(37,521)
Transfers (to) Other Funds	(41,490)	(41,490)	(38,295)	3,195
TOTAL OTHER FINANCING SOURCES (USES)	31,748	31,748	(3,253)	(35,001)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (177,824)	\$ (445,541)	\$ (121,779)	\$ 323,762

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
ARPA FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the Fiscal Year Ended September 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
Grant Income	\$ -	\$ 343,200	\$ 343,200	\$ -
Interest Income	-	-	10	10
TOTAL REVENUES	-	343,200	343,210	10
EXPENDITURES:				
Current:				
Public Works	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	-	343,200	343,210	10
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ -	\$ 343,200	\$ 343,210	\$ 10

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

ASSETS

Current Assets

Cash on Deposit	\$ 257,575
Money Market, Certificates of Deposit	421,601
Accounts Receivable	134,891
Due from Other Funds	4,158
Total Current Assets	<u>818,225</u>

Noncurrent Assets

Restricted Cash	445,363
Fixed Assets	
Distributions Systems	8,400,579
Equipment	351,622
Leased Property under Capital Leases	59,499
Land	47,128
Less: Accumulated Depreciation	<u>(3,412,583)</u>
Total Noncurrent Assets	<u>5,891,608</u>
TOTAL ASSETS	<u>6,709,833</u>

Deferred Outflows of Resources

Deferred Outflows - Pensions	<u>44,509</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>44,509</u>

LIABILITIES

Current Liabilities

Accounts Payable	31,055
Notes and Bonds Payable - Within One Year	172,636
Total Current Liabilities	<u>203,691</u>

Noncurrent Liabilities

Accrued Compensated Absences	7,473
Net Pension Liability	356,261
Refundable Deposits	118,246
Notes and Bonds Payable, Net of Current Maturities	1,973,985
Total Noncurrent Liabilities	<u>2,455,965</u>
TOTAL LIABILITIES	<u>2,659,656</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	<u>139,295</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>139,295</u>

NET POSITION

Net Investment in Capital Assets	3,299,624
Restricted for:	
Debt Service	445,363
Unrestricted	210,404
TOTAL NET POSITION	<u>\$ 3,955,391</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2021

<u>OPERATING REVENUES</u>	
Charges for Services	\$ 976,940
Other Receipts	2,197
Total Operating Revenues	<u>979,137</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	228,662
Contractual Services	57,398
Supplies	74,502
Depreciation and Amortization	268,200
Other Services	250,581
Total Operating Expenses	<u>879,343</u>
Operating Income	<u>99,794</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest Income	1,742
Interest and Fiscal Charges	(55,221)
Total Non-Operating Revenues (Expenses)	<u>(53,479)</u>
<u>INCOME BEFORE OPERATING TRANSFERS</u>	<u>46,315</u>
<u>TRANSFERS (TO) FROM OTHER FUNDS</u>	
Transfers to Other Funds	<u>(33,217)</u>
CHANGE IN NET POSITION	<u>13,098</u>
NET POSITION - OCTOBER 1	<u>3,942,293</u>
NET POSITION - SEPTEMBER 30	<u>\$ 3,955,391</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Customers	\$ 964,095
Cash Payments for Personnel Services	(234,856)
Cash Payments for Contractual Services	(57,398)
Cash Payments for Supplies	(74,502)
Cash Payments for Other Services	(249,682)
Net Cash Provided By Operating Activities	<u>347,657</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating Transfers - In from (Out) to Other Funds	(32,852)
Net Cash Flows Provided By (Used In) Noncapital Financing Activities	<u>(32,852)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Fixed Assets	(59,897)
Principal Paid on Bonds, Notes and Capital Lease Payables	(175,262)
Interest Paid on Bonds, Notes and Capital Lease Payables	(55,221)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(290,380)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	1,742
Net Cash Provided By Investing Activities	<u>1,742</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,167
CASH AND CASH EQUIVALENTS - BEGINNING	1,098,372
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,124,539</u>

BALANCE SHEET RECONCILIATION:

Cash on Deposit	\$ 257,575
Money Market, Certificates of Deposit	421,601
Restricted Cash	445,363
	<u>\$ 1,124,539</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 99,794
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities	
Depreciation	268,200
Net Pension Expense	(5,974)
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(15,042)
Increase (Decrease) in Accounts Payable - operating activities	(7,205)
Increase (Decrease) in Accrued Expenses - operating activities	(220)
Increase (Decrease) in Refundable Deposits	8,104
Total Adjustments	<u>247,863</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 347,657</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Guntown was incorporated in 1850 under the laws of the State of Mississippi. A mayor-board of aldermen form of government is used and the City provides the following services: public safety (police and fire), culture and recreation, water and sewer services and general administrative services.

These financial statements present all the accounts of the City. There are no outside organizations that should be included as component units of the City's reporting entity as defined by GAAP.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, fund financial statements and accompanying note disclosures which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and statement of activities display information concerning the City as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes and intergovernmental revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as other governmental funds.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The revenues and expenses of proprietary funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. The principal operating revenues for the proprietary funds are related to the sale and distribution of water and collection and treatment of sewage. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

American Rescue Plan Act Fund (ARPA) – The ARPA Fund is used to account for funds received directly from the U.S. Department of Treasury for relief to local governments derived from the COVID-19 pandemic. These funds may be used to support public health expenditures, replace lost revenue, provide pay for essential workers, and invest in water and sewer infrastructure.

Additionally, the City reports the following governmental fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants and specific tax assessments that are legally restricted to expenditures for specified purposes. This fund is a non-major governmental fund.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

The Water and Sewer Fund – This fund is used to account for the City's water and sewer treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Guntown.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be posted in a municipal newspaper.
- (7) And, between September 15th-30th, the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (8) Further, budgets are used as management control devices in the Proprietary Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance the City does not employ an encumbrance system.

Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less when acquired are considered to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, or of any county or municipality of the State of Mississippi.

Investments are represented by certificates of deposit and are stated at cost, plus accrued interest.

Financial Instruments

The carrying amount of cash, investments, accounts and other receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Obligation Enterprise Bond

The enterprise fund provides the annual debt service requirements on the general obligation enterprise bond (secured by system revenues) issued to finance system improvements.

Since the enterprise fund provides the annual debt service on this general obligation bond, the bond is considered to be an obligation of the enterprise fund and has been reported on the Statement of Net Position of the enterprise fund.

Although the general obligation enterprise bond is reported on the Statement of Net Position of the enterprise fund, it is backed by the full faith and credit of the City and is therefore a contingent liability to the general government

Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable.

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 year are referred to as "due to/from other funds." 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."

Interfund Transfers

The principal purpose of interfund transfers is to provide reimbursement for shared costs between funds, funding for debt service and operations. All transfers are routine and consistent with the activities of the fund making the transfer.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, 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 estimated fair market value on the date donated.

City policy is to follow State recommendations for capitalization thresholds, which ranges from \$0 to \$50,000 depending on the type of asset. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Buildings	40 Years
Improvements other than Buildings	20 Years
Machinery and Equipment	3 – 10 Years
Utility Systems	20 Years
Infrastructure	20 – 50 Years
Leased property under capital leases	*

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

Business Information

The City of Guntown provides water and sewer services to customers located within the City limits of Guntown, Mississippi as well as a limited number of customers outside the City limits. Credit is extended to all of these customers for services.

Prepaid Items

Prepaid items, such as prepaid insurance, are not reported for governmental fund types. This is permitted by generally accepted accounting principles.

Compensated Absences

Personal leave is available only to full time employees. There is no limit to accumulated personal leave time. Upon termination of employment, the employee shall be paid for not more than thirty days of accumulated personal leave time.

<u>Continuous Service</u>	<u>Days Allowed Per Year</u>
1 month to 3 years	12 Days
37 months to 10 years	17 Days
Over 10 years	22 Days

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

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 City of Guntown's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Guntown's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

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/expenditure) until then.

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 8 for additional details.

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

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 8 for additional details.

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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 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 other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources as of September 30, 2021.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified unexpended fire rebate funds as being restricted because their use is restricted by State Statute. Also grant activities are classified as restricted because the underlying grant restricts the use of the remaining funds.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has \$311,962 of assigned fund balances as of September 30, 2021.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Use of Restricted/Unrestricted Net Position

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then use unassigned amounts.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines, the provision for uncollectible proprietary fund accounts receivable, and the defined benefit pension plan liability. It is at least reasonably possible that the significant estimates used will change within the next year.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City's total demand deposits with financial institutions at September 30, 2021, was \$1,960,590, and the bank balance was \$2,020,589. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the 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 that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

Investments

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the City's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

Credit risk: The City and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the City's policy to limit its investments to those allowed by the State statute.

Concentration of credit risk: The City complies with the State statute regarding investments; as a result, concentration risk is limited.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the City's requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The City's investments are insured or registered, or are securities held by the City or its agent in the City's name.

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

The City's investments as of September 30, 2021 are:

Investments:

Certificates of Deposit \$ 421,601

These certificates of deposit are classified as cash and cash equivalents on the financial statements since they have a maturity of three months or less.

NOTE 3 – CAPITAL ASSETS

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

Governmental Activities:

	Balance 10/1/2020	Additions	Reclass/ Disposals	Balance 9/30/2021
<u>Capital assets, not being depreciated:</u>				
Land	\$ 118,220	\$ -	\$ -	\$ 118,220
Construction in progress	84,524	218,715	-	303,239
Total capital assets, not being depreciated	202,744	218,715	-	421,459
<u>Capital assets being depreciated:</u>				
Plant, buildings & improvements	521,056	-	-	521,056
Machinery & equipment	516,414	8,655	-	525,069
Leased property under capital leases	536,786	-	-	536,786
Total capital assets, being depreciated	1,574,256	8,655	-	1,582,911
<u>Less accumulated depreciation for:</u>				
Plant, buildings & improvements	(242,525)	(9,009)	-	(251,534)
Machinery & equipment	(325,900)	(21,098)	-	(346,998)
Leased property under capital leases	(137,124)	(60,437)	-	(197,561)
Total accumulated depreciation	(705,549)	(90,544)	-	(796,093)
Total capital assets, being depreciated, net	868,707	(81,889)	-	786,818
Governmental activities capital assets, net	\$ 1,071,451	\$ 136,826	\$ -	\$ 1,208,277

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 3 – CAPITAL ASSETS (continued)

Business-Type Activities:

	Balance 10/1/2020	Additions	Reclass/ Disposals	Balance 9/30/2021
<u>Capital assets, not being depreciated:</u>				
Land	\$ 47,128	\$ -	\$ -	\$ 47,128
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	47,128	-	-	47,128
<u>Capital assets being depreciated:</u>				
Plant, buildings & improvements	8,345,623	54,956	-	8,400,579
Machinery & equipment	346,681	4,941	-	351,622
Leased property under capital leases	59,499	-	-	59,499
Total capital assets, being depreciated	8,751,803	59,897	-	8,811,700
<u>Less accumulated depreciation for:</u>				
Plant, buildings & improvements	(2,870,557)	(253,442)	-	(3,123,999)
Machinery & equipment	(266,783)	(7,715)	-	(274,498)
Leased property under capital leases	(7,043)	(7,043)	-	(14,086)
Total accumulated depreciation	(3,144,383)	(268,200)	-	(3,412,583)
Total capital assets, being depreciated, net	5,607,420	(208,303)	-	5,399,117
Business-Type activities capital assets, net	\$ 5,654,548	\$ (208,303)	\$ -	\$ 5,446,245

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 17,304
Public Safety	70,939
Culture and Recreation	2,301
Total Depreciation Expense – Governmental Activities	\$ 90,544
<u>Business-type Activities:</u>	
Water and Sewer	\$ 268,200

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Public Works Building	\$ 47,337	October 2021

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 4 – RECEIVABLES

Receivables at September 30, 2021, consisted primarily of court fines, taxes, account (billings for user charged services including unbilled utility services), sales tax, property tax and in lieu tax.

Court fines receivable are shown net of an allowance for uncollectible amounts of \$466,707 for Governmental activities. The allowance is based on management estimates and the average age of receivables. Management has not set up an allowance for uncollectible amounts in the proprietary fund.

NOTE 5 - CAPITAL LEASES

As Lessee:

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery & Equipment	\$ 536,786	\$ 59,499
Less: Accumulated Depreciation	<u>(197,561)</u>	<u>(14,086)</u>
Leased Property Under Capital Leases	\$ <u>339,225</u>	\$ <u>45,413</u>

The following is a schedule by years of the total payments due as of September 30, 2021:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 47,651	\$ 7,927	\$ 11,498	\$ 598
2023	22,214	6,834	9,892	189
2024	17,846	6,161	-	-
2025	18,444	5,563	-	-
2026	19,062	4,945	-	-
2027 - 2031	105,329	14,710	-	-
2032	<u>23,228</u>	<u>778</u>	<u>-</u>	<u>-</u>
	\$ <u>253,774</u>	\$ <u>46,918</u>	\$ <u>21,390</u>	\$ <u>787</u>

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 6 - LONG-TERM DEBT

Debt outstanding as of September 30, 2021, consisted of the following:

Governmental Activities:

Description and Purpose	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
A. Capital Leases:					
Fire Truck	3.35%	2/01/2017	11/01/2031	\$ 281,681	\$ 217,885
(3) Police Cars and Equipment	3.91%	4/24/2019	4/24/2022	123,674	25,195
2018 Ram 3500 Pickup	3.39%	11/15/2018	11/15/2021	9,375	546
Bobcat Excavator	3.81%	8/28/2019	8/28/2023	20,371	10,148
Total Capital Leases				\$ 435,101	\$ 253,774

Business-type Activities:

Description and Purpose	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
A. Limited Obligation Bonds:					
2013 Revenue Bond	3.50%	5/30/2013	1/01/2033	\$ 1,255,000	\$ 835,000
Total Limited Obligation Bonds				\$ 1,255,000	\$ 835,000
B. Notes Payable:					
MDA - CAP	2.00%	3/27/2018	7/20/2033	\$ 368,819	\$ 300,522
MDA - CAP	2.00%	4/01/2008	4/01/2028	500,000	184,145
MS Dept of Health - DWSIRLF	1.95%	8/23/2013	5/01/2035	1,091,065	805,564
Total Notes Payable				\$ 1,959,884	\$ 1,290,231
C. Capital Leases:					
2018 Ram 3500 Pickup	3.39%	11/15/2018	11/15/2021	\$ 18,750	\$ 1,093
Bobcat Excavator	3.81%	8/28/2019	8/28/2023	40,742	20,297
Total Capital Leases				\$ 59,492	\$ 21,390

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

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Business-Type Activities:

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 60,000	\$ 24,062	\$ 101,138	\$ 24,535
2023	60,000	22,712	103,153	22,520
2024	65,000	21,225	105,208	20,464
2025	65,000	19,600	107,304	18,369
2026	65,000	17,894	109,442	16,230
2027 - 2031	340,000	59,475	470,622	51,093
2032 - 2035	180,000	7,176	293,364	10,119
	<u>\$ 835,000</u>	<u>\$ 172,144</u>	<u>\$ 1,290,231</u>	<u>\$ 163,330</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

Governmental Activities:

	<u>Balance</u> <u>10/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/21</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Capital Leases	\$ 320,043	\$ -	\$ 66,269	\$ 253,774	\$ 47,651
Compensated Absences	11,947	-	1,458	10,489	-
Total	<u>\$ 331,990</u>	<u>\$ -</u>	<u>\$ 67,727</u>	<u>\$ 264,263</u>	<u>\$ 47,651</u>

Business-Type Activities:

	<u>Balance</u> <u>10/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/21</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Limited Obligation Bonds	\$ 895,000	\$ -	\$ 60,000	\$ 835,000	\$ 60,000
Notes Payable	1,389,052	-	98,821	1,290,231	101,138
Capital Leases	37,831	-	16,441	21,390	11,498
Compensated Absences	7,693	-	220	7,473	-
Total	<u>\$ 2,329,576</u>	<u>\$ -</u>	<u>\$ 175,482</u>	<u>\$ 2,154,094</u>	<u>\$ 172,636</u>

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 7 – INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water & Sewer System Fund	General Fund	\$ 4,158
Total		<u>\$ 4,158</u>

The purpose of the due to/from was to reimburse funds for expenses paid by another fund.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer System Fund	\$ 33,217
Other Governmental Funds	General Fund	<u>38,295</u>
Total		<u>\$ 71,512</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to reimburse for administrative services for the proprietary fund.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

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 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 \$80,290, \$82,797 and \$73,697, respectively, equal to the required contributions for each year.

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 \$1,027,832 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 contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.006954 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.000183 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.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2021, the City recognized pension expense of \$59,670. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,622	-
Net difference between projected and actual earnings on pension plan investments	-	308,142
Changes of assumptions	79,085	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	11,735	93,731
City contributions subsequent to the measurement date	<u>20,968</u>	<u>-</u>
Total	<u>\$ 128,410</u>	<u>401,873</u>

\$20,968 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:

<u>Year ending September 30</u>	<u>Amount</u>
2022	\$ (66,858)
2023	(65,721)
2024	(69,611)
2025	<u>(92,241)</u>
Total	<u>\$ (294,431)</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%
Salary increases	2.65 – 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

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:

<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	1.00%	-1.00%
Total	100.00%	

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.

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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:

	Discount Rate	City's Proportionate Share of the Net Pension Liability
1% decrease	6.55%	\$1,455,651
Current discount rate	7.55%	\$1,027,832
1% increase	8.55%	\$675,275

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 9 – FUND BALANCE RECONCILIATION – GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes - All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year, accrued revenues were \$2,028 more than cash revenues.

NOTE 10 – RISK MANAGEMENT

The City of Guntown is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employers liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

**CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE 10 – RISK MANAGEMENT (continued)

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2021, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

NOTE 11 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of (\$235,501) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$13,700 resulting from City 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 \$70,201 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$262,578 balance of the deferred inflow of resources related to pension at September 30, 2021, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position amount of \$210,404 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$7,268 resulting from City 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 \$37,241 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$139,295 balance of the deferred inflow of resources related to pension at September 30, 2021, will be recognized in pension expense over the next 4 years.

NOTE 12 - FEDERAL GRANTS

The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

NOTE 13 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the city if disposed of unfavorably.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 14 - TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses for economic development purposes. The abatements may be granted to any business located within or promising to locate within the city limits. The abatements are negotiated on an individual basis. Each abatement is for 10 years. The City had abatement agreements with one entity as of September 30, 2021.

The City had three types of abatements, none of which provides for the abatement of school or state tax levies:

Section 27-31-101 – New enterprise exemptions
Section 27-31-105 – Expanded enterprise exemptions
Section 27-31-104 – Fee in lieu of tax agreements

The entity had tax abatements listed under the above listed statutes.

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	\$766

The company was 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. Abatements may be voided pursuant to state law in the event of a cessation of company operations.

NOTE 15 – 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 Guntown evaluated the activity of the City through November 3, 2023, (the date the financial statements were available to be issued), and determined that there are no subsequent events of a material nature requiring disclosure in the notes to the financial statements.

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended September 30, 2021

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
General Property Taxes	\$ 408,800	\$ 479,652	\$ 70,852
Sales & Use Taxes	229,291	282,495	53,204
Licenses and Permits	9,800	6,162	(3,638)
In Lieu of Taxes	76,000	96,606	20,606
Intergovernmental Revenues	7,500	7,158	(342)
Rentals	41,300	38,025	(3,275)
Park Revenues	1,000	870	(130)
Fines and Forfeitures	73,750	52,498	(21,252)
Interest Income	253	194	(59)
Grant Income	-	48,788	48,788
Miscellaneous Revenues	1,990	9,200	7,210
Total revenues	<u>849,684</u>	<u>1,021,648</u>	<u>171,964</u>
<u>EXPENDITURES</u>			
General Government			
Personnel Services	224,394	219,263	5,131
Supplies	24,500	23,554	946
Other Services and Charges	181,550	180,603	947
Capital Outlay	14,000	3,745	10,255
Total	<u>444,444</u>	<u>427,165</u>	<u>17,279</u>
Public Safety			
Personnel Services	333,028	273,703	59,325
Supplies	30,050	29,900	150
Other Services and Charges	82,895	78,217	4,678
Capital Outlay	2,000	1,941	59
Total	<u>447,973</u>	<u>383,761</u>	<u>64,212</u>
Public Works			
Supplies	67,491	42,540	24,951
Capital Outlay	256,717	218,715	38,002
Total	<u>\$ 324,208</u>	<u>\$ 261,255</u>	<u>\$ 62,953</u>

CITY OF GUNTOWN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - Continued
For the Fiscal Year Ended September 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Culture and Recreation			
Personnel Services	\$ 23,198	\$ 2,588	\$ 20,610
Supplies	5,800	5,361	439
Other Services and Charges	8,500	7,497	1,003
Capital Outlay	20,000	-	20,000
Total	<u>57,498</u>	<u>15,446</u>	<u>42,052</u>
Debt Service			
Principal Retired	50,250	50,102	148
Interest Expense	2,600	2,445	155
Total	<u>52,850</u>	<u>52,547</u>	<u>303</u>
Total expenditures	<u>1,326,973</u>	<u>1,140,174</u>	<u>186,799</u>
Excess (Deficit) revenues over (under) expenditures	<u>(477,289)</u>	<u>(118,526)</u>	<u>358,763</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Sale of Capital Assets	2,500	1,825	(675)
Transfers from Other Funds	70,738	33,217	(37,521)
Transfers (to) Other Funds	(41,490)	(38,295)	3,195
Total other financing sources (uses)	<u>31,748</u>	<u>(3,253)</u>	<u>(35,001)</u>
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	<u>(445,541)</u>	<u>(121,779)</u>	<u>323,762</u>
Fund balances at October 1, 2020	<u>457,898</u>	<u>457,898</u>	-
Fund balances at September 30, 2021	\$ <u>12,357</u>	\$ <u>336,119</u>	\$ <u>323,762</u>
Adjustments To GAAP Basis:			
Add: Accrued revenues		<u>2,028</u>	
Fund Balance GAAP September 30, 2021		\$ <u>338,147</u>	

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS *

PERS

For the Year Ended September 30, 2021
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015
A. Guntown's proportion of the net pension liability (%)	0.006954%	0.007137%	0.006944%	0.006605%	0.006400%	0.006300%	0.006700%
B. Guntown's proportionate share of the net pension liability	\$ 1,027,832	\$ 1,381,640	\$ 1,221,587	\$ 1,098,608	\$ 1,060,572	\$ 1,120,693	\$ 1,035,688
C. Guntown's covered employee payroll	\$ 462,385	\$ 475,259	\$ 452,273	\$ 422,067	\$ 409,326	\$ 401,346	\$ 419,238
D. Guntown's proportionate share of the net pension liability as a percentage of its covered employee payroll (%)	222.29%	290.71%	270.10%	260.29%	259.10%	279.23%	247.04%
E. Plan fiduciary net position as a percentage of total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of 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 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

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

CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS *
PERS
For the Year Ended September 30, 2021
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014
A. Contractually required contributions	\$ 80,290	\$ 82,797	\$ 73,697	\$ 67,914	\$ 65,403	\$ 62,326	\$ 67,773	\$ 66,930
B. Contributions in relation to contractually required contributions	\$ 80,290	\$ 82,797	\$ 73,697	\$ 67,914	\$ 65,403	\$ 62,326	\$ 67,773	\$ 66,930
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Guntown's covered employee payroll	\$ 461,436	\$ 475,846	\$ 455,251	\$ 431,189	\$ 415,253	\$ 395,710	\$ 430,303	\$ 424,948
E. Contributions as a percentage of covered employee payroll	17.40%	17.40%	16.19% **	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

** Until July 1, 2019, contributions were 15.75%. Subsequent to July 1, 2019 contributions were 17.40%.

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

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

PENSION SCHEDULES

(1) Changes in assumptions

a. 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 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 the line of duty was decreased from 6% to 4%.

b. 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 Table 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 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 reflect actual experience more closely.

CITY OF GUNTOWN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

PENSION SCHEDULES (continued)

- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
 - c. 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 reflect actual experience more closely.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
 - d. 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
 - e. 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 reflect actual experience more closely.
 - Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- (2) Changes in benefit provisions
- a. 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.

- (3) **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 GUNTOWN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

PENSION SCHEDULES (continued)

- (4) The comparative information presented on the Schedule of the City's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

OTHER SUPPLEMENTARY INFORMATION

CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mary Roberts	City Clerk	Travelers Insurance	\$50,000
Michael Hall	Chief of Police	Travelers Insurance	\$50,000
Tonya Brown	Water Billing Clerk	Travelers Insurance	\$50,000
Melissa Holt	Court Clerk	Travelers Insurance	\$50,000
Angie Watson	Court Clerk	Travelers Insurance	\$50,000
Brent Lindsey	Mayor	Travelers Insurance	\$50,000
Daniel Davis	Alderman	Travelers Insurance	\$50,000
Teena Herring	Alderman	Travelers Insurance	\$50,000
John Herring	Alderman	Travelers Insurance	\$50,000
Zachery Alan White	Alderman	Travelers Insurance	\$50,000
James Herbert Hopkins	Alderman	Travelers Insurance	\$50,000
Montoya Lucas	Deputy Court Clerk	Travelers Insurance	\$50,000
Michael Hall	Police	Travelers Insurance	\$25,000
Jason Jackson	Police	Travelers Insurance	\$25,000
Mike Stahl	Police	Travelers Insurance	\$25,000
Bre Lucas	Police	Travelers Insurance	\$25,000
Tracy Barnett	Police	Travelers Insurance	\$25,000
Tyler Franks	Police	Travelers Insurance	\$25,000
Jimmy Jarman	Police	Travelers Insurance	\$25,000
John Crabb	Police	Travelers Insurance	\$25,000
Alvis Durham	Police	Travelers Insurance	\$25,000
Dylan Morse	Police	Travelers Insurance	\$25,000
Jason McCaffrey	Police	Travelers Insurance	\$25,000
Hunter Walton	Police	Travelers Insurance	\$25,000
Robert Cook	Police	Travelers Insurance	\$25,000
David Austin	Police	Travelers Insurance	\$25,000
Josh Davis	Police	Travelers Insurance	\$25,000

CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2021

	INTEREST RATE	BALANCE 9-30-20	DEBT ISSUED	DEBT RETIRED	BALANCE 9-30-21	CURRENT MATURITIES
<u>LONG-TERM DEBT:</u>						
<u>Governmental Funds</u>						
Capital Leases:						
Fire Truck CFNB	3.35%	\$ 234,052	\$ -	\$ 16,167	\$ 217,885	\$ 16,708
Police Cars & Equipment HWB	3.91%	67,075	-	41,880	25,195	25,195
2018 Ram Pickup HWB	3.39%	3,760	-	3,214	546	546
Bobcat Excavator HWB	3.81%	15,156	-	5,008	10,148	5,202
Total Capital Leases		320,043	-	66,269	253,774	47,651
Total Governmental Funds		320,043	-	66,269	253,774	47,651
<u>Proprietary Fund Types Debt</u>						
Limited Obligation Bonds:						
Series 2013	3.50%	895,000	-	60,000	835,000	60,000
Notes Payable:						
MDA - CAP	2.00%	322,514	-	21,992	300,522	22,691
MDA - CAP	2.00%	210,380	-	26,235	184,145	26,857
MSDH - DWSIRLF	1.95%	856,158	-	50,594	805,564	51,590
Total Notes Payable		1,389,052	-	98,821	1,290,231	101,138
Capital Leases:						
2018 Ram Pickup HWB	3.39%	7,518	-	6,425	1,093	1,093
Bobcat Excavator HWB	3.81%	30,313	-	10,016	20,297	10,405
Total Capital Leases		37,831	-	16,441	21,390	11,498
Total Proprietary Fund Type Debt		2,321,883	-	175,262	2,146,621	172,636
Total Long-Term Debt		\$ 2,641,926	\$ -	\$ 241,531	\$ 2,400,395	\$ 220,287

OTHER REPORTS

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**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Board of Aldermen
City of Guntown, 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 Guntown, 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 Guntown, Mississippi's basic financial statements and have issued our report thereon dated November 3, 2023.

Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as 2021-002 and 2021-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as 2021-001, 2021-004, and 2021-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Guntown, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-002, 2021-004, and 2021-005.

City of Guntown, Mississippi's Response to Findings

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

Purpose of this Report

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

Firm's signature

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.

Tupelo, Mississippi
November 3, 2023

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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman
City of Guntown, Mississippi

We have audited the basic financial statements of the City of Guntown, Mississippi, as of and for the year ended September 30, 2021, and have issued our report thereon dated November 3, 2023. 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 the *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses can be found in the accompanying schedule of findings and responses as items: 2021-002, 2021-004, and 2021-005.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

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

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
November 3, 2023

**CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021**

FINANCIAL STATEMENT FINDINGS:

2021-001 SIGNIFICANT DEFICIENCY

Repeat Finding: Yes

Criteria: The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

Condition: The City's internal control did not provide for adequate segregation of duties in relation to the collection, processing and administering of water and sewer revenues and court fines. Specifically, one employee who is in charge of the utility billing and collection process also is authorized to make adjustments to customer accounts. Additionally, a single employee is in charge of fine collections, docket entry, and warrant issuances.

Cause: The City's size and number of personnel in these departments limit the opportunities for adequate segregation of duties.

Effect: Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation: The City should consider segregation of duties in all areas of the accounting system. The City should consider job descriptions for various employees. Due to the size and number of employees, optimal segregation of duties will be difficult; however, the City should strengthen segregation of duties in all areas possible.

Response: The City will analyze the accounting system and establish procedures that promote mitigating controls where segregation of duties is not feasible. An additional control has been established requiring the Mayor's approval of all customer account adjustments.

2021-002 MATERIAL WEAKNESS AND NONCOMPLIANCE

Repeat Finding: Yes

Criteria: The City is required, by State statutes, to maintain adequate subsidiary records substantiating the existence, completeness, and valuations of its fixed assets.

Condition: The City did not conduct an annual inventory observation of fixed assets pursuant to guidelines set forth by the Mississippi Office of the State Auditor. The City does not have a complete, compliant listing of fixed assets.

Cause: The City has not fully implemented an adequate system of controls for properly tracking activity of fixed assets.

Effect: The City is not in compliance with the applicable requirements as required by state statute as prescribed by the Office of the State Auditor.

**CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021**

FINANCIAL STATEMENT FINDINGS (continued):

Recommendation: The City should conduct a year-end inventory of its fixed assets needed to maintain accountability of assets. The City should also prepare a complete fixed asset listing; substantiating the valuation, location, description, and inventory tag numbers of its fixed assets. The City should ensure all new assets purchased are tagged and properly accounted for on the fixed asset listing when the assets are placed in service.

Response: The City will conduct year-end inventory observations of their fixed assets. Also, the City will continue to develop a complete listing of all fixed assets to comply with State statutes.

2021-003 MATERIAL WEAKNESS

Repeat Finding: Yes

Criteria: The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

Condition: The City did not maintain adequate internal controls over its interfund balancing. During our audit, we noted that there were significant differences between the interfund receivables and payables and interfund transfers. It appears that these balances have not been reconciled on a routine basis.

Cause: The City lacked proper controls to identify and detect potential financial statement misstatements.

Effect: Recordkeeping deficiencies may reduce the City's ability to effectively monitor its use of public resources and increase the risk of inappropriate or inefficient use of resources. Improper recording of transactions also could affect the reliability of the City's reporting of financial position and results of operations.

Recommendation: The City should implement adequate internal controls over all its accounting functions sufficient to provide timely reconciliation of all interfund balances and transactions.

Response: The City will work to implement a monthly reconciliation process for all interfund balances and transactions.

**CITY OF GUNTOWN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021**

FINANCIAL STATEMENT FINDINGS (continued):

2021-004 SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE

Repeat Finding: No

Criteria: The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The City is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds in accordance with state statutes.

Condition: The City had an instance of noncompliance for the year ended September 30, 2021.

Cause: The City did not obtain a competitive quote or bid from the vendor for the purchase applicable to purchase laws.

Effect: The City was not in compliance with state purchase law requirements.

Recommendation: The City should implement adequate internal controls over all purchases to ensure that the City strictly adheres to the purchase laws.

Response: The City will take the necessary steps to ensure that controls over purchasing are revised to guarantee future compliance.

2021-005 SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE

Repeat Finding: No

Criteria: The City is to participate in the centralized pledging program (State Collateral Pool) to satisfy pledging requirements for deposits at financial institutions where the City maintains public funds.

Condition: The City did not report all its bank accounts to the State Treasurer as required to participate in the State Collateral Pool.

Cause: The City failed to include one of its bank accounts when it submitted the Annual Report to the State Treasurer within thirty days of year end.

Effect: The City was out of compliance with the Mississippi Code 27-105-5.

Recommendation: The City should implement adequate controls to ensure that all relevant reports regarding the State Collateral Pool include all bank accounts of the City.

Response: The City will file the annual report with the State Treasurer timely and ensure all accounts are included in the future.