

NEW ISSUE-BOOK-ENTRY ONLY

**UNDERLYING RATING – Moody's: "Aa2"
(See "RATING" herein)**

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants of the City (as defined herein), interest on the Series 2020 Bonds (as defined below) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code (as defined herein) and interest on the Series 2020 Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. Such excludability is conditioned on continuing compliance with certain tax covenants of the Bank (as defined below) and the City. In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020 Bonds is exempt from all income taxation in the State of Mississippi. See "TAX MATTERS" herein and "APPENDIX D - FORM OF BOND COUNSEL OPINION" attached hereto.

**\$10,000,000
MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION BONDS, SERIES 2020
(TUPELO, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

Dated: Date of Delivery

DUE May 1, as shown on inside front cover

The Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) (the "**Series 2020 Bonds**"), are being issued by the Mississippi Development Bank (the "**Bank**"), will be dated the date of delivery thereof and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover. The Series 2020 Bonds will be dated the date of delivery and will bear interest from that date to their respective maturities in the amounts and at the rates set forth below. The Series 2020 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("**DTC**"). Purchases of beneficial interests in the Series 2020 Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2020 Bonds will not receive physical delivery of certificates representing their interests in the Series 2020 Bonds. Interest on the Series 2020 Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2020*. So long as DTC or its nominee is the Registered Owner of the Series 2020 Bonds, interest, together with the principal of and redemption premium, if any, on the Series 2020 Bonds will be paid directly to DTC by The Peoples Bank, Biloxi, Mississippi, as Trustee under the Indenture, all as defined and more fully described herein under the caption, "DESCRIPTION OF THE SERIES 2020 BONDS -- Book-Entry-Only System."

The Series 2020 Bonds are issued by the Bank for the principal purpose of providing funds for the purchase of the City Bond (as defined herein) being issued by the City of Tupelo, Mississippi (the "**City**"), as more fully described in this Official Statement.

The Series 2020 Bonds are subject to redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2020 BONDS -- Redemption."

THE SERIES 2020 BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE BANK AND ARE PAYABLE SOLELY OUT OF THE TRUST ESTATE OF THE BANK PLEDGED THEREFOR UNDER THE INDENTURE, INCLUDING THE CITY BOND AND PAYMENTS DERIVED THEREFROM, AS MORE FULLY DESCRIBED HEREIN. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE BANK, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MISSISSIPPI, OR A PLEDGE OF THE FULL FAITH AND CREDIT, TAXING POWER OR MORAL OBLIGATION OF THE BANK, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF; PROVIDED, HOWEVER, THAT THE CITY BOND IS SECURED BY THE FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE SERIES 2020 BONDS ARE MORE FULLY DESCRIBED HEREIN. THE BANK HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2020 Bonds are offered subject to the final approval of the legality thereof by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Bank by Balch & Bingham LLP, Jackson, Mississippi, its counsel, and for the City by Ben Logan, Esquire, Tupelo, Mississippi. Government Consultants, Inc., Madison, Mississippi, serves as the Municipal Advisor to the Bank in connection with the sale and issuance of the Series 2020 Bonds. The Series 2020 Bonds are expected to be available in definitive form for delivery on or about May 7, 2020.

Stephens Inc.

The date of this Official Statement is April 16, 2020.

SERIES 2020 BONDS

MATURITY SCHEDULE

Year of Maturity	Principal Amount ¹	Interest Rate	Yield	CUSIP*
2025	\$300,000	3.00%	1.200%	60534W7C6
2026	300,000	3.00	1.230	60534W7D4
2027	300,000	3.00	1.280	60534W7E2
2028	400,000	5.00	1.330	60534W7F9
2029	500,000	5.00	1.420	60534W7G7
2030	600,000	5.00	1.520	60534W7H5
2031*	600,000	4.00	1.750	60534W7J1
2032*	700,000	4.00	1.850	60534W7K8
2033*	700,000	4.00	1.990	60534W7L6
2034*	700,000	4.00	2.110	60534W7M4

\$1,500,000 @ 5.00% due May 1, 2036**, Priced to Yield @ 2.120% @ 125.790% Cusip 60534W7N2

\$1,600,000 @ 5.00% due May 1, 2038**, Priced to Yield @ 2.220% @ 124.770% Cusip 60534W7P7

\$1,800,000 @ 5.00% due May 1, 2040**, Priced to Yield @ 2.300% @ 123.961% Cusip 60534W7Q5

*Maturities 2031 through 2034 priced to the par call date of May 1, 2030.

**Term Bonds. Priced to the par call date of May 1, 2030.

* The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2020 Bonds only, and the Bank, the City and the Underwriter does not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2020 Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part of the Series 2020 Bonds.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2020 BONDS IDENTIFIED ON THE COVER HEREOF. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2020 BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE SERIES 2020 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. INFORMATION HEREIN HAS BEEN OBTAINED FROM THE BANK, THE CITY, DTC AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITER.

UPON ISSUANCE, THE SERIES 2020 BONDS WILL NOT BE REGISTERED BY THE BANK UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BANK (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2020 BONDS FOR SALE.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE BANK AND THE PURCHASERS OR HOLDERS OF THE SERIES 2020 BONDS. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE REASONABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE PRICES AT WHICH THE SERIES 2020 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS OF THE STATE, THE UNITED STATES OF AMERICA, AND THE CITY THE INCLUSION IN THIS OFFICIAL

STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE BANK, THE CITY OR THE UNDERWRITER THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE BANK AND THE CITY. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE BANK DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE BANK'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2020 BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
The Bank	1
Sources of Payment and Security for the Series 2020 Bonds	1
Purpose of the Series 2020 Bonds	2
Authority for Issuance	2
Description of the Series 2020 Bonds	2
Tax Exemption	3
Professionals Involved in the Offering	3
Offering and Delivery of the Series 2020 Bonds	3
Risks to the Owners of the Series 2020 Bonds	4
Other Information	4
Format of Official Statement	5
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 Bonds	5
General	5
The City and the City Bond	5
Provisions for Payment of the City Bond	6
RISKS TO THE OWNERS OF THE SERIES 2020 Bonds	7
General	7
City Bond	7
Tax Covenants	7
Remedies	7
Certain Bankruptcy Risks	7
Limitation on Enforceability of Security Interests	8
Failure to Compel the Levy of Taxes on the City Bond	8
DESCRIPTION OF THE SERIES 2020 Bonds	9
General Description	9
Book-Entry-Only System	10
Redemption	13
APPLICATION OF THE PROCEEDS OF THE SERIES 2020 Bonds	14
THE MISSISSIPPI DEVELOPMENT BANK	15
General	15
Organization and Membership of the Bank	15
Prior Bonds of Bank	15
REVENUES, FUNDS AND ACCOUNTS	16

Creation of Funds and Accounts	16
Deposit of Net Proceeds of the Series 2020 Bonds, Revenues and Other Receipts	16
OPERATION OF FUNDS AND ACCOUNTS.....	16
General Fund	16
Rebate Fund	18
Amounts Remaining in Funds.....	18
Investment of Funds	18
THE SERIES 2020 BONDS AS LEGAL INVESTMENTS	19
LITIGATION	19
TAX TREATMENT OF ORIGINAL ISSUE PREMIUM	20
TAX MATTERS.....	20
LEGAL MATTERS.....	21
RATING.....	22
PENSION PLAN	22
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS.....	22
INDEPENDENT AUDITORS	22
CONTINUING DISCLOSURE.....	23
MUNICIPAL ADVISOR.....	23
UNDERWRITING.....	24
VALIDATION	24
MISCELLANEOUS	24
APPENDIX A - INFORMATION CONCERNING THE CITY	
APPENDIX B - FINANCIAL INFORMATION OF THE CITY	
APPENDIX C - FORM OF THE CITY BOND RESOLUTION AND THE CITY BOND	
APPENDIX D - FORM OF BOND COUNSEL OPINION	
APPENDIX E - CERTAIN DEFINITIONS	
APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE	

OFFICIAL STATEMENT

\$10,000,000

**MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION BONDS, SERIES 2020
(TUPELO, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

INTRODUCTION

The purpose of this Official Statement, including its APPENDICES, is to set forth certain information concerning the sale and issuance by the Mississippi Development Bank (the "**Bank**") of its Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) (the "**Series 2020 Bonds**"), issued in the aggregate principal amount of \$10,000,000.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and all APPENDICES hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2020 Bonds to potential investors is made only by means of the entire Official Statement.

The Bank

The Bank was established in 1986 as a separate body corporate and politic of the State of Mississippi (the "**State**") for the public purposes set forth under the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "**Bank Act**"). The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bank is governed by a Board of Directors composed of nine (9) members.

Pursuant to the Bank Act, the purpose of the Bank is to assist "local governmental units," as defined in the Bank Act to be (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Bank. The entity described in APPENDIX A (the "**City**") is such a local governmental unit.

Sources of Payment and Security for the Series 2020 Bonds

The Series 2020 Bonds will be issued by and under and secured by an Indenture of Trust dated the date of delivery (the "**Indenture**"), by and between the Bank and The Peoples Bank, in Biloxi, Mississippi, as Trustee (the "**Trustee**"). The principal of, redemption premium, if any, and interest on any and all of the Series 2020 Bonds, together with any additional bonds or refunding bonds (the "**Refunding Bonds**") that may be authorized and issued by the Bank under the Indenture on a parity with the Series 2020 Bonds (collectively, the "**Bonds**"), are payable from those revenues and funds of the Bank which, together with the general obligation bond issued by the City (the "**City Bond**"), as defined and described herein, pursuant to Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended (the "**City Bond Act**") and together with the Bank Act, the "**Act**"), are pledged pursuant to the Indenture for the benefit of the owners of the Series 2020 Bonds without priority. The full faith and credit and taxing

power of the State are not pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2020 Bonds. The Series 2020 Bonds are not a debt, liability, loan of the credit or pledge of the full faith and credit, moral obligation of the State or of any political subdivision; provided, however, that the City Bond is secured by the full faith and credit and taxing power of the City. The Bank has no taxing power and has only those powers and sources of revenue set forth in the Bank Act. The Series 2020 Bonds are issued and secured separately from any other obligations issued by the Bank.

The Series 2020 Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "**Trust Estate**"), defined to be (i) cash and securities in the funds and accounts established by the Indenture (except the Rebate Fund, as described herein) (the "**Funds**" and "**Accounts**") and the investment earnings thereon and all proceeds thereof, (ii) the City Bond and the earnings thereon and the proceeds thereof, and (iii) all funds, accounts and moneys hereinafter pledged to the Trustee as security by the Bank. All Series 2020 Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Series 2020 Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS," and "APPENDIX C."

The principal of and interest on the City Bond are payable out of certain revenues as hereinafter defined. The following City Bond is scheduled to be purchased with proceeds of the Series 2020 Bonds: \$10,000,000 City of Tupelo, Mississippi General Obligation Bond, Series 2020 (the "**City Bond**"). The sources of payment on the City Bond are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS" and "APPENDIX C."

Purpose of the Series 2020 Bonds

The Series 2020 Bonds are being issued pursuant to the Act to (a) purchase the City Bond to provide funds for (a) (i) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; (ii) erecting, repairing, improving, adorning and equipping municipal buildings and purchasing buildings and land therefor; (iii) purchasing land for parks, cemeteries and public playgrounds, and improving, equipping and adorning the same, including the constructing, repairing and equipping of swimming pools and other recreational facilities; (iv) purchasing fire-fighting equipment and apparatus, and providing housing for same, and purchasing land therefor; (v) erecting or purchasing waterworks, gas, electric and other public utility plants or distribution systems or franchises, and repairing, improving and extending the same; (vi) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; (vii) protecting a municipality, its streets and sidewalks from overflow, caving banks and other like dangers; (viii) constructing bridges and culverts; (ix) purchasing machinery and equipment, including motor vehicles weighing not less than twelve thousand (12,000) pounds, which have an expected useful life in excess of ten (10) years which expected useful life shall exceed the life of the bonds financing such purchase; and (x) for other authorized purposes under the Act (the "**Construction Project**"), (b) fund capitalized interest, and (c) paying the costs of issuance of the Series 2020 Bonds and the City Bond (together, the "**Project**").

Authority for Issuance

The Series 2020 Bonds are issued pursuant to the provisions of the Act and the Indenture.

Description of the Series 2020 Bonds

Redemption. The Series 2020 Bonds are subject to redemption as set forth hereinafter under the caption "DESCRIPTION OF THE SERIES 2020 BONDS -- Redemption."

Denominations. The Series 2020 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Registration, Transfers, and Exchanges. The Series 2020 Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Purchases of beneficial interests in the Series 2020 Bonds will be made in book entry only form. Purchasers of beneficial interests in the Series 2020 Bonds will not receive physical delivery of certificates representing their respective interests in the Series 2020 Bonds.

Payments. Interest on the Series 2020 Bonds is payable on May 1 and November 1 of each year, and, so long as DTC or its nominee is the Registered Owner of the Series 2020 Bonds, such interest, together with the principal of and redemption premium, if any, on the Series 2020 Bonds will be paid directly to DTC by the Trustee under the Indenture. The final disbursement of such payments to the Beneficial Owners of the Series 2020 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as more fully defined and described herein under the caption "DESCRIPTION OF THE SERIES 2020 BONDS -- Book-Entry-Only System."

For a more complete description of the Series 2020 Bonds and the basic documentation pursuant to which the Series 2020 Bonds are being issued, see the captions "DESCRIPTION OF THE SERIES 2020 BONDS," "REVENUES, FUNDS AND ACCOUNTS," and "OPERATION OF FUNDS AND ACCOUNTS," in this Official Statement.

Tax Exemption

In the opinion of Butler Snow, LLP, Ridgeland, Mississippi ("**Bond Counsel**"), under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2020 Bonds is excludable from gross income for federal tax purposes, with such excludability conditioned upon continuing compliance with certain tax covenants of the Bank and the City, and under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2020 Bonds is exempt from all income taxation in the State of Mississippi. Interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. For a more complete description of such opinion and certain other tax consequences incident to the ownership of the Series 2020 Bonds, see the caption "TAX MATTERS" in this Official Statement. See "APPENDIX D" for the proposed form of Bond Counsel opinion.

Professionals Involved in the Offering

The Peoples Bank will act as Trustee under the Indenture for the Series 2020 Bonds. Government Consultants, Inc., Madison, Mississippi, is employed as Municipal Advisor to the Bank (the "**Municipal Advisor**") with respect to the Series 2020 Bonds. Certain proceedings in connection with the issuance of the Series 2020 Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed upon for the Bank by Balch & Bingham LLP, Jackson, Mississippi and for the City by Ben Logan, Esquire, Tupelo, Mississippi. See the caption "LEGAL MATTERS" and "MISCELLANEOUS" in this Official Statement.

Offering and Delivery of the Series 2020 Bonds

Subject to the final approval of the legality thereof by Bond Counsel, the Series 2020 Bonds are expected to be available in definitive form for delivery on or about May 7, 2020.

Risks to the Owners of the Series 2020 Bonds

There are certain risks involved in the ownership of the Series 2020 Bonds which should be considered by prospective purchasers. The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2020 Bonds depends primarily upon the receipt by the Bank of City Bond payments (the "**City Bond Payments**") from the City participating in the program (the "**Program**") which is obligated to make such payments to the Bank, together with investment earnings on certain amounts in the Funds and Accounts defined in and established under the Indenture. There can be no representation or assurance that the City will realize sufficient Revenues to make the required City Bond Payments. See the caption, "SECURITY AND SOURCES OF PAYMENT." Failure of the Bank and/or the City to comply with certain tax covenants may also adversely affect the exempt status of the interest on all of the Series 2020 Bonds. See the caption "RISKS TO THE OWNERS OF THE SERIES 2020 BONDS" in this Official Statement.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, and to the State, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally and is widely expected to affect economic growth worldwide. Although the potential impact of COVID-19 on the City cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the City.

Other Information

This Official Statement speaks only as of its date, and certain information contained herein is subject to change.

Copies of other documents and information are available, upon request, and upon payment to the Bank of a charge for copying, mailing, and handling, from E.F. Mitcham, Executive Director, Mississippi Development Bank, 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

NO DEALER, BROKER, SALESMAN OR OTHER REPRESENTATIVE OF THE UNDERWRITER OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2020 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE BANK, THE CITY, DTC AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BANK SINCE THE DATE HEREOF.

THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

Format of Official Statement

There follows in this Official Statement a description of the security and sources of payment for the Series 2020 Bonds, the purposes and operation of the Bank's program to be financed out of the proceeds of the Series 2020 Bonds, the Bank, and summaries of certain provisions of the Series 2020 Bonds, the Indenture and certain provisions of the Act. All discussions of the Act and the Indenture are qualified in their entirety by reference to the Act, copies of which are available from the Bank, and all discussions of the Series 2020 Bonds are qualified in their entirety by reference to the definitive form and the information with respect to the Series 2020 Bonds contained in the Indenture. Certain information relating to the City is set forth in "APPENDIX A - INFORMATION CONCERNING THE CITY," certain financial information on the City is included in "APPENDIX B - FINANCIAL INFORMATION OF THE CITY," the proposed form of opinion of Bond Counsel with respect to the Series 2020 Bonds is set forth in "APPENDIX D - FORM OF BOND COUNSEL OPINION", and the form of the continuing disclosure certificate of the City is set forth in "APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE," and certain definitions used herein are set forth in APPENDIX E". Each of the APPENDICES to this Official Statement is an integral part of this Official Statement and should be read in its entirety by any and all owners or prospective owners of the Series 2020 Bonds.

Capitalized terms not defined herein shall have the definitions set forth in "APPENDIX E - CERTAIN DEFINITIONS."

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

General

The Series 2020 Bonds are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Series 2020 Bonds. The Series 2020 Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the constitution of the State or a pledge of the full faith and credit and taxing power or moral obligation of the State or any political subdivision thereof; provided, however, that the City Bond is a general obligation of the City. The Bank has no taxing power. The sources of payment of, and security for, the Series 2020 Bonds are more fully described below.

Under the Indenture, the Series 2020 Bonds are secured by a pledge to the Trustee of the City Bond and all City Bond Payments, as described herein. In addition, the Indenture pledges to the payment of the Series 2020 Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund or from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bank to the Trustee as security under the Indenture, to the extent of any such pledge.

The City and the City Bond

From the proceeds of the Series 2020 Bonds, the Bank intends to purchase and, upon purchase, will pledge to the Trustee the City Bond of the City, as described in "APPENDIX C."

Provisions for Payment of the City Bond

The City Bond will be a general obligation of the City. The City Bond Resolution provides that the City is unconditionally obligated to make payments secured by the full faith and credit of the City in an aggregate amount sufficient, with any other funds available therefor, for the payment in full of the principal of, premium, if any, and interest on all Series 2020 Bonds issued and Outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Bank and the Trustee.

In the City Bond Resolution, the City covenants to levy a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of premium, if any, and the interest on the City Bond and any additional obligations of the City under the City Bond Resolution; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the 2020 Bond Fund of the City Bond, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City Bond Resolution. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are irrevocably pledged in the City Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue.

The City Bond will never, within the meaning of any constitutional or statutory limitation, be a debt, liability, or obligation of the State or any political subdivision of the State other than the City, and neither the full faith and credit nor taxing power or moral obligation of the State or any political subdivision thereof is pledged to the payment of the principal, premium, if any, and interest on the City Bond; provided, however, that the City Bond is a general obligation of the City. The City Bond initially issued under the City Bond Resolution shall be issued for the purposes of providing funds to finance costs of the (i) Construction Project; (ii) pay capitalized interest, and (iii) payment of costs of issuance of the Series 2020 Bonds and the City Bond.

The issuance of the City Bond shall be authorized by resolution of the Mayor and City Council of the City (the "**Governing Body**") adopted pursuant to the Act. See "APPENDIX C" for further description of the City Bond.

RISKS TO THE OWNERS OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds will be payable solely from the payments to be made by the Bank under the Indenture. Pursuant to the Indenture, such payments are limited to City Bond Payments payable by the City on the City Bond pursuant to the City Bond Resolution. No reserve fund has been established for the payment of debt service on the Series 2020 Bonds or the City Bond. Purchasers of the Series 2020 Bonds are advised of certain risk factors with respect to the City Bond.

In addition, purchasers of the Series 2020 Bonds are advised of certain additional information in connection with the City as set forth in "APPENDIX A" and "APPENDIX B."

City Bond

The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2020 Bonds depends primarily upon the receipt by the Bank of City Bond Payments from the City which is obligated under the City Bond Resolution to make such payments to the Bank, together with earnings on the amounts in the Funds and Accounts created under the Indenture sufficient to make such payments. There is no Indenture Fund or Account which is required to contain amounts to make up for any deficiencies in the event of one or more defaults by the City in making such City Bond Payments, and there is no source from which the General Fund will be replenished except the City Bond Payments and investment income on moneys in the Funds and Accounts; and further, no reserve fund is created in the Indenture or the City Bond Resolution to pay debt service on the Series 2020 Bonds or the City Bond.

Tax Covenants

The Bank has covenanted under the Indenture that it will comply with certain requirements under the Internal Revenue Code of 1986, as amended (the "**Code**") to ensure the continuing excludability from gross income for federal income tax purposes of interest on the Series 2020 Bonds. Failure by the Bank to comply with such covenants could cause the interest on the Series 2020 Bonds to be taxable retroactive to the date of issuance of the Series 2020 Bonds. Further, the City has covenanted in the City Bond Resolution that it will comply with certain requirements under the Code to ensure the continuing excludability from gross income for federal income tax purposes of interest on the Series 2020 Bonds. Failure by the City to comply with such requirements could cause the interest on the Series 2020 Bonds to be taxable retroactive to the date of issuance of the Series 2020 Bonds. See also "TAX MATTERS" herein.

Remedies

The remedies available to the Trustee, to the Bank or to the owners of the Series 2020 Bonds upon an Event of Default under the Indenture or under the terms of the City Bond purchased by the Bank are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically 11 U.S.C. Sections 101 *et seq.* (the "**Bankruptcy Code**"), the remedies provided in the Indenture and under the City Bond may not be readily available or may be limited.

Certain Bankruptcy Risks

In the event the City were to become a debtor under the Bankruptcy Code, payments under the City Bond Resolution may be stayed or under certain circumstances may be subject to avoidance or

disgorgement and the interest of the Trustee in such payments may not extend to payments acquired after the commencement of such a bankruptcy case or within ninety (90) days prior thereto. Under existing Constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the City Bond Resolution and the Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the City Bond will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Furthermore, if a bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the "indubitable equivalent." Thus, in the event of the bankruptcy of the City, the amount realized by the Trustee may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the City Bond Resolution, the Indenture, or related documents that make bankruptcy and related proceedings by the City an Event of Default thereunder. All of these events would adversely affect the payment of debt service on the Series 2020 Bonds.

Limitation on Enforceability of Security Interests

The remedies available upon an Event of Default under the Indenture and the City Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and the City Bond Resolution may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2020 Bonds and the City Bond may be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The pledge of the full faith and credit granted by the City in the City Bond Resolution may be limited by a number of factors, including the ability to collect levied taxes. Under current law, such a pledge and assignment as attempted to be effected by the City Bond Resolution may be further limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) prohibitions against assignment set forth in federal statutes; (d) constructive trusts, equitable liens or other rights which might be impressed or conferred by any state or federal court in the exercise of equitable jurisdiction; (e) federal bankruptcy laws affecting taxes and other revenues of the City received within ninety (90) days preceding and after any effectual institution of bankruptcy, liquidation or reorganization proceedings by or against the City; (f) rights of third parties in revenues converted to cash and not in the possession of the Trustee; and (g) sales, liens and/or pledges made by the City. If an Event of Default does occur, it is uncertain that the Trustee could successfully obtain an adequate remedy at law or in equity.

Failure to Compel the Levy of Taxes on the City Bond

The City Bond will be a general obligation of the City payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to rate or amount upon the taxable property within the geographical limits of the City; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the 2020 Bond Fund of the City Bond, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City

Bond Resolution. The City, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest of the City Bond as the same falls due.

The qualified electors of the State of Mississippi voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "**Constitution**") to add the following new Section 172A (the "**Amendment**"):

SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the underlying obligation to pay the principal of and interest on the City Bond as it matures and becomes due, nor does it affect the obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect remedies of a holder of the City Bond in the event of a payment default, it potentially prevents such holder from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the City Bond in a Court of the State of Mississippi. It is not certain whether the Amendment would affect the right of a Federal Court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the holder of the City Bond in the event of a payment default with respect to the City Bond. For example, such holder can seek a writ of mandamus to compel the City to use any legally available moneys to pay the debt service on the City Bond, and if such writ of mandamus is issued and public officials fail to comply with such writ, then such public officials may be held in contempt of court. In addition, pursuant to Mississippi Constitution §175, all public officials who are guilty of willful neglect of duty may be removed from office.

Certain information relating to the City is set forth in "APPENDIX A - INFORMATION ON THE CITY" and certain financial information on the City is included in "APPENDIX B – BUDGET" and in "APPENDIX C - AUDIT."

DESCRIPTION OF THE SERIES 2020 BONDS

General Description

The Series 2020 Bonds are issuable under the Indenture as fully registered bonds. When issued, the Series 2020 Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2020 Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof (see the heading, "**Book-Entry-Only System**" under this caption).

The Series 2020 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the cover page of this Official Statement. Interest on the Series 2020 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing November 1, 2020. Interest will be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

Each Series 2020 Bond will be dated the day of delivery. If any Series 2020 Bond is authenticated on or prior to the day of delivery, it will bear interest from such date. Each Series 2020 Bond authenticated after the day of delivery, will bear interest from the most recent date on which interest was payable (the "**Interest Payment Date**") and has been paid on or prior to the date of authentication of such Series 2020 Bond, unless such Series 2020 Bond is authenticated after the fifteenth day of the

calendar month preceding an Interest Payment Date (the "**Record Date**") and on or prior to the next following Interest Payment Date, in which case such Series 2020 Bond will bear interest from such following Interest Payment Date.

So long as DTC or its nominee is the Registered Owner of the Series 2020 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2020 Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "**DTC Participants**") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2020 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "**Book-Entry-Only System**" under this caption.

If the Series 2020 Bonds are no longer in a book-entry-only system, the principal of the Series 2020 Bonds will be payable upon maturity or redemption at the principal corporate trust office of the Trustee in Biloxi, Mississippi, and interest on the Series 2020 Bonds will be paid by check of the Trustee dated the due date and mailed or delivered on or before the Business Day prior to each Interest Payment Date to the Registered Owners of record as of the close of business on the most recent Record Date or, at the written election of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the Registered Owner or by deposit into the account of the Registered Owner if such account is maintained by the Trustee.

Book-Entry-Only System

Unless and until the book-entry-only system has been discontinued, the Series 2020 Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be initially issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2020 Bond will be issued for each maturity of the Series 2020 Bonds and will be deposited with DTC or pursuant to DTC's FAST registration procedures.

The information provided under this caption has been provided by DTC. No representation has been made by the Bank, the City or the Original Purchasers as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access

to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond Documents. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2020 Bonds to be redeemed.

Neither DTC nor Cede & Co., (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal payments and interest payments on the Series 2020 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC.

DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bank or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bank subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal payments and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bond certificates in definitive form will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bank, the City and the Original Purchaser believe to be reliable, but neither the Bank, the City nor the Original Purchaser take any responsibility for the accuracy thereof.

So long as Cede & Co. is the registered holder of the Series 2020 Bonds as nominee of DTC, references herein to the Holders, holders, owners or Registered Owners of the Series 2020 Bonds mean Cede & Co. and not the Beneficial Owners of the Series 2020 Bonds.

THE BANK, THE TRUSTEE, THE CITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS (A) PAYMENTS OF PRINCIPAL OF, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2020 BONDS; (B) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2020 BONDS; OR (C) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2020 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE BANK, THE CITY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, REDEMPTION PRICE OF, OR INTEREST ON THE SERIES 2020 BONDS; (C) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY

BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2020 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Redemption

Optional Redemption. The Series 2020 Bonds (or any portions thereof in integral multiples of \$5,000 each) maturing on or after May 1, 2031, are subject to redemption in whole or in part, in principal amounts and maturities selected by the Bank on any date on or after May 1, 2030, at par, plus accrued interest to the date of redemption. Under the Indenture, selection of Series 2020 Bonds to be redeemed within a maturity will be made by lot by the Trustee. In accordance with DTC's standard practices and its agreement with the Bank, DTC and the DTC Participants will make this selection so long as the Series 2020 Bonds are in book-entry form.

Mandatory Redemption. The Bonds maturing May 1, 2036 in the principal amount of \$1,500,000 are subject to mandatory sinking fund redemption, in part, by lot, on May 1, in each of the years set forth below, at one hundred percent (100%) of the principal amount so redeemed or paid, plus accrued interest as set forth below:

**\$1,500,000 Term Bonds
Maturing May 1, 2036
5.00%**

Year	Principal Amount
2035	\$700,000
2036*	800,000

* Final Maturity

The Bonds maturing May 1, 2038 in the principal amount of \$1,600,000 are subject to mandatory sinking fund redemption, in part, by lot, on May 1, in each of the years set forth below, at one hundred percent (100%) of the principal amount so redeemed or paid, plus accrued interest as set forth below:

**\$1,600,000 Term Bonds
Maturing May 1, 2038
5.00%**

Year	Principal Amount
2037	\$800,000
2038*	800,000

* Final Maturity

The Bonds maturing May 1, 2040 in the principal amount of \$1,800,000 are subject to mandatory sinking fund redemption, in part, by lot, on May 1, in each of the years set forth below, at one hundred percent (100%) of the principal amount so redeemed or paid, plus accrued interest as set forth below:

**\$1,800,000 Term Bonds
Maturing May 1, 2040
5.00%**

Year	Principal Amount
2039	\$900,000
2040*	900,000

* Final Maturity

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2020 Bonds (or any portions thereof in integral multiples of \$5,000 each) to be redeemed (which may be a conditional notice of redemption), will be given by the Trustee at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Registered Owner of each Series 2020 Bond to be redeemed at the address shown on the registration records. Failure to mail such notice to any particular owner of Series 2020 Bonds, or any defect in the notice mailed to any such owner of Series 2020 Bonds, will not affect the validity of the call for the redemption of any other Series 2020 Bonds. So long as DTC or its nominee is the Registered Owner of the Series 2020 Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2020 BOND -- Book-Entry-Only System."

Redemption Payments. The Trustee will apply funds deposited with the Trustee by the Bank in an amount sufficient to pay the Redemption Price of the Series 2020 Bonds, or portions thereof called, together with accrued interest thereon to the redemption date. After the redemption date, if proper notice of redemption by mailing has been given and sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Series 2020 Bonds that have been called.

**APPLICATION OF THE PROCEEDS
OF THE SERIES 2020 BONDS**

The proceeds of sale of the Series 2020 Bonds which is equal to \$12,264,561.00 will be applied as follows:

Sources of Funds

Series 2020 Bond Proceeds	\$10,000,000.00
Original Issue Premium	<u>\$2,264,561.00</u>
Total Sources of Funds	<u>\$12,264,561.00</u>

Uses of Funds

Deposit to General Fund, Purchase Account for Purchase of the City Bond	\$11,189,644.33
Deposit to the General Fund, Bond Issuance Expense Account	400,000.00
Deposit to the General Fund, Capitalized Interest Account	674,916.67
Underwriter's Discount	<u>100,000.00</u>
Total Uses of Funds	<u>\$12,264,561.00</u>

THE MISSISSIPPI DEVELOPMENT BANK

General

The Bank was created in 1986 and is organized and existing under and by virtue of the Bank Act as a separate body corporate and politic for the public purposes set forth in the Bank Act. The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power.

The Bank is granted under the Bank Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary to provide funds to accomplish a public purpose or purposes of the State provided for under the Bank Act, including purchasing bonds, notes or evidences of indebtedness, such as the City Bond, from local governmental units, such as the City.

Organization and Membership of the Bank

The Bank is governed by a nine (9) member Board of Directors (the "**Board of Directors**"). The members of the Board of Directors are elected by the members of the Mississippi Business Finance Corporation (the "**MBFC**") at the time and place fixed by the MBFC's by-laws. Appointments are for terms of one year. Members of the Board of Directors serve until they are replaced or re-appointed. The members of the Board of Directors as of the date of this Official Statement are as follows:

NAME	OCCUPATION	TERM
Carolyn Boteler	Owner, Temp Staff	08/01/19 – 07/31/20
Jabari Edwards	Owner, J5GBL Construction Co.	08/01/19 – 07/31/20
William L. Freeman, Jr.	Retired Bank President	08/01/19 – 07/31/20
William Griffin	Owner, Griffin & Griffin Exploration LLC	08/01/19 – 07/31/20
Gary Harkins	Real Estate Developer	08/01/19 – 07/31/20
Joel Horton	Retired Bank President	08/01/19 – 07/31/20
Bobby James	Operations Manager, Atmos Energy Corporation	08/01/19 – 07/31/20
William D. Sones	Bank President	08/01/19 – 07/31/20
Mark Wiggins	Retired Business Owner	08/01/19 – 07/31/20

The operations of the Bank are administered by E.F. "Buddy" Mitcham, Jr., Executive Director. Mr. Mitcham is a graduate of Mississippi State University with a degree in Business Administration.

Prior Bonds of Bank

The purpose of the Bank is to foster and promote, in accordance with the Bank Act, the borrowing of funds for public purposes by local governmental units. As of April 1, 2020, the Bank has previously issued bonds for various purposes totaling in principal approximately \$8,966,309,402.00. Of such amount, approximately \$3,091,947,514.14 was outstanding as of April 1, 2020.

The full faith and credit and taxing power of the State and the Bank are not pledged to the payment of the principal of, premium, if any, and interest on any of the bonds issued or planned for

issuance by the Bank, and all such bonds are not a debt, liability, loan of the credit or pledge of the full faith and credit and taxing power of the State or the Bank.

The Bank is presently considering the issuance under the Bank Act of additional special obligation bonds for other purposes authorized under the Bank Act.

REVENUES, FUNDS AND ACCOUNTS

Creation of Funds and Accounts

The Indenture establishes the following special Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:
 - (a) General Account
 - (b) Purchase Account
 - (c) Redemption Account
 - (d) Bond Issuance Expense Account
 - (e) Capitalized Interest Account
2. Rebate Fund

Deposit of Net Proceeds of the Series 2020 Bonds, Revenues and Other Receipts

The Trustee will deposit the net proceeds from the sale of the Series 2020 Bonds as follows:

- (a) To the Bond Issuance Expense Account of the General Fund, the amount of \$300,000.00 to pay a portion of the costs of issuance of the Series 2020 Bonds and the City Bond;
- (b) To the Purchase Account of the General Fund, the sum of \$11,189,644.33 to be used to purchase the City Bond, and
- (c) To the Capitalized Interest Account of the General Fund, the sum of \$674,916.67 to pay capitalized interest from November 1, 2020 to November 1, 2021.

The Trustee will deposit Revenues and other receipts (except the proceeds of the Series 2020 Bonds, interest earnings on any amounts in the Rebate Fund and moneys received by the Bank from the sale or redemption prior to maturity of the City Bond) into the General Account of the General Fund based on the amount due under the City Bond Resolution for the City Bond, and will deposit any moneys received from the sale or redemption prior to maturity of City Bond in to the Redemption Account of the General Fund.

OPERATION OF FUNDS AND ACCOUNTS

General Fund

The Trustee will disburse the amounts held in the General Account for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

(a) On or before four (4) Business Days prior to any Interest Payment Date, to the Trustee such amounts as may be necessary to pay the principal and interest coming due on the Series 2020 Bonds on such Interest Payment Date.

(b) As necessary and in accordance with the Indenture, such amounts as may be necessary to pay any Program Expenses of the Bank for the Series 2020 Bonds.

(c) The amounts to be transferred to the Rebate Fund as provided in the Arbitrage Rebate Agreement and Section 6.11 of the Indenture.

(d) After making all required payments under subparagraphs (a) through (c) above, the Trustee shall make a determination of the amounts reasonably expected to be received in the form of City Bond Payments in the succeeding twelve (12) months and shall transfer all monies in the General Account, which, together with such expected receipts for the succeeding 12 months are in excess of the amounts needed to pay principal and interest on the Series 2020 Bonds within the immediately succeeding twelve month period, to the City at the request of the City with the prior written approval of the Bank.

Bond Issuance Expense Account. Upon receipt of invoices or requisitions acceptable to the Trustee, the Trustee will disburse the amounts held in the Bond Issuance Expense Account for the payment or reimbursement of the costs related to the authorization, sale, validation and issuance of the Series 2020 Bonds and the purchase and validation of the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, municipal advisory fees and expenses, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2020 Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing. On the date which is thirty (30) days after the date of issuance of the Series 2020 Bonds, any amounts remaining in the Bond Issuance Expense Account will be transferred to the General Account.

Purchase Account. Upon submission of duly authorized written requisitions of an authorized officer of the Bank stating that all requirements for purchases under the Act and the Indenture have been or will be met, the Trustee will disburse the amounts held in the Purchase Account for the purchase of the City Bond with said moneys to be applied to the issuance of the Series 2020 Bonds as more fully described under the heading "Deposit of Net Proceeds of the Series 2020 Bonds, Revenues and Other Receipts".

Capitalized Interest Account. On or before three (3) business days next preceding each Interest Payment Date, for the period from the date of closing through November 1, 2021, the Trustee shall transfer from the Capitalized Interest Account for deposit in the General Account the amount described below, less any other amount on deposit in the General Account for the payment of interest, as shall be necessary to pay all or a portion of the interest coming due on the Series 2020 Bonds on such Interest Payment Date to the extent there are available funds. The amounts on deposit in the Capitalized Interest Account, will be transferred by the Trustee to the General Account as follows: \$219,916.67 of the November 1, 2020 Interest Payment Date; \$227,500.00 of the May 1, 2021 Interest Payment Date and \$227,500.00 of the November 1, 2021 Interest Payment Date for the interest due respectively on the Series 2020 Bonds). Any amounts remaining in the Capitalized Interest Account on November 1, 2021, shall be transferred to the General Account for the next payment of interest coming due on the Series 2020 Bonds.

Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the City Bond and will disburse the funds in the Redemption Account to redeem Series 2020 Bonds of such maturity or maturities as directed by an Authorized Officer if such Series 2020 Bonds are then subject to redemption.

Rebate Fund

Upon the direction of the Bank and in accordance with the arbitrage rebate agreement or similar document regarding the expenditures and investments of the proceeds of the Series 2020 Bonds provided by the Bank under the Indenture (the "**Arbitrage Rebate Agreement**"), the Trustee will deposit amounts for the benefit of the Bank from the General Account in the General Fund into the Rebate Fund and will deposit into the Rebate Fund all income from investments in the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed the amounts required to be rebated to the United States of America, the Trustee will transfer such excess amounts to the General Account in the General Fund upon the direction of the Bank in accordance with the Arbitrage Rebate Agreement.

Not later than 60 days after five years following the date of delivery of the Series 2020 Bonds, and at intervals of every five years thereafter, the Trustee shall, upon the written request of the Bank in accordance with the Arbitrage Rebate Agreement, pay to the United States of America one hundred percent (100%) of the amount required to be paid to the United States of America as of such payment date. Not later than 60 days following the retirement of all of the Series 2020 Bonds, upon the written request of the Bank the Trustee will pay to the United States of America one hundred percent (100%) the amount to be paid to the United States of America. Each payment to the United States of America will be accompanied by a statement of the Bank summarizing the determination of the amount of such payment, together with copies of any reports originally filed with the Internal Revenue Service with respect to the Series 2020 Bonds.

With respect to the Rebate Fund, the Bank may direct the Trustee to proceed other than as set forth in the Indenture and described above by delivering to the Trustee a new Arbitrage Rebate Agreement accompanied by an Opinion of Bond Counsel to the effect that compliance with such memorandum will not adversely affect the excludability from gross income for federal income tax purposes of the interest on the Series 2020 Bonds.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Series 2020 Bonds outstanding under the Indenture, all required rebates to the United States of America and the fees, charges and expenses of the Trustee will be distributed to the City, except as required by the Indenture regarding payment to holders of non-presented Series 2020 Bonds.

Investment of Funds

Any moneys held as part of any Fund or Account created under or pursuant to the Indenture and the Rebate Fund shall be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed in writing by the City. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and, except as provided in the Indenture, all income and profits on such investments, other than from moneys on deposit in the Rebate Fund or any Account created thereunder, shall be deposited as received in the General Account. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds and Accounts may

not be commingled for the purpose of investment or deposit. The Trustee and the Bank agree that all investments, and all instructions of the Bank to the Trustee with respect thereto shall be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2020 Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses shall be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance with the provisions of Section 8.1 of the Indenture, the Trustee shall not be liable for any investment losses. Moneys in any Fund or Account shall be invested in Investment Securities with a maturity date, or a redemption date which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts will be required for the purposes thereof. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid. All investment income from the assets held in any Fund or Account, except for the Rebate Fund and any Accounts created thereunder, will be added to the General Account.

The Bank has certified in the Indenture to the owners of the Series 2020 Bonds from time to time Outstanding that moneys on deposit in any Fund or Account in connection with the Series 2020 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2020 Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2020 Bonds to lose the exclusion from gross income for federal income tax purposes.

THE SERIES 2020 BONDS AS LEGAL INVESTMENTS

The Series 2020 Bonds shall be legal investments in which all public officers and public bodies of this State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest funds, including capital, in their control or belonging to them. The Series 2020 Bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivisions of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

LITIGATION

There is not now pending or, to the Bank's knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2020 Bonds or prohibiting the Bank from purchasing the City Bond with the proceeds of such Series 2020 Bonds or in any way contesting or affecting the validity of the Series 2020 Bonds, any proceedings of the Bank taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the Series 2020 Bonds. Neither the creation, organization nor existence of the Bank nor the title of any of the present Directors nor other officers of the Bank to their respective offices is being contested.

There is not now pending or, to the knowledge of the City, threatened any litigation restraining or enjoining the sale, issuance, execution or delivery of the City Bond or prohibiting the City from selling the City Bond to the Bank or in any way contesting or affecting the validity of the City Bond, any proceedings of the City taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the City Bond.

TAX TREATMENT OF ORIGINAL ISSUE PREMIUM

The initial public offering prices of each maturity of the Series 2020 Bonds maturing May 1 in the years 2025 through and including 2040 (collectively, the "**Premium Bonds**"), are more than the amounts payable at the maturity dates thereof as set forth on the inside front cover of this Official Statement. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to its owner (other than an owner who holds such a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized over the term of such a Premium Bond for federal income tax purposes. The owner of a Premium Bond is required to decrease his basis in such Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to state and local tax consequences of owning and disposing of Premium Bonds.

TAX MATTERS

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Code. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the Bank and the City and is conditioned on the City's continuing compliance therewith.

In the opinion of Bond Counsel, interest on the Series 2020 Bonds is exempt from all income taxation in the State of Mississippi under existing laws, regulations, rulings and judicial decisions. The opinion addresses only the exemption of interest on the Series 2020 Bonds under the income tax laws of the State of Mississippi and does not address the tax treatment of the Series 2020 Bonds in any other state or jurisdiction.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2020 Bonds as a condition to the excludability from gross income of interest on the Series 2020 Bonds for federal income tax purposes. Non-compliance with such requirements by the Bank or the City may cause interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue irrespective of the date on which such noncompliance occurs. Should the Series 2020 Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2020 Bonds would be materially and adversely affected.

The Indenture and the City Bond Resolution include covenants that (a) the Bank and the City will not take or fail to take any action with respect to the Series 2020 Bonds if such action or omission would result in the loss of the excludability from gross income for federal income tax purposes of interest on the Series 2020 Bonds, under Section 103 of the Code, and neither the Bank nor the City will act in any manner which would adversely affect such exclusion; (b) the Bank and the City will not make any investment or do any other act or thing during the period that the Series 2020 Bonds are Outstanding which would cause the Series 2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (c) if required by the Code, the City will rebate any necessary amounts to the United States of America. It is not an "event of default" under the Indenture if interest on the Series 2020 Bonds is not

excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code.

The interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax.

Although Bond Counsel has rendered an opinion that interest on the Series 2020 Bonds is excludable from federal gross income and that the Series 2020 Bonds are exempt from State of Mississippi income tax, the accrual or receipt of interest on the Series 2020 Bonds may otherwise affect a bondholder's federal income tax, Mississippi or other state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2020 Bonds. Bond Counsel expresses no opinion regarding any other such federal or state tax consequences. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2020 Bonds.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2020 Bonds by the Bank are subject to the approval of Bond Counsel whose approving opinion will be delivered concurrently with the delivery of Series 2020 Bonds. Certain legal matters will be passed upon for the Bank by its counsel, Balch & Bingham LLP, Jackson, Mississippi and for the City by its counsel, Ben Logan, Esquire, Tupelo, Mississippi.

Butler Snow LLP, Ridgeland, Mississippi, is also serving as bond counsel for the City in connection with the issuance and sale of the City Bond.

The remedies available to the Trustee, to the Bank or to the owners of the Series 2020 Bonds upon an Event of Default under the Indenture or under the terms of the City Bond purchased by the Bank are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and under the City Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

RATING

Moody's Investors Services, Inc. ("**Moody's**") has assigned an underlying rating of "Aa2" to the Series 2020 Bonds. Information on the rating may be obtained from the Executive Director of the Bank or the City Clerk of the City. Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained only from said rating agency. The rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2020 Bonds.

PENSION PLAN

The City has no pension plan or retirement plan for employees. City employees are members of and contribute to the Mississippi Public Employees' Retirement System (PERS), a cost-sharing, multiple employer retirement system administered by the State for the benefit of its local governments and State personnel. Benefit provisions are established by State statute and may be amended from time to time only by the State Legislature.

In June 2012, the Government Accounting Standards Board issued Statement No. 68, Accounting and Financial Reporting for Pensions ("**GASB-68**"). The objective of GASB-68 is to improve accounting and financial reporting of government pensions. Also, GASB-68 improves information provided by government employers about financial support for pensions that is provided by other entities. Requirements of GASB-68 are effective for financial statements whose fiscal year begins after June 15, 2014 (Fiscal Year 2015 for the City).

PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. On June 26, 2018, the PERS Board of Trustees voted to increase the employer contribution rate from 15.75 to 17.40 percent, effective July 1, 2019. The City contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$2,710,110, \$2,620,532 and \$2,542,399, respectively, which equaled the required contributions for each year.

At September 30, 2019, the City reported a liability of \$45,415,438 for its proportionate share of the net pension liability. See Note 12 in the City's 2019 Audited Financial Statements included in "APPENDIX B - Financial Information Concerning the City.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective with the fiscal year ended September 30, 2018 audit, the City will be required to apply GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* ("**GASB 75**"), to its audited financial statements. GASB 75 changes accounting and financial reporting for OPEB. Fund level statements, including the General Fund statements, will not be impacted by the GASB 75 reporting.

INDEPENDENT AUDITORS

The audited financial statements of the City for the year ended September 30, 2018 included in this Official Statement as APPENDIX B, have been audited by Franks, Franks, Wilemon & Hagood, PA, Certified Public Accountants, Tupelo, Mississippi ("**FFWH**"), as stated in the report appearing therein (the "**audit report**").

The City has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. FFWH, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FFWH, also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The City will execute a continuing disclosure agreement (the "**Disclosure Certificate**") at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the City has covenanted in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access ("**EMMA**") system: (i) annually, certain financial information and operating data, as described in the Disclosure Certificate; and (ii) timely notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as APPENDIX F.

The City has previously entered into continuing disclosure undertakings with respect to bonds it has issued or for which it is the "obligated person" within the meaning of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The City has reviewed the last five years of filings and continuing disclosure undertakings with respect to any outstanding bonds within the meaning of the Rule.

Without a determination as to materiality, the City's audited financial statements for fiscal year ended September 30, 2015 were filed two days late on March 30, 2016. The City's audited financial statements for fiscal year September 30, 2019 were filed three days late on March 31, 2019 due to unavailability at the time of filing, however, notice of failure to file the audited financial statements for fiscal year September 30, 2019 was timely filed. In addition, there may have been instances in which some tables included in the City's prior continuing disclosure undertakings were not included in every filing on EMMA. In addition, some of the past filings required of the City may not have been filed under all outstanding CUSIPs and may have been misfiled under the wrong CUSIP or under the wrong heading within the CUSIP.

The City adopted policies and procedures on November 4, 2014 (the "**Policy**") to ensure timely filing of its Annual Report, together with any required Accompanying Information. The City has hired a dissemination agent to file the City's required Annual Report, together with any required Accompanying Information.

For a summary of the City's undertaking, see **APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE** attached hereto.

MUNICIPAL ADVISOR

The Bank has retained the firm of Government Consultants, Inc. as Municipal Advisor to the Bank in connection with the issuance of the Series 2020 Bonds. In such capacity the Municipal Advisor has provided recommendations and other financial guidance to the Bank and the City with respect to the preparation of documents, the preparation for the sale of the Series 2020 Bonds and the time of the sale, market conditions and other factors related to the sale of the Series 2020 Bonds.

Although the Municipal Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein. The information

contained in this Official Statement has been obtained primarily from the Bank and the City's records and from other sources which are believed to be reliable, including financial records of the City and other entities, which records may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any information obtained from sources other than the Bank and the City. Any summaries or excerpts of statutes, ordinances, resolutions or other documents do not purport to be complete statements of the same and reference is made to such original sources in all respects.

UNDERWRITING

The Series 2020 Bonds are being purchased by Stephens Inc. (the "**Underwriter**"). The Underwriter has agreed, subject to certain conditions, to purchase all of the Series 2020 Bonds from the Bank at a purchase price of \$12,164,561.00, which is equal to the principal amount thereof plus an original issue premium of \$2,264,561.00 and minus the Underwriter's discount of \$100,000.00. The Underwriter is obligated to purchase all the Series 2020 Bonds, if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in the Bond Purchase Agreement with respect to the Series 2020 Bonds, the approval of certain legal matters by counsel and certain other conditions.

VALIDATION

Prior to issuance, the Series 2020 Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended. Prior to issuance, the City Bond will be validated before the Chancery Court of Lee County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended.

MISCELLANEOUS

The Bank's offices are located at 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

All quotations from, and summaries and explanations of, the Act, the Indenture and the City Bond Resolution contained in this Official Statement do not purport to be complete, and reference is made to each such document or instrument for full and complete statements of its provisions. The attached APPENDICES are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in reasonable quantity of the Act, the Indenture, the City Bond Resolution and the supplemental materials furnished to the Bank by the City may be obtained upon written request to the Bank.

Neither any advertisement of the Series 2020 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2020 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Bank. The Bank will provide copies of this Official Statement to be distributed to the purchasers of the Series 2020 Bonds.

MISSISSIPPI DEVELOPMENT BANK

By: /s/ E. F. Mitcham, Jr. _____
Executive Director

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX A
INFORMATION ON THE CITY

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX A - ECONOMIC AND DEMOGRAPHIC INFORMATION
CITY OF TUPELO, MISSISSIPPI
FOR FISCAL YEAR 2019

General Description

The City of Tupelo (the "**City**"), the county seat of Lee County, Mississippi (the "**County**"), was incorporated on July 20, 1870, and occupies an area of approximately 23 square miles in the central section of the County in the prairie soil area of the northeastern portion of the State of Mississippi (the "**State**"). The City lies 104 miles southeast of Memphis, Tennessee, 142 miles northwest of Birmingham, Alabama, 170 miles northeast of Jackson, the capital city of the State, 274 miles northwest of Mobile, Alabama, and 340 miles northeast of New Orleans, Louisiana.

Population

The population of the City has been recorded as follows:

1990	2000	2010	2018 (Estimate)
30,985	34,211	34,546	38,206

SOURCE: Census data at website: www.census.gov; January 2020.

Government

The City, which operates under the Mayor-City Council form of government, is divided into seven wards or voting precincts, with one City Council member elected from each ward, and the Mayor and two additional City Council members elected from the City at large. The Mayor and City Council members are elected for concurrent four-year terms, set to expire next in July 2021. The current Mayor and members of the City Council are as follows:

Name	Position	Occupation	Position Held Since
Jason Shelton	Mayor	Full-time Mayor	July 2013
Markel Whittington	Council Member	Business Owner	July 2009
Lynn Bryan	Council Member	Business Owner	July 2013
Travis Beard	Council Member	Retired	July 2014
Nettie Y. Davis	Council Member	Retired	July 2001
Buddy Palmer	Council Member	Business Owner	July 2013
Mike Bryan	Council Member	Ins. Management Group	July 2009
Willie Jennings	Council Member	Business Owner	July 2009

Transportation

The City is served by U.S. Highway 45, running north and south through the eastern portion of the City, which connects the City to Columbus, Mississippi, Meridian, Mississippi, and Mobile, Alabama to the south and Corinth, Mississippi and western Tennessee to the north. U.S. Highway 22, running northwest and southeast through the northern portion of the City, connects the City with Memphis, Tennessee and Birmingham, Alabama. State Highway 6 connects the City with Oxford, Mississippi, the site of the University of Mississippi, and Interstate Highway 55 to the West.

The Burlington Northern Santa Fe Railroad Company, running northwest and southeast through the center of the City, connects the City with Memphis, Tennessee and Birmingham, Alabama. The Kansas City Southern Railroad Company runs north and south through the center of the City and connects the City to Meridian, Mississippi to the south and Corinth, Mississippi to the north.

Tupelo Regional Airport (C.D. Lemons Field) is a federally certified, fully instrumental; all-weather commercial service airport located three miles west of the center of the City. The municipal airport provides a full range of general aviation flight and aircraft services. The airport also serves as a base for a major Army National Guard Aviation Company, which employs several hundred personnel.

The City is located 18 miles from the Port of Fulton on the Tennessee-Tombigbee Waterway (the "Waterway"). The Waterway was constructed at a cost of \$1.4 billion to connect the Tombigbee River with the Tennessee River, reducing the water distance from the Gulf of Mexico to many inland ports by as much as 819 miles. The Waterway provides low cost water transportation to much of northeast Mississippi.

Approximately twenty motor freight carriers have terminal facilities in the City. Convenient parcel delivery service is provided to residents of the area by six commercial carriers. Parcels may also be shipped on the bus lines serving the City, and local taxi companies provide additional local delivery services.

Per Capita Income

The following represents per capita income annually from 2014-2018 for the County, for State of Mississippi, and for the United States of America:

Year	County	Mississippi	United States	County as % Of U.S.
2018	\$41,934	\$37,834	\$54,446	77%
2017	40,345	36,375	51,885	78%
2016	38,811	35,613	49,870	78%
2015	37,597	35,022	48,978	77%
2014	36,621	34,545	47,058	78%

SOURCE: Bureau of Economic Analysis: Regional Economic Accounts at website: www.bea.gov, 2014-2018 (BEA data last updated November 14, 2019). Information available as of January 2020.

Retail Sales for the City

State Fiscal Year Ended June 30	Amount
2018	\$1,853,472,455
2017	1,757,429,431
2016	1,696,031,842
2015	1,581,909,732
2014	1,544,302,009

SOURCE: Annual Reports for years indicated, Mississippi Department of Revenue's website: www.dor.ms.gov; information available as of February 2020.

Major Employers

The following is a listing of the City's major employers, their products or services and their approximate number of employees:

Employer	Employees	Product/Service
North Mississippi Health Services	7,100	Healthcare
Cooper Tire & Rubber Company	1,720	Manufacturing
Tupelo Public School District	1,200	Education
MTD Products	1,050	Manufacturing
JESCO, Inc.	1,000	Construction
Wal-Mart /Sams Club	979	Retail
Lee County School District	931	Education
BancorpSouth, Inc.	800	Financial Services
City of Tupelo	507	City Government
Phillips Lighting	400	Manufacturing

SOURCE: Community Development Corporation website www.cdfms.org, information available as of January 2020.

Banking Institutions

Institutions	Total Assets
Regions Bank ¹	\$ 127,543,000,000
BancorpSouth Bank ²	19,862,964,000
Trustmark National Bank ³	13,582,728,000
Renasant Bank ⁴	13,020,626,000
Community Bank of Mississippi ⁵	3,292,903,000
Bank Plus ⁶	2,965,559,000
CB & S Bank ⁷	1,915,471,000
FNB Oxford ⁸	365,351,000
First American National Bank ⁹	276,727,000

SOURCE: Federal Deposit Insurance Corporation BankFind database at www.fdic.gov. All assets are stated as of September 30, 2019, and this is the information available as of January 2020.

Unemployment Statistics of the County

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Annual Averages
2014	8.1	7.5	7.2	6.6	7.6	7.8	7.9	7.2	6.9	6.7	6.3	6.2	7.2
2015	6.6	5.9	5.6	5.1	5.9	6.1	5.9	5.3	5.2	5.0	4.9	5.0	5.5
2016	5.1	4.7	4.5	4.3	5.0	5.7	5.8	4.9	4.8	4.7	4.3	4.3	4.8
2017	4.5	4.1	3.9	3.6	4.4	4.7	4.6	4.1	3.9	3.8	3.6	3.6	4.1
2018	4.0	3.9	3.6	3.5	4.0	4.7	4.4	3.9	3.6	3.7	3.5	3.8	3.9
2019	4.1	3.8	3.9	3.8	3.9	4.8	5.1	4.8	4.8	4.5	4.5	4.2	4.4

SOURCE: Mississippi Department of Employment Security: Labor Market Data at website: www.mdes.ms.gov; information available as of February 2020.

¹ Headquarters located in Birmingham, Alabama.

² Headquarters located in Tupelo, Mississippi.

³ Headquarters located in Jackson, Mississippi.

⁴ Headquarters located in Tupelo, Mississippi.

⁵ Headquarters located in Forrest, Mississippi.

⁶ Headquarters located in Belzoni, Mississippi.

⁷ Headquarters located in Russellville, Alabama.

⁸ Headquarters located in Oxford, Mississippi.

⁹ Headquarters located in Iuka, Mississippi.

Employment Statistics of the County

	2014	2015	2016	2017	2018
RESIDENCE BASED EMPLOYMENT					
I. Civilian Labor Force	38,900	39,910	40,870	40,660	40,300
II. Unemployed	2,790	2,210	1,980	1,660	1,570
Rate	7.2	5.5	4.8	4.1	3.9
III. Employed	36,110	37,700	38,890	39,000	38,730
ESTABLISHMENT BASED EMPLOYMENT					
I. Manufacturing	9,850	10,020	10,630	10,730	10,560
II. Non-manufacturing	42,690	43,960	45,190	45,230	45,190
A. Agriculture, Forestry, Fishing & Hunting	70	70	70	70	70
B. Mining	0	0	0	0	0
C. Utilities	170	160	170	170	180
D. Construction	1,220	1,320	1,380	1,410	1,490
E. Wholesale Trade	1,790	1,880	1,870	1,900	2,010
F. Retail Trade	6,660	6,800	6,980	7,020	7,020
G. Transportation & Warehousing	1,400	1,440	1,510	1,540	1,670
H. Information	1,100	1,160	1,180	1,160	1,140
I. Finance & Insurance	1,360	1,330	1,410	1,470	1,560
J. Real Estate, Rental & Leasing	490	470	500	530	510
K. Prof., Scientific & Technical Service	1,320	1,500	1,600	1,700	1,770
L. Management of Companies & Entertainment	1,040	1,040	990	900	900
M. Administrative Support & Waste Management	6,310	6,620	6,760	5,850	6,020
N. Educational Services	140	140	130	130	140
O. Health Care & Social Assistance	8,270	8,600	9,130	9,660	9,210
P. Arts, Entertainment & Recreation	360	370	380	400	370
Q. Accommodation & Food Service	4,310	4,560	4,620	4,830	4,680
R. Other Services (except Public Administration)	1,150	1,140	1,130	1,080	1,090
S. Government	5,530	5,360	5,380	5,410	5,360
Education	2,770	2,660	2,640	2,680	2,630
III. Total Nonagricultural Employment	52,540	53,980	55,820	55,960	55,750

SOURCE: Mississippi Department of Employment Security: Annual Averages: Labor Force and Establishment Based Employment 2011 Forward, Labor Market Information Department at website: www.mdes.ms.gov; Information last revised by MDES on 5/08/2019. Information available as of January 2020.

Educational Facilities

The Tupelo Public School District (the "District") serves the entire City and a large rural area west of the City. The District currently operates one early childhood center, nine elementary schools, one middle school, one career center, one discipline center, and one high school, and employs approximately 584 certified teachers and/or certified personnel and approximately 531 support personnel.

Enrollment figures for the District for the current scholastic year and for the four preceding years are as follows:

Scholastic Year	Enrollment
2019-20	7,002
2018-19	6,994
2017-18	7,077
2016-17	6,995
2015-16	7,146

SOURCE: Office of Research and Statistics, Mississippi Department of Education; January 2020.

TAX INFORMATION

Assessed Valuation¹⁰

Assessment Year	Real Property	Personal Property	Automobiles	Public Utility Property	Total
2019	\$377,171,673	\$93,132,978	\$57,958,426	6,665,605	\$534,928,682
2018	372,258,284	85,673,763	55,680,013	6,665,605	520,277,665
2017	369,432,616	83,831,518	55,369,431	7,135,973	515,769,538
2016	371,892,965	83,301,764	53,246,016	7,135,973	515,576,718
2015	343,915,050	77,627,589	52,567,813	7,135,973	481,246,425

SOURCE: Office of the City Clerk; January 2020.

Assessed valuations are based upon the following assessment ratios:

(a) Real and personal property (excluding single-family owner-occupied residential real property and motor vehicles, respectively), fifteen percent (15%) of true value;

¹⁰ The total assessed valuation is approved in the September preceding the beginning of the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 2019 are collected starting in January 2020 for the 2019-20 fiscal year budget of the City.

- (b) Single-family owner-occupied residential real property, ten percent (10%) of true value;
- (c) Motor vehicles and public utility property, thirty percent (30%) of true value.

The 1986 Session of the Mississippi Legislature adopted House Concurrent Resolution No. 41 (the "Resolution"), pursuant to which there was proposed an amendment to the Mississippi Constitution of 1890 (the "Amendment"). The Amendment provided, inter alia, that the assessment ratio of any one class of property shall not be more than three times the assessment ratio on any other class of property.

The Amendment set forth five classes of property and the assessment ratios which would be applicable thereto upon the adoption of the Amendment. The assessment ratios set forth in the Amendment are identical to those established by Section 27-35-4, Mississippi Code of 1972, as it existed prior to the Amendment, except that the assessment ratio for single-family owner-occupied residential real property under the Amendment is set at ten percent (10%) of true value as opposed to fifteen percent (15%) of true value under previously existing law.

The assessed valuation figures above do include property exempt from all municipal ad valorem tax for periods of up to ten years, primarily for new or expanded manufacturing facilities.

Procedure for Property Assessments

The Tax Assessor of Lee County assesses all real and personal property subject to taxation in the County, including property in the City, except motor vehicles and property owned by public service corporations, both of which are required by law to be assessed by the Mississippi Department of Revenue.

Section 21-33-9, Mississippi Code of 1972, as amended, provides that the governing authorities of a municipality which is located within a county having completed a county-wide reappraisal approved by the Mississippi Department of Revenue and which has been furnished a true copy of that part of the County assessment roll containing the property located within a municipality as provided in Section 27-35-167, Mississippi Code of 1972, as amended, shall adopt such assessment rolls for its assessment purposes. The City is utilizing the assessment rolls of the County.

The City may not correct or revise such assessment rolls except for the purpose of conforming the municipal assessment roll to corrections or revisions made to the County assessment roll. All objections to the municipal assessment roll may be heard by the Board of Supervisors of the County at the time and in the manner that objections to the County assessment roll are heard. The Board of Supervisors shall notify, in writing, the Governing Body and the Tax Assessor of the City of any corrections or revisions made by it to the part of the County assessment roll adopted as the municipal assessment roll.

Tax Levy per \$1,000 Valuation¹¹

	2019-20	2018-19	2017-18	2016-17	2015-16
GENERAL PURPOSES					
Special Levy for Street Improvements	10.00	10.00	10.00	10.00	10.00
General Fund	12.94	12.94	12.94	12.94	12.90
Firemen & Policemen Retirement Fund	1.61	1.61	1.61	1.61	1.61
Municipal Bond & Interest Fund	6.95	6.95	6.95	6.95	6.95
Library Fund	0.97	0.97	0.97	0.97	1.01
SUBTOTAL	32.47	32.47	32.47	32.47	32.47
SCHOOL PURPOSES					
School Maintenance Fund	55.00	55.00	55.00	55.00	55.00
School Bond & Interest Fund	6.10	6.10	6.10	6.10	6.10
School Notes Payable Fund	0.00	0.00	0.00	0.00	0.00
Tupelo/Lee County Vo-Tech Fund	0.00	0.00	0.00	0.00	0.00
Shortfall Note 2008	0.00	0.00	0.00	0.00	0.00
Short Term Debt	3.00	3.00	3.00	3.00	3.00
SUBTOTAL	64.10	64.10	64.10	64.10	64.10
TOTAL TAX LEVY	96.57	96.57	96.57	96.57	96.57

SOURCE: Office of the City Clerk; January 2020.

¹¹ Tax levy is given in mills.

Ad Valorem Tax Collection

Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over (Under)
2019	\$15,551,126	\$15,956,167.84	\$405,038.84
2018	15,346,505	15,618,946	272,441
2017	15,356,606	15,813,232	456,626
2016	14,310,380	14,666,179	355,799
2015	14,310,382	14,563,862	253,480

SOURCE: Office of the City Clerk; January 2020.

Procedure for Tax Collections

The Governing Body is required to levy a special tax upon all of the taxable property within the geographical limits of the City each year sufficient to provide for the payment of the principal of and interest on the City's general obligation bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes bear interest at the rate of one percent (1%) per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real property and personal property are subject to public tax sale.

Section 21-33-63, Mississippi Code of 1972, as may be amended from time to time, and related statutes provide that after the 15th day of December and after the 15th day of August in each year, the tax collector for each municipality shall advertise all lands in such municipality on which all the taxes due and in arrears have not been paid, as well as all land liable for sale on the first Monday of April or the third Monday of September following, as the case may be.

Reappraisal of Property and Limitation on Ad Valorem Levies

Senate Bill No. 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972 (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed in proportion to true value. To ensure that property taxes do not increase dramatically as the counties complete reappraisals, the Reappraisal Act provides for the limit on increase in tax revenues discussed below.

The statute limits ad valorem tax levies by the City subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than ten percent (10%) over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties, any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the City or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in State Tax Commission v. Fondren, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the Mississippi Department of Revenue (formerly the State Tax Commission) was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the Mississippi Department of Revenue equalized the assessment rolls of all of the counties. Due to the intervening passage of the Reappraisal Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the

Chancellor's decree, on November 15, 1980, the Mississippi Department of Revenue filed a master plan to assist counties in determining true value. On December 7, 1983, the Chancery Court granted an extension until July 1, 1984, of its previous deadline past which the Mississippi Department of Revenue could not accept and approve tax rolls from counties which had not yet reappraised. The City has completed reappraisal.

Homestead Exemption

The Mississippi Homestead Exemption Law of 1946 reduces the local tax burden on homes qualifying by law and substitutes revenues from other sources of taxation on the State level as a reimbursement to the local taxing units for such tax loss. Provisions of the homestead exemption law determine qualification, define ownership and limit the amount of property that may come within the exemption. The exemption is not applicable to taxes levied for the payment of the Bonds, except as hereinafter noted.

Those homeowners who qualify for the homestead exemption and who have reached the age of sixty-five (65) years on or before January 1 of the year for which the exemption is claimed, service-connected, totally disabled American veterans who were honorably discharged from military service and those qualified as disabled under the federal Social Security Act are exempt from any and all ad valorem taxes on qualifying homesteads not in excess of \$7,500 of assessed value thereof.

The tax loss resulting to local taxing units from properly qualified homestead exemptions is reimbursed by the Mississippi Department of Revenue. Beginning with the 1984 supplemental ad valorem tax roll and for each roll thereafter, no taxing unit shall be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to such taxing unit in the next proceeding year.

Ten Largest Taxpayers

The ten largest taxpayers in the City for assessment year 2019 are as follows:

Taxpayer	Assessed Valuation	Taxes Collected
Cooper Tire	22,828,543	2,968,861.02
Tupelo 130/33/430	9,779,179	944,375.31
Walmart/Sams	9,554,713	922,698.63
JAV/VM Cleveland	5,573,561	538,238.79
Sunshine Mills	4,500,129	434,577.46
Renasant Banks	3,889,365	375,595.98
United Furniture	3,328,830	213,378.00
The Albano Group	2,796,381	224,749.17
Atmos Energy	2,710,516	261,754.54
Bancorp South	2,461,956	237,751.09
TOTALS	\$101,391,432	\$11,200,299.36

SOURCE: Office of the City Clerk; January 2020.

DEBT INFORMATION

Legal Debt Limit Statement

(As of March 1, 2020)

	15% Limit	20% Limit
Authorized Debt Limit (Last Completed Assessment for Taxation - \$534,928,682)	\$80,239,302	\$106,985,736
Less Present Debt Subject to Debt Limits	(\$47,780,000)	(\$47,780,000)
Margin for Further Debt Under Debt Limits	\$32,459,302	\$59,205,736
Less This Offering	(\$10,000,000)	(\$10,000,000)
Margin for Further Debt After This Offering	\$22,459,302	\$49,205,736

Statutory Debt Limits

The City is subject to a general statutory debt limitation under which no municipality in the State may incur general obligation bonded indebtedness in an amount which will exceed 15 percent of the assessed value of the taxable property within such municipality according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water and sewerage systems, gas and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a municipality contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such municipality.

In arriving at the limitations set forth above, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, the Series 2008 Bonds, general obligation industrial bonds issued under the provisions of Sections 57-1-1 to 57-1-51, Mississippi Code of 1972, as amended, and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, as amended, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

Outstanding General Obligation Bonded Debt Subject to Debt Limits

(As of March 1, 2020)

Issue	Date of Issue	Outstanding Principal
Taxable General Obligation Refunding, Series 2011B	06/21/11	520,000
General Obligation Bonds	12/01/11	3,015,000
General Obligation Bonds	11/01/12	4,920,000
General Obligation Bonds	04/01/13	5,160,000
General Obligation Bonds	09/01/13	1,965,000
General Obligation Bonds (MDB)	07/28/15	3,500,000
General Obligation Refunding Bonds	01/28/16	1,525,000
General Obligation Bond (MDB)	05/12/16	5,700,000
General Obligation Refunding Bonds	08/04/16	5,430,000
General Obligation Bonds (MDB)	11/14/17	10,000,000
General Obligation Water Refunding Bonds	5/31/19	6,045,000
Total		\$47,780,000

Tax Increment Bonds¹²

Issue	Date of Issue	Outstanding Principal
Tax Increment Limited Obligation Bonds	05/13/09	270,000
Total		\$270,000

¹² These bonds are payable as to principal and interest solely from the avails of a tax increment resulting from the taxation by the City of the "captured assessed value" of the project, and the property on which it is located, for which the improvements financed with the proceeds from these bonds benefited.

Other Outstanding Long-Term Debt

Issue	Date of Issue	Outstanding Principal
Special Assessment Public Improvement Bonds	08/01/00	35,000.00
Lease Purchase (Equipment)	10/22/15	3,595,185.66
Promissory Note (Tupelo, Mississippi Revenue Project)	4/12/18	13,960,000.00
Promissory Note (Tupelo, Mississippi Revenue Project)	7/18/19	15,000,000.00
Total		\$32,590,185.66

SOURCE: Office of the City Clerk; January 2020.

Annual Debt Service Requirements¹³

	General Obligation Debt ¹⁴						Total Estimated Debt Service
FY Ending September 30	Existing Debt			New Debt			
	Principal	Interest	Total	Principal	Interest	Total	
2020	\$4,325,000.00	\$1,550,504.22	\$5,875,504.22	\$ 0.00	\$ 0.00	\$ 0.00	\$5,875,504.22
2021	4,480,000.00	1,416,157.53	5,896,157.53	0.00	447,416.67	447,416.67	6,343,574.20
2022	4,715,000.00	1,258,227.78	5,973,227.78	0.00	455,000.00	455,000.00	6,428,227.78
2023	3,200,000.00	1,094,156.28	4,294,156.28	0.00	455,000.00	455,000.00	4,749,156.28
2024	3,005,000.00	984,125.02	3,989,125.02	0.00	455,000.00	455,000.00	4,444,125.02
2025	3,120,000.00	890,303.77	4,010,303.77	300,000.00	455,000.00	755,000.00	4,765,303.77
2026	3,235,000.00	791,012.52	4,026,012.52	300,000.00	446,000.00	746,000.00	4,772,012.52
2027	3,000,000.00	687,507.52	3,687,507.52	300,000.00	437,000.00	737,000.00	4,424,507.52
2028	3,035,000.00	590,120.02	3,625,120.02	400,000.00	428,000.00	828,000.00	4,453,120.02
2029	2,935,000.00	490,856.27	3,425,856.27	500,000.00	408,000.00	908,000.00	4,333,856.27
2030	2,680,000.00	397,988.77	3,077,988.77	600,000.00	383,000.00	983,000.00	4,060,988.77
2031	2,835,000.00	312,528.77	3,147,528.77	600,000.00	353,000.00	953,000.00	4,100,528.77
2032	2,550,000.00	233,841.26	2,783,841.26	700,000.00	329,000.00	1,029,000.00	3,812,841.26
2033	2,700,000.00	161,563.13	2,861,563.13	700,000.00	301,000.00	1,001,000.00	3,862,563.13
2034	1,200,000.00	98,735.00	1,298,735.00	700,000.00	273,000.00	973,000.00	2,271,735.00
2035	1,300,000.00	64,360.00	1,364,360.00	700,000.00	245,000.00	945,000.00	2,309,360.00
2036	1,300,000.00	27,310.00	1,327,310.00	800,000.00	210,000.00	1,010,000.00	2,337,310.00
2037	700,000.00	525.00	700,525.00	800,000.00	170,000.00	970,000.00	1,670,525.00
2038	700,000.00	175.00	700,175.00	800,000.00	130,000.00	930,000.00	1,630,175.00
2039	0.00	0.00	0.00	900,000.00	90,000.00	990,000.00	990,000.00
2040	0.00	0.00	0.00	900,000.00	45,000.00	945,000.00	945,000.00
Totals:	\$51,015,000.00	\$11,049,997.86	\$62,064,997.86	\$10,000,000.00	\$6,515,416.67	\$16,515,416.67	\$78,580,414.53

¹³ Includes debt service for General Obligation Water Refunding Bonds, dated May 31, 2019 (the "2019 Bonds"). The 2019 Bonds are general obligations of the City payable as to principal and interest, to the extent that other moneys are not available for that purpose from Special Sales Tax revenues and Net Revenues, of the Northeast Mississippi Regional Water Supply District (the "District"), out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to rate or amount upon the taxable property within the geographical limits of the City; provided however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the bond fund of the 2019 Bonds, or has made provisions for payment thereof, to be applied toward the payment of the principal of and interest on the 2019 Bonds due during the ensuing fiscal year of the City. The Special Sales Tax and the Net Revenues of the District are additional security for the 2019 Bonds. The Special Sales Tax is a 0.25% sales tax upon all sales and services within the City which are subject to the general rate of state sales tax (the "Special Sales Tax") authorized by the local and private legislation described in Footnote No. 18; and the Net Revenues, are the revenues of the wastewater system (the "System") of the District less operating costs for the System.

¹⁴ As of January 30, 2020.

General Obligation Bonded Debt

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
G.O. Refunding Bonds (07/01/01)	-0-	-0-	-0-	-0-	125,000
G.O. Public Improvement Bonds (03/01/04)	-0-	-0-	-0-	-0-	720,000
G.O. Public Improvement Bonds (03/08/07)	-0-	-0-	-0-	-0-	5,165,000
G.O. Water Bonds (12/17/08)	-0-	7,690,000	8,000,000	8,295,000	8,575,000
G.O. Fairgrounds Project Refunding Bonds, Series A (6/21/11)	-0-	820,000	1,615,000	2,390,000	3,145,000
G.O. Taxable Fairgrounds Project Refunding Bonds, Series B (6/21/11)	2,225,000	2,725,000	3,210,000	3,675,000	4,130,000
G.O. Bonds, Series 2011 (12/01/11)	3,175,000	3,335,000	3,495,000	3,595,000	3,695,000
G.O. Bonds, Series 2012 (12/04/12)	5,160,000	5,400,000	5,520,000	5,640,000	5,760,000
G.O. Bonds, Series 2013 (4/01/13)	5,160,000	5,400,000	5,520,000	5,640,000	5,760,000
G.O. Bonds, Series 2013 (9/01/13)	1,965,000	2,150,000	2,330,000	2,505,000	2,675,000
G. O. Bonds (MDB), Series 2015 (7/28/15)	3,500,000	3,700,000	3,800,000	3,900,000	4,000,000
G. O. Refunding Bonds, Series 2016 (1/28/16)	2,315,000	3,030,000	3,810,000	4,580,000	-0-
G. O. Bonds (MDB), Series 2016 (5/12/16)	5,700,000	5,800,000	5,900,000	6,000,000	-0-
G. O. Refunding Bonds, Series 2016 (8/04/16)	5,430,000	6,725,000	7,980,000	9,230,000	-0-
G. O. Bonds (MDB), Series 2017 (11/14/17)	10,000,000	10,000,000	-0-	-0-	-0-
G.O. Water Refunding Bonds, Series 2019 (5/31/19)	6,385,000	-0-	-0-	-0-	-0-
Totals	\$51,015,000	\$56,775,000	\$51,180,000	\$55,450,000	\$43,750,000

Debt Ratios

FY Ended September 30	General Obligation Debt	General Obligation Debt to Assessed Value
2019	\$51,015,000	9.54%
2018	56,775,000	10.91
2017	51,180,000	9.92
2016	55,450,000	10.75
2015	43,750,000	8.21

Overlapping/Underlying General Obligation Indebtedness

	2010 Population	General Obligation Bonded Debt	General Obligation Bonded Debt Per Capita
Lee County	82,910	\$13,880,000 ¹⁵	\$167.41

	Total General Obligation Bonded Debt
Tupelo Public School District	\$37,300,000 ¹⁶

¹⁵ Source: Office of the Lee County, MS Chancery Clerk, January 2020.

¹⁶ Source: 2018 Audited Financial Statement of the District. Balance at fiscal year ending June 30, 2019.

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX B
FINANCIAL INFORMATION FOR THE CITY

[THIS PAGE LEFT BLANK INTENTIONALLY]

FINANCIAL STATEMENT FOR FISCAL YEAR
ENDED SEPTEMBER 30, 2019

[THIS PAGE LEFT BLANK INTENTIONALLY]

**CITY OF TUPELO,
MISSISSIPPI**

FINANCIAL STATEMENTS

**For the Year Ended
September 30, 2019**

Prepared by:
Franks, Franks, Wilemon & Hagood, PA
Certified Public Accountants
Tupelo, Mississippi – Fulton, Mississippi

CITY OF TUPELO
TABLE OF CONTENTS
September 30, 2019

INDEPENDENT AUDITORS' REPORT.....	7
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	11
BASIC FINANCIAL STATEMENTS - OVERVIEW:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	24
Reconciliation of Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	26
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government - Wide Statement of Activities and Changes in Net Position	27
General Fund Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual - Budgetary Basis.....	28
Water G.O. Bond Fund Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual - Budgetary Basis	29
Special Obligation Capital Fund Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual - Budgetary Basis	30
Proprietary Funds:	
Statement of Net Position	31
Statement of Revenues, Expenses and Changes in Net Position.....	34
Statement of Cash Flows.....	36
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	38
Notes to Financial Statements.....	40

CITY OF TUPELO
TABLE OF CONTENTS
September 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the City's Proportionate Share of the Net Pension Liability.....	76
Schedule of the City's Contributions	77
Notes to the Required Supplementary Information	78

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:

Non-Major Governmental Funds:

Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
Combining Balance Sheet - Non-Major Special Revenue Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	84
Combining Balance Sheet - Non-Major Capital Projects Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Capital Projects Funds	89
Combining Balance Sheet - Non-Major Debt Service Funds.....	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Debt Service Funds.....	92

General Fund:

Comparative Balance Sheet	95
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance.....	96

Special Revenue Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (NON-GAAP Basis) and Actual	
Library Fund	102
Convention and Visitor's Bureau Fund	103
Firemen and Policemen Retirement Fund	105

CITY OF TUPELO
TABLE OF CONTENTS
September 30, 2019

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS: - Continued

Special Revenue Funds: - Continued

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (NON-GAAP Basis) and Actual

Coliseum Project Fund.....	106
Rental Rehabilitation Fund	108
Coliseum Operating Fund	109
Narcotics Fund	111
Transportation Fund	113

Capital Projects Funds:

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (NON-GAAP Basis) and Actual:

City Capital Project Fund.....	115
Fairgrounds Construction Fund.....	116
City Infrastructure Fund.....	117
Thoroughfare Fund Phase VI.....	118

Debt Service Funds:

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (NON-GAAP Basis) and Actual

City Bond and Interest Fund.....	120
Special Assessments Bond and Interest Fund	122
City Tax Increment Fund	124
Urban Renewal Bond Fund	126
Special Obligation Debt Service Fund.....	128

CITY OF TUPELO
TABLE OF CONTENTS
September 30, 2019

Agency Funds:

Combining Balance Sheet	131
Agency Funds - Combining Statement of Changes in Assets and Liabilities	132

SUPPLEMENTARY INFORMATION:

Schedule of Investments.....	135
Schedule of Long-Term Debt.....	136
Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections	138
Schedule of Surety Bonds for Municipal Officials	140
Schedule of Expenditures of Federal Awards.....	141

REPORTS ON COMPLIANCE AND INTERNAL CONTROL:

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 <i>Government Auditing Standards</i>	144
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	146
Schedule of Findings and Questioned Costs.....	148
Independent Auditors' Report on Compliance With State Laws and Regulations.....	149

INDEPENDENT AUDITORS' REPORT

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Michael Little, CPA

Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Tupelo, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Tupelo'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 did not audit the financial statements of the Northeast Mississippi Regional Water Supply District, which represent approximately 31 percent and 4 percent, respectively of the assets and revenues of the Proprietary Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Northeast Mississippi Regional Water Supply District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

The Electric Department's fiscal year ends on June 30th as required by regulatory bodies. Therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Tupelo, Mississippi, as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity 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 11 through 19, the schedule of the City's proportionate share of the net pension liability on page 76, and the schedule of the City's contributions on page 77 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tupelo, Mississippi's basic financial statements. The combining and individual fund financial statements and supplementary information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 March 31, 2020 on our consideration of the City of Tupelo, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tupelo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tupelo's internal control over financial reporting and compliance.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
March 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the year ended September 30, 2019

This section of the City of Tupelo's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2019. Please read it in conjunction with the City of Tupelo financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$263,357,128. This compares to the previous year when assets and deferred outflows exceeded liabilities and deferred inflows by \$258,652,808.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$66,510,054, an increase of \$15,478,008 in comparison to the prior year. Approximately 32% of the combined fund balances, \$21,073,144 is considered unassigned and is available for spending at the City's discretion.
- The City's total debt is \$129,568,288. Debt in the amount of \$25,900,703 was issued in the current fiscal year; all of which was used for capital acquisition or capital projects. Debt in the amount of \$15,614,773 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.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City'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 has four Governmental Fund types: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, Solid Waste funds and the Northeast Mississippi Regional Water Supply District.

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 are presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City 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 Tupelo'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, public works, parks and recreation, debt service, and capital projects	Activities the City operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste
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 Net 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 the 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 the year, regardless of when cash is received or paid

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City 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, liabilities, and deferred inflows / outflows of resources, with the difference reported as net position. 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's net position and how they have changed. Net position—the difference between the City's assets, liabilities, and deferred inflows / outflows—is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base, as well as, economic activities and trends at local and regional levels.
- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, and 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 charges fees to customers to help it cover the costs of certain services it provides. The City's garbage pickup, water and sewer systems and electric department services are included here along with the Northeast Mississippi Water Supply District (a blended component unit).
- *Component Unit* – The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate entity for which the City is financially accountable: Tupelo Airport Authority. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Tupelo Airport Authority issue separately audited financial statements and may be obtained from the City's Budget and Accounting Department.

Fund Financial Statements

The fund financial statements provide more detailed information about the City'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 Tupelo 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 City Council 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 TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Tupelo has two types of funds:

- **Governmental funds**—most of the City'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'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 Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
- **Proprietary funds**—Services for which the City 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'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

As year-to-year financial information is accumulated on a consistent basis, changes in the net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$263,357,128 at the close of the most recent fiscal year. This is a \$4,704,320 increase over last year's net position of \$258,652,808. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2019 and 2018.

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 78.8% and 79.5%, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2019 and 2018, respectively. 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.

Table A-1

City of Tupelo's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current & Other Assets	\$ 70,556,029	\$ 57,743,746	\$ 61,265,459	\$ 77,014,793	\$ 131,821,488	\$ 134,758,539
Capital Assets	178,410,578	179,476,559	163,574,898	146,992,121	341,985,476	326,468,680
Total Assets	248,966,607	237,220,305	224,840,357	224,006,914	473,806,964	461,227,219
Total Deferred Outflows	1,338,322	1,076,320	499,231	667,734	1,837,553	1,744,054
Current Liabilities	7,633,411	9,709,156	16,783,507	20,447,432	24,416,918	30,156,588
Noncurrent Liabilities	119,544,319	104,404,089	63,940,232	66,074,662	183,484,551	170,478,751
Total Liabilities	127,177,730	114,113,245	80,723,739	86,522,094	207,901,469	200,635,339
Total Deferred Inflows	3,644,111	2,971,642	741,809	711,484	4,385,920	3,683,126
Net Position:						
Net Investment in						
Capital Assets	102,700,501	115,402,506	104,772,788	90,240,706	207,473,289	205,643,212
Restricted	37,255,302	26,749,685	34,152,756	42,161,381	71,408,058	68,911,066
Unrestricted (Deficit)	(20,472,715)	(20,940,453)	4,948,496	5,038,983	(15,524,219)	(15,901,470)
Total Net Position	\$ 119,483,088	\$ 121,211,738	\$ 143,874,040	\$ 137,441,070	\$ 263,357,128	\$ 258,652,808

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of our business-type activities is \$4,948,496. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position: Approximately 11.3% of the City's total revenues come from property taxes, with 36.6% of all revenue coming from some type of tax. (See Table A-2.) This compares to 11.5% and 37.0% for the fiscal year ended September 30, 2018. Another 55.1% comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

CITY OF TUPELO, 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 Tupelo's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 5,316,640	\$ 5,483,489	\$ 74,282,102	\$ 73,798,158	\$ 79,598,742	\$ 79,281,647
Operating Grants & Contributions	696,335	428,442	-	-	696,335	428,442
Capital Grants & Contributions	345,971	420,550	4,350,716	3,931,897	4,696,687	4,352,447
General Revenues:						
Property Taxes	16,252,184	15,986,808	-	-	16,252,184	15,986,808
Other Taxes	36,632,112	35,284,988	-	-	36,632,112	35,384,988
Investment Income	838,380	546,986	665,039	340,218	1,503,419	887,204
Gain on Disposal of Assets	721,868	-	1,685,000	-	2,406,868	-
Other	2,605,417	2,522,062	400	705	2,605,817	2,522,767
Total Revenues	63,408,907	60,673,325	80,983,257	78,070,978	144,392,164	138,744,303
Expenses						
General Government	5,995,502	6,027,503	-	-	5,995,502	6,027,503
Public Safety	19,475,719	20,625,662	-	-	19,475,719	20,625,662
Public Works	10,891,143	10,869,017	-	-	10,891,143	10,869,017
Culture & Recreation	10,377,583	10,130,344	-	-	10,377,583	10,130,344
Other Functions	5,113,511	4,664,584	-	-	5,113,511	4,664,584
Capital Projects	3,330,877	4,229,904	-	-	3,330,877	4,229,904
Interest on Long-Term Debt	1,995,408	1,923,404	-	-	1,995,408	1,923,404
Water & Sewer	-	-	10,631,050	10,669,205	10,631,050	10,669,205
Electric	-	-	55,491,953	55,670,376	55,491,953	55,670,376
Solid Waste Management	-	-	3,358,626	3,317,948	3,358,626	3,317,948
N. MS Reg. Water Supp. Dist.	-	-	3,879,982	3,811,558	3,879,982	3,811,558
Total Expenses	57,179,743	58,470,418	73,361,611	73,469,087	130,541,354	131,939,505
Excess of Revenue Over Exp.	6,229,164	2,202,907	7,621,646	4,601,891	13,850,810	6,804,798
Transfers	(7,957,814)	(4,424,333)	(1,188,676)	(1,210,623)	(9,146,490)	(5,634,956)
Change in Net Position	(1,728,650)	(2,221,426)	6,432,970	3,391,268	4,704,320	1,169,842
Net Position—Beginning	121,211,738	123,433,164	137,441,070	134,049,802	258,652,808	257,482,966
Net Position—Ending	\$119,483,088	\$121,211,738	\$143,874,040	\$137,441,070	\$263,357,128	\$258,652,808

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities decreased the City's net position by \$1,728,650. Key elements of this decrease are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax 47.9%, property taxes 25.6% and charges for services 8.4%.

The largest expense categories for the City's governmental activities are public safety 34.1% and public works 19.1%.

Business-type Activities

Business-type activities increased the City's net position by \$6,432,970.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$13,028,535 for water and sewer, \$54,768,644 for electric, \$3,506,173 for solid waste management and \$2,978,750 for the Northeast Mississippi Regional Water Supply District.

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 balance of the general fund was \$21,073,144, which comprised 92.6% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 70.6% of total fund expenditures. The fund balance of the City's general fund increased by \$2,926,913 during the current fiscal year.

Debt Service Fund—The debt service fund has a total fund balance of \$9,879,109, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$4,141,538.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$28,380,674.

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants or taxes from the federal and state governments. At the end of the current fiscal year, the fund balance was \$5,504,108, 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 \$143,874,040. Changes in net position, which totaled \$6,432,970, were as follows: the electric fund decreased by \$507,097, the water & sewer fund increased by \$3,035,388, the solid waste management fund increased by \$165,538 and Northeast Mississippi Regional Water Supply District increased by \$3,739,141.

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 2018 – 2019 general fund budget increased by \$458,287 and an overall operating budget reduction of \$783,760.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City anticipates spending \$25,472,000 in capital projects from fiscal years 2021 – 2025. The sources of revenues include federal grants, G.O. bonds, and general fund revenues.

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$341,985,476, net of accumulated depreciation of \$239,651,166. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

City of Tupelo's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 13,005,307	\$ 12,476,088	\$ 1,858,455	\$ 1,812,708	\$ 14,863,762	\$ 14,288,796
Infrastructure	141,688,248	139,740,699	-	-	141,688,248	139,740,699
Plant, Buildings, Improvements	114,485,672	110,542,457	213,363,948	199,688,078	327,849,620	310,230,535
Sanitary & Sewer Lagoons	-	-	6,896,810	6,896,810	6,896,810	6,896,810
Machinery & Equipment	28,401,781	26,602,066	17,814,847	17,406,623	46,216,628	44,008,689
Construction in Progress	9,576,024	10,641,150	34,545,550	26,705,543	44,121,574	37,346,693
Accumulated Depreciation	(128,746,454)	(120,525,901)	(110,904,712)	(105,517,641)	(239,651,166)	(226,043,542)
Total	\$ 178,410,578	\$ 179,476,559	\$ 163,574,898	\$ 146,992,121	\$ 341,985,476	\$ 326,468,680

Long-term Debt—At year-end, the City had \$129,568,288 in bonds and notes outstanding. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4

City of Tupelo's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary	Government
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 51,219,078	\$ 56,155,691	\$ 470,922	\$ 619,309	\$ 51,690,000	\$ 56,775,000
Special Assessment Bonds	35,000	70,000	-	-	35,000	70,000
Special Obligation Bonds	-	-	13,960,000	14,675,000	13,960,000	14,675,000
Tax Increment Bonds	270,000	315,000	-	-	270,000	315,000
State Revolving Loans	-	-	386,895	552,664	386,895	552,664
Special Obligation Bonds	15,000,000	-	-	-	15,000,000	-
Notes Payable	5,590,500	5,991,969	37,537,998	38,491,242	43,128,498	44,483,211
Bond Premium	3,595,499	797,296	1,502,396	1,614,187	5,097,895	2,411,483
Total	\$ 75,710,077	\$ 63,329,956	\$ 53,858,211	\$ 55,952,402	\$129,568,288	\$119,282,358

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key assumptions for revenue forecasts for fiscal year 2020 are summarized as follows:

1. Sales tax revenues will remain flat.
2. Property tax revenue will increase 2%.
3. Interest rates will remain relatively flat.

This contributed to the following projections:

1. Property tax revenue will increase.
2. Millage rates remained the same at 32.47 for the City's 2020 fiscal year budget. This includes 12.94 mills for the General Fund, 10 mills for the Thoroughfare Fund, .97 mills for the Library fund, 1.61 mills for the Fire and Police Retirement Fund, and 6.95 mills for the City Bond and Interest Fund.
3. Personnel cost will increase due to a 3% cost-of-living increase for the full-time employees.

CONTACTING THE CITY OF TUPELO FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's 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 Tupelo's Finance Department, P.O. Drawer 1485 Tupelo, MS 38802.

BASIC FINANCIAL STATEMENTS

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
<u>ASSETS:</u>				
Current Assets:				
Cash	\$ 55,124,129	\$ 16,424,981	\$ 71,549,110	\$ 1,440,088
Cash - Restricted	-	3,158,297	3,158,297	-
Investments	6,804,832	-	6,804,832	-
General Property Taxes Receivable	706,074	-	706,074	-
Other Receivables	744,605	363,783	1,108,388	-
Lease Receivable	-	-	-	-
Accounts Receivable, Net	1,716,938	7,050,319	8,767,257	34,558
Accounts Receivable - Restricted	-	331,931	331,931	-
Accrued Interest Receivable - Restricted	-	-	-	-
Unbilled Revenue	-	1,623,711	1,623,711	-
Due from Other Funds	2,300,000	14,167	2,314,167	-
Due from Other Governmental Units	2,435,511	-	2,435,511	474,100
Due from Other Governmental Units - Restricted	-	902,145	902,145	-
Due from Trustee - Restricted	-	-	-	-
Due from Component Units	42,757	-	42,757	-
Inventories	45,769	753,506	799,275	-
Prepaid Expenses	553,954	119,515	673,469	4,619
Other Current Assets	-	115,644	115,644	-
TOTAL CURRENT ASSETS	70,474,569	30,857,999	101,332,568	1,953,365
Noncurrent Assets:				
Cash - Restricted	-	30,083,156	30,083,156	-
Notes Receivable	81,460	231,096	312,556	-
Other Receivables	-	55,281	55,281	-
Other Assets	-	37,927	37,927	-
Capital Assets:				
Land	13,005,307	1,858,455	14,863,762	6,099,049
Plant, Buildings and Improvements	114,485,672	213,363,154	327,848,826	50,125,856
Sanitary and Sewer Lagoons	-	6,896,810	6,896,810	-
Machinery and Equipment	28,401,781	17,815,641	46,217,422	1,349,126
Infrastructure	141,688,248	-	141,688,248	-
Construction in Progress	9,576,024	34,545,550	44,121,574	787,376
Accumulated Depreciation	(128,746,454)	(110,904,712)	(239,651,166)	(27,956,598)
TOTAL NONCURRENT ASSETS	178,492,038	193,982,358	372,474,396	30,404,809
TOTAL ASSETS	248,966,607	224,840,357	473,806,964	32,358,174
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows Related to Pensions	1,338,322	499,231	1,837,553	64,230
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,338,322	\$ 499,231	\$ 1,837,553	\$ 64,230

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION

September 30, 2019

-Continued-

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	\$ 601,332	\$ 6,737,102	\$ 7,338,434	\$ 499,083
Accrued Expenses	702,044	194,986	897,030	26,396
Accrued Interest Payable	629,661	230,305	859,966	1,341
Due to Other Funds	-	2,508,058	2,508,058	-
Due to Other Governmental Units and Entities	-	-	-	882,197
Unearned Revenues	1,001,348	-	1,001,348	8,089
Long-Term Debt: Due Within One Year	4,674,713	3,573,439	8,248,152	20,832
Customer and Event Deposits	24,313	3,539,617	3,563,930	-
TOTAL CURRENT LIABILITIES	7,633,411	16,783,507	24,416,918	1,437,938
Noncurrent Liabilities:				
Advances TVA - Home Insulation Loans	-	241,367	241,367	-
Accrued Compensated Absences	1,094,805	109,929	1,204,734	12,877
Due to Other Funds	-	3,210,000	3,210,000	-
Net Pension Liability	47,414,150	10,094,164	57,508,314	979,345
Long-Term Debt: Due in More Than One Year	71,035,364	50,284,772	121,320,136	66,319
TOTAL NONCURRENT LIABILITIES	119,544,319	63,940,232	183,484,551	1,058,541
TOTAL LIABILITIES	127,177,730	80,723,739	207,901,469	2,496,479
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows Related to Pensions	3,644,111	741,809	4,385,920	32,594
TOTAL DEFERRED INFLOWS OF RESOURCES	3,644,111	741,809	4,385,920	32,594
<u>NET POSITION</u>				
Net Investment in Capital Assets	102,700,501	104,772,788	207,473,289	30,170,922
Restricted for:				
Capital Projects	6,543,730	30,985,301	37,529,031	-
Debt Service	9,879,109	3,167,455	13,046,564	-
Special Revenue	19,696,917	-	19,696,917	-
Water Reserve	562,555	-	562,555	-
Home Grant	572,991	-	572,991	-
Unrestricted (Deficit)	(20,472,715)	4,948,496	(15,524,219)	(277,591)
TOTAL NET POSITION	\$ 119,483,088	\$ 143,874,040	\$ 263,357,128	\$ 29,893,331
TOTAL LIABILITIES AND NET POSITION	\$ 246,660,818	\$ 224,597,779	\$ 471,258,597	\$ 32,389,810

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

						Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT Tupelo Airport Authority
FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES				PRIMARY GOVERNMENT			
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT									
Government Activities:									
General Government	\$ 5,995,502	\$ 622,986	\$ 19,977	\$ -	\$ 642,963	\$ (5,352,539)	\$ -	\$ (5,352,539)	\$ -
Public Safety	19,475,719	973,843	620,358	80,125	1,674,326	(17,801,393)	-	(17,801,393)	-
Public Works	10,891,143	-	-	51,278	51,278	(10,839,865)	-	(10,839,865)	-
Culture and Recreation	10,377,583	3,719,811	55,000	-	3,774,811	(6,602,772)	-	(6,602,772)	-
Other Functions	5,113,511	-	1,000	-	1,000	(5,112,511)	-	(5,112,511)	-
Capital Projects	3,330,877	-	-	214,568	214,568	(3,116,309)	-	(3,116,309)	-
Interest on Long-Term Debt	1,995,408	-	-	-	-	(1,995,408)	-	(1,995,408)	-
TOTAL GOVERNMENTAL ACTIVITIES	57,179,743	5,316,640	696,335	345,971	6,358,946	(50,820,797)	-	(50,820,797)	-
Business-Type Activities:									
Water and Sewer	10,631,050	13,028,535	-	63,511	13,092,046	-	2,460,996	2,460,996	-
Electric	55,491,953	54,768,644	-	-	54,768,644	-	(723,309)	(723,309)	-
Northeast MS Regional Water Supply Dist.	3,879,982	2,978,750	-	4,287,205	7,265,955	-	3,385,973	3,385,973	-
Solid Waste Management	3,358,626	3,506,173	-	-	3,506,173	-	147,547	147,547	-
TOTAL BUSINESS-TYPE ACTIVITIES	73,361,611	74,282,102	-	4,350,716	78,632,818	-	5,271,207	5,271,207	-
TOTAL PRIMARY GOVERNMENT	\$ 130,541,354	\$ 79,598,742	\$ 696,335	\$ 4,696,687	\$ 84,991,764	\$ (50,820,797)	\$ 5,271,207	\$ (45,549,590)	\$ -
COMPONENT UNITS									
Tupelo Airport Authority	\$ 6,328,982	\$ 784,404	\$ 3,937,517	\$ 980,301	\$ 5,702,222	\$ -	\$ -	\$ -	\$ (626,760)
GENERAL REVENUES:									
Taxes:						-			
Property Taxes, Levied for General Purposes						\$ 6,389,713	\$ -	\$ 6,389,713	\$ -
Property Taxes, Levied for Capital Outlay						4,937,962	-	4,937,962	-
Property Taxes, Levied for Special Revenue						1,273,998	-	1,273,998	-
Property Taxes, Levied for Debt Service						3,650,511	-	3,650,511	-
Sales Taxes						30,350,027	-	30,350,027	-
County Pro Rata Taxes						1,218,843	-	1,218,843	-
Franchise Taxes						404,294	-	404,294	-
In Lieu Taxes						4,381,324	-	4,381,324	-
Gasoline Taxes & Other Taxes						277,624	-	277,624	-
Homestead Reimbursement						591,418	-	591,418	-
Fire Protection Allocation						203,895	-	203,895	-
Investment Earnings						838,380	665,039	1,503,419	32,785
Gain (Loss) on Disposal of Assets						721,868	1,685,000	2,406,868	-
Miscellaneous						1,810,104	400	1,810,504	-
Transfers (to) from Component Units						(7,957,814)	(1,188,676)	(9,146,490)	-
Transfers						-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS						49,092,147	1,161,763	50,253,910	32,785
CHANGE IN NET POSITION						(1,728,650)	6,432,970	4,704,320	(593,975)
NET POSITION--BEGINNING						121,211,738	137,441,070	258,652,808	30,487,306
NET POSITION--ENDING						\$ 119,483,088	\$ 143,874,040	\$ 263,357,128	\$ 29,893,331

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Water G. O. Bonds Fund	Special Obligation Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>					
Cash	\$ 18,411,345	\$ 303,631	\$ 14,655,959	\$ 21,753,194	\$ 55,124,129
Investments	-	5,077,544	379,000	1,348,288	6,804,832
General Property Taxes Receivable	303,401	-	-	402,673	706,074
Other Receivable	181,381	-	-	563,224	744,605
Notes Receivable	-	-	-	81,460	81,460
Due from Other Funds	2,300,000	-	-	-	2,300,000
Due from Other Government Units	2,026,899	-	-	408,612	2,435,511
Due from Component Units	42,757	-	-	-	42,757
Prepaid Expenses	514,154	-	-	39,800	553,954
Inventories	22,319	-	-	23,450	45,769
TOTAL ASSETS	\$ 23,802,256	\$ 5,381,175	\$ 15,034,959	\$ 24,620,701	\$ 68,839,091
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>LIABILITIES:</u>					
Accounts Payable	\$ 201,863	\$ -	\$ 27,961	\$ 371,508	\$ 601,332
Accrued Expenses	676,947	-	-	25,097	702,044
Unearned Revenues	177,283	-	-	824,065	1,001,348
Event Deposits	-	-	-	24,313	24,313
TOTAL LIABILITIES	1,056,093	-	27,961	1,244,983	2,329,037
<u>FUND BALANCES:</u>					
Nonspendable					
Prepaid Expenses	515,154	-	-	39,800	554,954
Inventory	22,319	-	-	23,450	45,769
Restricted for					
Library	-	-	-	77,340	77,340
Tourism Promotion	-	-	-	3,176,675	3,176,675
Public Safety Retirement	-	-	-	45,368	45,368
Law Enforcement	-	-	-	1,390,536	1,390,536
Construction Acquisition of Capital Assets	-	-	15,006,998	6,352,065	21,359,063
Public Safety Equipment	-	-	-	191,665	191,665
Debt Service	-	5,381,175	-	4,497,934	9,879,109
Home Grant	572,991	-	-	-	572,991
Water Reserve	562,555	-	-	-	562,555
Committed to					
Rental Rehabilitation	-	-	-	82,480	82,480
Fairpark Infrastructure	-	-	-	75,517	75,517
Construction Acquisition of Capital Assets	-	-	-	6,754,429	6,754,429
Assigned to					
Coliseum Projects	-	-	-	186,532	186,532
Coliseum Operations	-	-	-	474,416	474,416
Transportation	-	-	-	7,511	7,511
Unassigned	21,073,144	-	-	-	21,073,144
TOTAL FUND BALANCES	22,746,163	5,381,175	15,006,998	23,375,718	66,510,054
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,802,256	\$ 5,381,175	\$ 15,034,959	\$ 24,620,701	\$ 68,839,091

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
For the year ended September 30, 2019

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 66,510,054
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.	178,410,578
Long-term liabilities, including bonds and accrued interest, are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(72,744,239)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(1,094,805)
Net pension liability are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(47,414,150)
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore are not reported in the Governmental Funds Balance Sheet:	
Deferred outflows of resources related to defined benefit pension plan	1,338,322
Deferred inflows of resources related to defined benefit pension plan	(3,644,111)
Accrual of court fine revenues to qualify as financial resources.	1,716,938
Premium on bonds issued are deferred and amortized on the statement of net position.	<u>(3,595,499)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 119,483,088</u></u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2019

	General Fund	Water G. O. Bonds Fund	Special Obligation Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 7,645,128	\$ -	\$ -	\$ 9,862,471	\$ 17,507,599
Licenses and Permits	1,027,280	-	-	-	1,027,280
Intergovernmental Revenues	27,328,968	3,711,893	-	5,823,967	36,864,828
Charges for Services	694,172	-	-	3,270,988	3,965,160
Fines and Forfeitures	666,255	-	-	60,432	726,687
Miscellaneous Revenues	1,568,806	133,272	42,292	2,872,476	4,616,846
TOTAL REVENUES	38,930,609	3,845,165	42,292	21,890,334	64,708,400
EXPENDITURES:					
Current:					
General Government	5,163,576	-	-	-	5,163,576
Public Safety	16,277,282	-	-	1,285,406	17,562,688
Public Works	5,084,432	-	-	-	5,084,432
Culture and Recreation	4,100,779	-	-	4,963,827	9,064,606
Other Functions	1,034,895	-	-	3,157,707	4,192,602
Capital Projects	-	-	1,012,267	9,462,684	10,474,951
Debt Service	565,988	905,088	-	5,978,737	7,449,813
TOTAL EXPENDITURES	32,226,952	905,088	1,012,267	24,848,361	58,992,668
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	6,703,657	2,940,077	(969,975)	(2,958,027)	5,715,732
OTHER FINANCING SOURCES (USES)					
Transfers to Other Funds	(4,420,579)	-	(1,345,147)	(5,513,361)	(11,279,087)
Transfers from Other Funds	643,835	-	-	10,635,252	11,279,087
Transfers to Component Units	-	(8,236,397)	-	-	(8,236,397)
Transfers from Component Units	-	278,583	-	-	278,583
Bond Premium Received	-	702,970	2,322,120	-	3,025,090
Proceeds from Debt Issued and Refunding	-	6,385,000	15,000,000	-	21,385,000
Debt Service - Principal on Refunding Bonds	-	(6,690,000)	-	-	(6,690,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,776,744)	(7,559,844)	15,976,973	5,121,891	9,762,276
NET CHANGE IN FUND BALANCES	2,926,913	(4,619,767)	15,006,998	2,163,864	15,478,008
FUND BALANCES - Beginning	19,819,250	10,000,942	-	21,211,854	51,032,046
FUND BALANCES - Ending	\$ 22,746,163	\$ 5,381,175	\$ 15,006,998	\$ 23,375,718	\$ 66,510,054

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 15,478,008

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 8,258,166

Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (9,167,847)

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. 1,807

Proceeds for lease of building to nonprofit organization reported as lease income on the governmental funds financial statements. The nonprofit ceased operations in 2019 and the capital lease remaining balance was paid. (1,145,000)

The amortization of the discount and premium are reported as a reduction to expense on the statement of activities. 226,887

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold. (156,300)

Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds. (2,691,733)

The change in accrued interest payable is reported as an expense on the statement of activities. 114,436

Repayment and refunding of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 11,803,082

The proceeds of debt are an other financing source on the governmental funds income statement but are not reported on the statement of activities:

Proceeds from issuance of bonds and notes payable (21,385,000)

Premium on issuance of bonds (3,025,090)

Decrease in accrual of compensated absences. (40,066)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,728,650)

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
Taxes	\$ 7,455,429	\$ 7,455,429	\$ 7,393,388	\$ (62,041)
Licenses and Permits	1,003,000	1,003,000	1,053,921	50,921
Intergovernmental Revenues	26,033,000	26,531,068	27,786,079	1,255,011
Charges for Services	754,000	754,000	694,172	(59,828)
Fines and Forfeitures	763,000	763,000	666,255	(96,745)
Miscellaneous Revenues	635,700	638,950	1,562,227	923,277
TOTAL REVENUES	36,644,129	37,145,447	39,156,042	2,010,595
EXPENDITURES:				
Current:				
General Government	5,546,048	5,605,337	5,163,576	441,761
Public Safety	16,842,605	17,271,434	16,277,282	994,152
Public Works	5,451,979	5,461,979	5,084,432	377,547
Culture and Recreation	4,208,440	4,165,409	4,100,779	64,630
Other Functions	1,042,063	1,044,063	1,034,895	9,168
Debt Service	564,791	565,991	565,988	3
TOTAL EXPENDITURES	33,655,926	34,114,213	32,226,952	1,887,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,988,203	3,031,234	6,929,090	3,897,856
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	643,835	643,835	643,835	-
Transfers to Other Funds	(3,034,579)	(4,420,579)	(4,420,579)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,390,744)	(3,776,744)	(3,776,744)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ 597,459	\$ (745,510)	\$ 3,152,346	\$ 3,897,856

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
WATER G.O. BONDS FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2019

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental Revenues:				
State Shared Revenues	\$ 3,600,000	\$ 3,600,000	\$ 3,711,893	\$ 111,893
Miscellaneous Revenues:				
Interest	-	-	133,272	133,272
TOTAL REVENUES	3,600,000	3,600,000	3,845,165	245,165
EXPENDITURES:				
Debt Service:				
General Obligations:				
Bonds Redeemed	325,000	325,000	325,000	-
Interest	333,593	333,593	333,593	-
Paying Agent Fees	9,000	9,000	7,820	1,180
Refunding Bond Issuance Costs	-	238,675	238,675	-
TOTAL EXPENDITURES	667,593	906,268	905,088	1,180
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,932,407	2,693,732	2,940,077	246,345
OTHER FINANCING SOURCES (USES):				
Proceeds from Refunding Bonds	-	6,385,000	6,385,000	-
Bond Premium Received	-	702,970	702,970	-
Debt Service - Principal on Refunding Bonds	-	(6,690,000)	(6,690,000)	-
Transfer (to) From Northeast MS Regional Water Supply District to Water G.O. Bonds Fund	(8,867,203)	(8,867,203)	(7,957,814)	909,389
TOTAL OTHER FINANCING SOURCES (USES)	(8,867,203)	(8,469,233)	(7,559,844)	909,389
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (5,934,796)	\$ (5,775,501)	\$ (4,619,767)	\$ 1,155,734

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
SPECIAL OBLIGATION CAPITAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2019

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Miscellaneous Revenues:				
Interest	-	42,292	42,292	-
TOTAL REVENUES	-	42,292	42,292	-
EXPENDITURES:				
Bond Issue Costs	-	378,999	187,500	191,499
Capital Outlay:				
Capital Outlay	-	15,410,474	824,767	14,585,707
TOTAL EXPENDITURES	-	15,789,473	1,012,267	14,777,206
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(15,747,181)	(969,975)	14,777,206
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	15,000,000	15,000,000	-
Bond Premium Received	-	2,322,120	2,322,120	-
Transfers Out	-	(1,345,147)	(1,345,147)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,976,973	15,976,973	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES				
	\$ -	\$ 229,792	\$ 15,006,998	\$ 14,777,206

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2019

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
ASSETS					
Current Assets - Unrestricted					
Cash	\$ 9,761,682	\$ 5,344,207	\$ 577	\$ 1,318,515	\$ 16,424,981
Receivables, Net					
Accounts Receivable	7,050,319	-	-	-	7,050,319
Unbilled Revenue	1,359,278	264,433	-	-	1,623,711
Other Receivables	286,645	77,138	-	-	363,783
Due from Other Funds	13,516	-	-	651	14,167
Inventories	634,312	63,360	55,834	-	753,506
Prepaid Expenses	62,842	34,542	22,131	-	119,515
Other Current Assets	115,644	-	-	-	115,644
Current Amount of Restricted Assets	-	-	4,392,373	-	4,392,373
Total Current Assets	<u>19,284,238</u>	<u>5,783,680</u>	<u>4,470,915</u>	<u>1,319,166</u>	<u>30,857,999</u>
Restricted Assets					
Cash	-	-	33,241,453	-	33,241,453
Accounts Receivable	-	-	331,931	-	331,931
Intergovernmental Receivable	-	-	902,145	-	902,145
Total Restricted Assets	-	-	34,475,529	-	34,475,529
Current Amounts Above	-	-	(4,392,373)	-	(4,392,373)
Total Non-Current Restricted Assets	-	-	30,083,156	-	30,083,156
Capital Assets					
Plant and Equipment	57,389,530	132,647,072	40,598,331	543,862	231,178,795
Land and Land Rights	333,013	775,109	750,333	-	1,858,455
Sanitary and Sewer Lagoons	-	6,896,810	-	-	6,896,810
Construction in Progress	6,451,144	10,307,481	17,786,925	-	34,545,550
Total	<u>64,173,687</u>	<u>150,626,472</u>	<u>59,135,589</u>	<u>543,862</u>	<u>274,479,610</u>
Less: Accumulated Depreciation	<u>32,333,464</u>	<u>54,038,468</u>	<u>24,091,695</u>	<u>441,085</u>	<u>110,904,712</u>
Net Capital Assets	<u>\$ 31,840,223</u>	<u>\$ 96,588,004</u>	<u>\$ 35,043,894</u>	<u>\$ 102,777</u>	<u>\$ 163,574,898</u>

NOTE -- Amounts for the Electric Fund are at June 30, 2019.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2019

-Continued-

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Other Assets					
Other Assets	\$ -	\$ 8,900	\$ 29,027	\$ -	\$ 37,927
Receivable from Customers for Energy Conservation Loans	231,096	-	-	-	231,096
Receivable from CSA	55,281	-	-	-	55,281
Total Other Assets	286,377	8,900	29,027	-	324,304
Total Assets	51,410,838	102,380,584	69,626,992	1,421,943	224,840,357
DEFERRED OUTFLOWS OF RESOURCES	359,009	122,375	4,633	13,214	499,231
LIABILITIES					
CURRENT LIABILITIES					
Payable from Unrestricted Current Assets:					
Accounts Payable	4,482,808	364,004	-	189,249	5,036,061
Customer and Other Deposits	2,816,256	723,361	-	-	3,539,617
Accrued Interest	40,451	189,491	-	363	230,305
Accrued Expenses	191,717	-	-	-	191,717
Due to Other Funds	34,171	2,295,554	-	-	2,329,725
Total Payable from Unrestricted Current Assets	7,565,403	3,572,410	-	189,612	11,327,425
Payable from Restricted Current Assets:					
Due to City of Tupelo Water G.O. Bond Fund	-	-	178,333	-	178,333
Accounts Payable	-	-	145,475	-	145,475
Accrued Payroll and Payroll Taxes	-	-	3,269	-	3,269
Construction / Retainage Payable	-	-	1,555,566	-	1,555,566
Bonds, Notes, and Loans Payable	300,000	3,102,627	170,812	-	3,573,439
Total Payable from Restricted Current Assets	300,000	3,102,627	2,053,455	-	5,456,082
Total Current Liabilities	\$ 7,865,403	\$ 6,675,037	\$ 2,053,455	\$ 189,612	\$ 16,783,507

NOTE -- Amounts for the Electric Fund are at June 30, 2019.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2019

-Continued-

Business-Type Activities--Enterprise Funds					
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Long-Term Liabilities - Net of Current Maturities					
Net Pension Liability	\$ 5,429,391	\$ 4,007,453	\$ 175,916	\$ 481,404	\$ 10,094,164
Accrued Compensated Absences	59,915	50,014	-	-	109,929
Due to City of Tupelo					
Water G. O. Bond Fund	-	-	3,210,000	-	3,210,000
Advances from TVA	241,367	-	-	-	241,367
Bonds, Notes, and Loans Payable	<u>5,745,410</u>	<u>44,323,279</u>	<u>216,083</u>	<u>-</u>	<u>50,284,772</u>
Total Long-Term Liabilities	<u>11,476,083</u>	<u>48,380,746</u>	<u>3,601,999</u>	<u>481,404</u>	<u>63,940,232</u>
Total Liabilities	<u>19,341,486</u>	<u>55,055,783</u>	<u>5,655,454</u>	<u>671,016</u>	<u>80,723,739</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>352,917</u>	<u>347,566</u>	<u>2,746</u>	<u>38,580</u>	<u>741,809</u>
Net Position					
Net Investment in Capital Assets	25,794,813	49,162,098	29,713,100	102,777	104,772,788
Restricted for:					
Capital Projects	-	-	30,985,301	-	30,985,301
Operations and Debt Service	-	-	3,167,455	-	3,167,455
Plant Expansion Project	-	-	-	-	-
Unrestricted (Deficit)	<u>6,280,631</u>	<u>(2,062,488)</u>	<u>107,569</u>	<u>622,784</u>	<u>4,948,496</u>
Total Net Position	<u>\$ 32,075,444</u>	<u>\$ 47,099,610</u>	<u>\$ 63,973,425</u>	<u>\$ 725,561</u>	<u>\$ 143,874,040</u>

NOTE -- Amounts for the Electric Fund are at June 30, 2019.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
OPERATING REVENUES					
Charges for Services	\$ 53,802,616	\$ 12,760,193	\$ 2,978,750	\$ 3,111,820	\$ 72,653,379
Rents	340,853	146,396	-	-	487,249
Other Revenues	625,175	121,946	-	394,353	1,141,474
Total Operating Revenues	54,768,644	13,028,535	2,978,750	3,506,173	74,282,102
OPERATING EXPENSES					
General and Administrative	1,352,556	679,749	210,324	-	2,242,629
Power Purchased	46,391,727	-	-	-	46,391,727
Transmission Mains	-	968,480	-	-	968,480
Water Operations	-	1,515,934	2,518,581	-	4,034,515
Sewer Operations	-	2,955,614	-	-	2,955,614
Electric Operations	767,014	-	-	-	767,014
Sanitation Operations	-	-	-	3,334,699	3,334,699
Customer Accounting and Collecting	565,111	701,307	-	-	1,266,418
Customer Service and Information	40,103	-	-	-	40,103
Maintenance and Repair	879,634	-	-	-	879,634
Sales Expense	41,607	-	-	-	41,607
Taxes and Equivalents	3,325,950	-	-	-	3,325,950
Amortization and Depreciation	1,917,102	2,853,540	1,136,764	17,079	5,924,485
Total Operating Expenses	55,280,804	9,674,624	3,865,669	3,351,778	72,172,875
Net Operating Income	(512,160)	3,353,911	(886,919)	154,395	2,109,227
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	216,212	78,068	352,768	17,991	665,039
Gain on Disposal of Fixed Assets	-	1,685,000	-	-	1,685,000
Bad Debts	-	(19,402)	-	(6,848)	(26,250)
Interest Expense	(211,149)	(937,024)	(14,313)	-	(1,162,486)
Bond Issuance Cost	-	-	-	-	-
Miscellaneous Income	-	-	400	-	400
Total Non-operating Revenues (Expenses)	5,063	806,642	338,855	11,143	1,161,703
Income (Loss) before Operating Transfers	\$ (507,097)	\$ 4,160,553	\$ (548,064)	\$ 165,538	\$ 3,270,930

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2019.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2019
-Continued-

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
OPERATING TRANSFERS IN (OUT)					
Transfer (to) from Northeast MS Regional Water Supply District for Debt Service	\$ -	\$ (1,188,676)	\$ -	\$ -	\$ (1,188,676)
Total Operating Transfers In (Out)	-	(1,188,676)	-	-	(1,188,676)
Increase (Decrease) in Net Assets Before Capital Contributions	(507,097)	2,971,877	(548,064)	165,538	2,082,254
Capital Grants and Contributions	-	63,511	4,287,205	-	4,350,716
Change in Net Position	(507,097)	3,035,388	3,739,141	165,538	6,432,970
TOTAL NET POSITION -					
Beginning of Year	32,582,541	44,064,222	60,234,284	560,023	137,441,070
TOTAL NET POSITION -					
End of Year	\$ 32,075,444	\$ 47,099,610	\$ 63,973,425	\$ 725,561	\$ 143,874,040

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2019.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 54,776,474	\$ 12,957,410	\$ 2,926,300	\$ 3,429,972	\$ 74,090,156
Payments to Suppliers	(47,075,655)	(5,342,816)	(2,593,724)	(3,043,327)	(58,055,522)
Payments to Employees	(2,130,537)	(1,480,542)	(79,168)	(255,727)	(3,945,974)
Payments for Other Services and Charges	(3,977,117)	-	-	-	(3,977,117)
Other Receipts (Payments)	32,761	22,375	-	86,853	141,989
Net Cash Provided by (Used in) Operating Activities	1,625,926	6,156,427	253,408	217,771	8,253,532
Cash Flows from Noncapital Financing Activities:					
Other Receipts	-	-	400	-	400
Due To (From) Municipality	5,033,098	(3,986,267)	-	6,388	1,053,219
Transfers In (Out)	-	(1,188,676)	-	-	(1,188,676)
Net Cash Provided by (Used In) Noncapital Financing Activities	5,033,098	(5,174,943)	400	6,388	(135,057)
Cash Flows from Capital and Related Financing Activities:					
Capital Contributions	-	63,511	8,132,433	-	8,195,944
Proceeds from Bonds and Notes Payable	-	1,490,613	-	-	1,490,613
Payments to City of Tupelo Water G. O. Bonds Fund	-	-	(168,750)	-	(168,750)
Payments for Debt	(280,000)	(3,027,244)	(165,769)	-	(3,473,013)
Purchase of Capital Assets	(6,151,861)	(4,777,899)	(10,681,667)	-	(21,611,427)
Cost of Removal of Fixed Assets, Net of Salvage	(139,277)	-	-	-	(139,277)
Proceeds from Sale of Capital Assets	-	1,685,000	-	-	1,685,000
Conservation Advances from TVA	(68,548)	-	-	-	(68,548)
Budget Billing Advances	-	-	-	-	-
Interest Paid	(267,090)	(1,006,817)	(14,313)	-	(1,288,220)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(6,906,776)	(5,572,836)	(2,898,066)	-	(15,377,678)
Cash Flows from Investing Activities:					
Receivable from Customers for Energy Conservation Loans	72,371	-	-	-	72,371
(Increase) Decrease in Receivable from CSA	(3,892)	-	-	-	(3,892)
Interest and Dividends	216,212	78,068	414,785	17,991	727,056
Net Cash Provided by (Used In) Investing Activities	284,691	78,068	414,785	17,991	795,535
Net Increase (Decrease) In Cash and Cash Equivalents	36,939	(4,513,284)	(2,229,473)	242,150	(6,463,668)
Cash and Cash Equivalents--Beginning	9,724,743	9,857,491	35,471,503	1,076,365	56,130,102
Cash and Cash Equivalents--Ending	\$ 9,761,682	\$ 5,344,207	\$ 33,242,030	\$ 1,318,515	\$ 49,666,434

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2019.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (512,160)	\$ 3,353,911	\$ (886,919)	\$ 154,395	\$ 2,109,227
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	1,917,102	2,853,540	1,136,764	17,079	5,924,485
Net Pension Expense	380,844	210,301	5,972	58,914	656,031
Provision for Uncollectible Accounts	(26,586)	(19,402)	-	(6,848)	(52,836)
Decrease (Increase) in Assets:					
Accounts Receivable	(115,318)	-	(52,450)	-	(167,768)
Unbilled Revenue	201,348	(50,881)	-	-	150,467
Other Receivables	(18,853)	(842)	-	17,500	(2,195)
Inventory	228,114	(10,837)	160	-	217,437
Prepaid Expenses	7	(23,718)	19	-	(23,692)
Other Current Assets	-	-	(7,102)	-	(7,102)
Increase (Decrease) in Liabilities:					
Accounts Payable	(570,712)	(200,018)	56,783	(23,269)	(737,216)
Customer and Other Deposits	(11,280)	46,093	-	-	34,813
Accrued Expenses	153,420	(1,720)	181	-	151,881
Total Adjustments	2,138,086	2,802,516	1,140,327	63,376	6,144,305
Net Cash Provided by (Used in) Operating Activities	\$ 1,625,926	\$ 6,156,427	\$ 253,408	\$ 217,771	\$ 8,253,532
Non-Cash Capital and Related Financing Activity					
Debt Reduction Due to City of Tupelo Bond Refunding	\$ -	\$ -	\$ 152,500	\$ -	\$ 152,500

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2019.

See accompanying notes to financial statements.

CITY OF TUPELO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2019

	Agency Funds
ASSETS	
Cash	\$ 682,103
Investments	<u>500</u>
TOTAL ASSETS	\$ <u>682,603</u>
 LIABILITIES	
Accounts Payable	\$ 50,709
Due to Complainants	6,964
Due to Arts Committee	754
Due to Insured Employees	408,773
Seized Money Held	<u>215,403</u>
TOTAL LIABILITIES	\$ <u>682,603</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), public services (streets and sanitation), recreation, economic development, utilities (electricity, water and sewer), community services, urban redevelopment and housing, public improvements, planning and zoning, and general administrative services.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accounting policies of the City of Tupelo conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are 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 segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Types

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.

Debt Service Funds – Debt Service Funds were established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. These are non-major governmental funds except for the Water G.O. Bonds fund.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Projects Funds – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. These are non-major governmental funds except for the Special Obligation Capital Fund, which is considered major.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. These are non-major governmental funds.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Tupelo.

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

Solid Waste Management Fund – This fund is used to account for the cost of providing solid waste services to the City.

Northeast Mississippi Regional Water Supply District Fund (Water District) – This fund is used to account for the activities of the water supply district as a blended component unit.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Component Units

As required by generally accepted accounting principles, these financial statements present the primary city government and its component units, entities over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary city government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the city government.

Component units of the City, except the Tupelo Public Improvement Corporation, issue separately audited financial statements. Separate financial statements for the Water District and the Airport Authority may be obtained from the City's Budget and Accounting Department.

**Blended Component
Unit Presented
with the Primary
Government**

**Description of Activities and
Relationship to the City**

Presented As

Tupelo Public
Improvement
Corporation

This corporation accounts for most of the construction for the coliseum. Certificates of Participation were issued to finance this project with a pay-back period of twenty years.

Debt Service
Fund

Component units are reported in the City's general purpose financial statements as shown in the following table:

Northeast
Mississippi
Regional Water
Supply District
(Water District)

This entity constructs and operates facilities to supply an alternative source of water to Tupelo, Lee County and adjoining areas. The Water District is governed by a Board of Commissioners consisting of eleven (11) members: five (5) appointed by Lee County, Mississippi, five (5) appointed by the City of Tupelo, and one (1) by a consensus of the two governments.

Enterprise
Fund

The Water District is reported as a component unit by the City of Tupelo under the fiscal dependency criterion. The Water District cannot, in substance, issue bonded debt because any bonded debt would be junior and subordinate to City of Tupelo Bonds issued for the project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

<u>Discretely Presented Component Unit</u>	<u>Description of Activities and Relationship to the City</u>
Tupelo Airport Authority (Airport Authority)	<p>They plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate and protect the Airport and Air Navigation facilities. They also develop and operate an industrial park.</p> <p>The City appoints all members of the governing board and provides a material subsidy primarily for capital improvements.</p>

The general purpose financial statements do not include funds of the Tupelo Public School District because the City does not have financial accountability for the school district.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred inflows and deferred outflows, represent a consumption of net position that applies to future periods (deferred outflows) or an acquisition of net position that applies to future periods (deferred inflows). The City has deferred outflows and inflows related to pensions. See Note 12 for further details.

LONG-TERM DEBT AND BOND DISCOUNTS / PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a straight line method.

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

CAPITAL ASSETS

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical costs and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements. The City generally capitalizes assets with costs of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The estimated useful lives are as follows:

<i>Electric Plant Assets:</i>	
Transmission Plant	33 - 36 years
Electric Distribution Plant	20 - 50 years
General Electric Plant	10 - 50 years
<i>Airport Facilities:</i>	
Equipment	2 - 15 years
Furniture and Fixtures	7 - 10 years
Runways/Taxiway and Lighting	7 - 25 years
<i>City Assets:</i>	
Equipment	3 - 10 years
Buildings	30 - 40 years
Other Improvements	20 years
Infrastructure	20 - 50 years

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Tupelo.

CASH AND INVESTMENTS

Cash consists of amounts on deposit with financial institutions in demand accounts, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition.

Cash is valued at cost. Investments consist of US Treasury notes and US government securities funds. The City deposits funds in the financial institutions selected by the City Council in accordance with state statutes.

Deposits: custodial credit risk - the collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entities 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 Depository Insurance Corporation.

Investments: *interest rate risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy is to hold all investments to maturity, thereby reducing any interest rate risk. *Credit risk* - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

INVENTORIES

Inventories for the Electric Fund and Combined Water and Sewer Fund are valued at average cost. Inventories for governmental fund types are valued at actual cost under the first-in, first-out method. The City uses the consumption method for inventories; thus, inventories are recorded as expenditures or expenses when they are used.

The Water District maintains a chemical inventory, which is recorded at cost (calculated on the first-in, first-out basis).

LOANS TO OTHER FUNDS OR OTHER GOVERNMENTAL UNITS

Advances represent the non-current portions (due after one year) of interfund loans or loans to other governmental units. The current portions of loans are reported as "Due From" in the asset accounts and are considered available resources.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when acquired to be cash equivalents.

FUND BALANCES / NET POSITION

On the government-wide and proprietary fund statement of net position, the City reports net position in the following three categories:

Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.

Restricted Net Position – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net position that is not classified as net investment in capital assets or restricted net position.

GASB Statement No. 54. *Fund Balance Reporting and Governmental Fund Type Definitions* – this statement enhances the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with this GASB statement. See the below notes for further descriptions of the City's fund balance classifications and policies.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FUND BALANCES / NET POSITION – continued

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Nonspendable – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the council. Committed amounts cannot be uncommitted except by removing the constraints through the same formal action.

Assigned – the fund balance is reported as assigned for resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the board of aldermen or an official to which the board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as restricted or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

The Water District and the Tupelo Airport Authority reports as restricted all assets that are subject to legal, contractual and/or grant restrictions.

TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS - OVERVIEW

Total columns on the Combined Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 Tupelo's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Tupelo'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.

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.

NOTE 2 - FIREMEN AND POLICEMEN RETIREMENT FUND

The City maintains the Firemen and Policemen Retirement Fund (a Special Revenue Fund) for the purpose of making payments to the Public Employee's Retirement System (PERS) of Mississippi for the funding of pensions of firemen and policemen employed prior to March 1, 1976. During the fiscal year ended September 30, 1987, the PERS assumed control of the Municipal Firemen's and Policemen's Retirement System, under which these employees are covered, and the fund's assets previously held by a bank trustee were transferred to PERS at that time.

Revenues of the fund for the year ended September 30, 2019, consist of allocations of general property ad valorem taxes of \$795,014 and homestead exemption reimbursement of \$27,784 derived from a 1.61 mill levy. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net position for the fund are as follows:

Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 5,451,441</u>
Assumed Rate of Return Used in Plan Evaluation	7.75%
Plan Evaluation Date	June 30, 2019
Plan Assets Available for Benefits as of June 30, 2019	<u>\$ 5,230,000</u>

The legislative act under which the retirement plan was established does not require the City to maintain statutory or actuarial reserves to provide for future requirements. Under the statute, if funds are insufficient to make all payments, the beneficiaries cannot file suit against the City, but amounts available are to be prorated until such time funds generated by the tax levy are sufficient to make all payments for the full amounts allowed. The Mississippi Legislature of 1976 passed House Bill 1471 which provided a new retirement system for uniformed and sworn firemen and policemen at the option of the municipality. The City of Tupelo exercised the option, and firemen and policemen employed subsequent to February 29, 1976 are members of the Public Employees' Retirement System of the State.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - BUDGETARY BASIS

The Mayor and City Council 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 City Council 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 published 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.
- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Section 21-35-25, Miss. Code Ann. (1972), provides for the revision of the final adopted budget. This law allows governing authorities to revise the budget at any time. The only exception is it is limited to one revision during the first three months of a new term of office, and this revision must be made by the last regular meeting in August.

At all other times, governing authorities must revise the budget (at a regular council meeting) to bring it into proper balance at any time a deficit is indicated or when it appears at any time prior to the regular July meeting that budgeted revenues will not materialize.

Public notice must be provided when budget amendments result in a 10 percent increase or decrease in a municipal department's total budget. For purposes of determining if a 10 percent change has occurred, all amendments made to a department's budget since its budget was originally adopted, or since the last adopted published revision, must be added together.

Section 21-35-15, Miss. Code Ann. (1972), provides that expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - BUDGETARY BASIS – continued

The City budgets its Enterprise Funds as required by state law. However, the budgets were not on the "capital maintenance" measurement focus and were not in a format comparable to the actual reporting format used by the City to maintain its books and the format used to prepare the City's financial statements included in this report; consequently, comparison between budgeted amounts and actual results per the financial statements was not practicable.

NOTE 4 - GENERAL PROPERTY TAXES

General property taxes, other than motor vehicles and mobile homes, attach as an enforceable lien on property as of January 1 for the previous calendar year and are due by February 1 based on the levy set by the City Council the previous September. Taxes on motor vehicles and mobile homes attach as an enforceable lien at various dates throughout the year based on when the property was acquired by the owner and are due in the month of acquisition and annually thereafter based on the annual levy in effect at that time. All property taxes, including motor vehicle taxes, are collected by the Lee County Tax Collector and remitted to the City. The County Tax Collector also collects taxes for the Tupelo Public School District (TPSD), which includes property outside the City limits, but within the School District.

The adjusted assessed valuation of the taxable property of the City and the Tupelo Public School District for which current payment was due during the fiscal year ended September 30, 2019 is as follows:

	<u>City</u>	<u>TPSD</u>
Real Property	\$ 346,801,455	\$ 14,268,098
Personal Property - Other Than Motor Vehicles & Mobile Homes	92,892,718	27,377,602
Personal Property - Motor Vehicles & Mobile Homes	<u>61,317,856</u>	<u>4,283,246</u>
	<u>\$ 501,012,029</u>	<u>\$ 45,928,946</u>

The City levied a tax millage of 32.47 mills and 64.10 mills on the assessed valuation of the City and Tupelo Public School District property, respectively. The millage was allocated as follows:

	<u>City</u>	<u>TPSD</u>
General Fund	12.94	0.00
Library Fund	0.97	0.00
City Bond and Interest Fund	6.95	0.00
Firemen and Policemen Retirement Fund	1.61	0.00
City Thoroughfare Fund	10.00	0.00
School Bonds Payable	0.00	6.10
Short-Term Debt	0.00	3.00
School Maintenance Fund	<u>0.00</u>	<u>55.00</u>
	<u>32.47</u>	<u>64.10</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - GENERAL PROPERTY TAXES – continued

Collections for the School Bonds Payable, School Maintenance Fund, and the Short-Term Debt are remitted by the County and/or the City to the Tupelo Public School District.

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2019:

	<u>Balance Oct. 1, 2018</u>	<u>Acquisitions</u>	<u>Capitalized Construction, Sales, or Retirements</u>	<u>Balance Sept. 30, 2019</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 12,476,088	\$ 529,219	\$ -	\$ 13,005,307
Construction in Progress	<u>10,641,150</u>	<u>4,048,571</u>	<u>(5,113,697)</u>	<u>9,576,024</u>
Total Capital Assets, not being Depreciated:	23,117,238	4,577,790	(5,113,697)	22,581,331
Capital Assets being Depreciated:				
Buildings and Improvements	110,542,457	883,380	3,059,835	114,485,672
Machinery and Equipment	26,602,066	2,796,996	(997,281)	28,401,781
Infrastructure	<u>139,740,699</u>	<u>-</u>	<u>1,947,549</u>	<u>141,688,248</u>
Total Capital Assets, being Depreciated	276,885,222	3,680,376	4,010,103	284,575,701
Less Accumulated Depreciation for:				
Buildings and Improvements	(26,489,786)	(2,834,849)	55,283	(29,269,352)
Machinery and Equipment	(19,298,522)	(1,614,080)	892,011	(20,020,591)
Infrastructure	<u>(74,737,593)</u>	<u>(4,718,918)</u>	<u>-</u>	<u>(79,456,511)</u>
Total Accumulated Depreciation	<u>(120,525,901)</u>	<u>(9,167,847)</u>	<u>947,294</u>	<u>(128,746,454)</u>
Total Governmental Activities				
Capital Assets, net	\$ <u><u>179,476,559</u></u>	\$ <u><u>(909,681)</u></u>	\$ <u><u>(156,300)</u></u>	\$ <u><u>178,410,578</u></u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 - FIXED ASSETS – continued

	<u>Balance Oct. 1, 2018</u>	<u>Acquisitions</u>	<u>Capitalized Construction, Sales, or Retirements</u>	<u>Balance Sept. 30, 2019</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 1,812,708	\$ 45,747	\$ -	\$ 1,858,455
Construction in Progress	<u>26,705,543</u>	<u>18,789,746</u>	<u>(10,949,739)</u>	<u>34,545,550</u>
Total Capital Assets, not being Depreciated:	28,518,251	18,835,493	(10,949,739)	36,404,005
Capital Assets being Depreciated:				
Buildings and Improvements	206,583,618	13,727,683	(51,337)	220,259,964
Machinery and Equipment	<u>17,407,893</u>	<u>863,452</u>	<u>(455,704)</u>	<u>17,815,641</u>
Total Capital Assets, being Depreciated	223,991,511	14,591,135	(507,041)	238,075,605
Less Accumulated Depreciation for:				
Buildings and Improvements	(91,472,242)	(5,261,132)	190,614	(96,542,760)
Machinery and Equipment	<u>(14,045,399)</u>	<u>(663,353)</u>	<u>346,800</u>	<u>(14,361,952)</u>
Total Accumulated Depreciation	<u>(105,517,641)</u>	<u>(5,924,485)</u>	<u>537,414</u>	<u>(110,904,712)</u>
Total Business-Type Activities				
Capital Assets, net	\$ <u>146,992,121</u>	\$ <u>27,502,143</u>	\$ <u>(10,919,366)</u>	\$ <u>163,574,898</u>
Discretely Presented Component Unit:				
Capital Assets, not being Depreciated:				
Land	\$ 6,099,049	\$ -	\$ -	\$ 6,099,049
Construction in Progress	<u>-</u>	<u>787,376</u>	<u>-</u>	<u>787,376</u>
Total Capital Assets, not being Depreciated:	6,099,049	787,376	-	6,886,425
Capital Assets being Depreciated:				
Buildings and Improvements	50,020,322	105,534	-	50,125,856
Machinery and Equipment	<u>1,289,338</u>	<u>86,102</u>	<u>(26,314)</u>	<u>1,349,126</u>
Total Capital Assets, being Depreciated	51,309,660	191,636	(26,314)	51,474,982
Less Accumulated Depreciation for:				
Buildings and Improvements	(25,580,886)	(1,228,162)	-	(26,809,048)
Machinery and Equipment	<u>(1,128,774)</u>	<u>(45,090)</u>	<u>26,314</u>	<u>(1,147,550)</u>
Total Accumulated Depreciation	<u>(26,709,660)</u>	<u>(1,273,252)</u>	<u>26,314</u>	<u>(27,956,598)</u>
Total Component Unit				
Capital Assets, net	\$ <u>30,699,049</u>	\$ <u>(294,240)</u>	\$ <u>-</u>	\$ <u>30,404,809</u>
Total Capital Assets	\$ <u>357,167,729</u>	\$ <u>26,298,222</u>	\$ <u>(11,075,666)</u>	\$ <u>372,390,285</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 - FIXED ASSETS – continued

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

Governmental Activities:

General Government	\$ 1,155,594
Public Safety	991,768
Public Works	5,522,312
Culture and Recreation	<u>1,498,173</u>

Total Depreciation Expense - Governmental Activities	\$ <u>9,167,847</u>
---	----------------------------

Business-Type Activities:

Electric Department	\$ 1,917,102
Water and Sewer	2,853,540
Northeast Mississippi Regional Water Supply District	1,136,764
Solid Waste	<u>17,079</u>

Total Depreciation Expense - Business-Type Activities	\$ <u>5,924,485</u>
--	----------------------------

Total Depreciation Expense - Discretely Presented Component Unit	\$ <u>1,273,252</u>
---	----------------------------

NOTE 6 - LONG-TERM DEBT

BONDS PAYABLE

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds include General City Bonds, G. O. Water Bonds, and Special Obligation, and School Bonds.

During 2019, the City issued special obligation bonds, series 2019, in the amount of \$15,000,000. The purpose of this bond issue is to provide funds for Coliseum improvements. Also, during 2019, the City issued general obligation water current refunding bonds in the amount of \$6,385,000 to refund the outstanding balances on the 2008 Series general obligation water refunding bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net position. The current refunding reduced total debt service payments over the next fifteen years by \$844,131. This results in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$743,048.

Special Assessments General Obligation Bonds are secured by an irrevocable pledge of the special assessment ad valorem taxes to be levied annually upon the property benefited by the project. The full faith, credit and resources of the City are irrevocably pledged for the payment of the principal and interest on the bonds.

Limited Obligation Tax Increment Bonds are secured by an irrevocable pledge of the ad valorem taxes to be levied annually upon incremental increase in assessed value of all taxable real property within and forming a part of The Mall at Barnes Crossing Project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - LONG-TERM DEBT – continued

NOTES PAYABLE AND STATE REVOLVING LOANS

Twelve different capital improvement revolving loans make up the September 30, 2019 notes payable balance and are included in both governmental activities and business-type activities. All twelve of the loans are in repayment status with a total outstanding balance of \$34,759,220. The remaining in progress note totals \$8,369,278.

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with three construction projects.

DEBT SERVICE REQUIREMENTS TO MATURITY

Annual debt service requirements to maturity are as follows:

Governmental Activities

Year Ending September 30,	General Obligation	Special Assessment General Obligation	Limited Obligations Tax Increment	Special Obligation	Notes Payable	Interest	Total
2020	\$ 4,176,613	\$ 35,000	\$ 50,000	\$ -	\$ 413,100	\$ 2,030,248	\$ 6,704,961
2021	4,321,935	-	50,000	-	424,638	1,906,021	6,702,594
2022	4,550,484	-	55,000	-	436,500	2,445,582	7,487,566
2023	3,200,000	-	55,000	-	448,695	2,294,930	5,998,625
2024	3,005,000	-	60,000	305,000	461,232	1,844,355	5,675,587
2025-2029	15,325,046	-	-	1,770,000	1,722,413	9,053,835	27,871,294
2030-2034	10,765,000	-	-	2,265,000	1,683,922	6,329,078	21,043,000
2035-2039	5,875,000	-	-	2,805,000	-	18,579,189	27,259,189
2040-2044	-	-	-	7,855,000	-	31,775,289	39,630,289
Total	\$51,219,078	\$ 35,000	\$ 270,000	\$15,000,000	\$5,590,500	\$76,258,527	\$148,373,105

Business-Type Activities

Year Ending September 30,	General Obligation	Special Obligation	Notes Payable	State Revolving Loans	Interest	Total
2020	\$ 148,387	\$ 765,000	\$ 2,489,240	\$ 170,812	\$932,719	\$ 4,506,158
2021	158,065	780,000	2,535,497	156,661	861,429	4,491,652
2022	164,470	805,000	2,582,648	59,422	788,598	4,400,138
2023	-	830,000	2,630,710	-	717,014	4,177,724
2024	-	855,000	2,679,703	-	652,871	4,187,574
2025-2029	-	4,975,000	9,697,863	-	2,186,384	16,859,247
2030-2034	-	4,950,000	4,819,470	-	775,193	10,544,663
2035-2039	-	-	1,733,589	-	61,655	1,795,244
Total	\$ 470,922	\$13,960,000	\$29,168,720	\$ 386,895	\$6,975,863	\$50,962,400

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - LONG-TERM DEBT – continued

CHANGES IN LONG-TERM LIABILITIES

During the fiscal year, the following changes occurred in long-term debt:

	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Governmental Activities:						
General Obligation	Debt Service	\$56,155,691	\$6,385,000	\$ 11,321,613	\$51,219,078	\$4,211,613
Special Assessment						
General Obligation	Debt Service	70,000	-	35,000	35,000	-
Limited Obligations						
Tax Increment	Debt Service	315,000	-	45,000	270,000	50,000
Special Obligation Bonds	Debt Service	-	15,000,000	-	15,000,000	-
Notes Payable	General	5,991,969	-	401,469	5,590,500	413,100
Bond Premiums		<u>797,296</u>	<u>3,025,090</u>	<u>226,887</u>	<u>3,595,499</u>	<u>-</u>
Total Governmental Activities		<u>\$63,329,956</u>	<u>\$24,410,090</u>	<u>\$ 12,029,969</u>	<u>\$,75,710,077</u>	<u>\$4,674,713</u>
	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Business-Type Activities:						
General Obligation	Water/Sewer	\$ 619,309	\$ -	\$ 148,387	\$ 470,922	\$ 148,387
Special Obligation Bonds	Water/Sewer	8,935,000	-	435,000	8,500,000	465,000
Special Obligation Bonds	Electric*	5,740,000	-	280,000	5,460,000	300,000
Notes Payable	Water/Sewer	38,491,242	1,490,613	2,443,857	37,537,998	2,489,240
State Revolving Loan	NEMSRWSD	552,664	-	165,769	386,895	170,812
Bond Premiums		<u>1,614,187</u>	<u>-</u>	<u>111,791</u>	<u>1,502,396</u>	<u>-</u>
Total Business-Type Activities		<u>\$55,952,402</u>	<u>\$1,490,613</u>	<u>\$ 3,584,804</u>	<u>\$53,858,211</u>	<u>\$3,573,439</u>

*Amounts for Electric Fund are at June 30, 2019.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - LONG-TERM DEBT – continued

DUE TO CITY OF TUPELO G.O. BONDS FUND

The Water District has pledged proceeds sufficient to pay the principal and interest of and redemption premium, if any, on the proportion of the bonds which are not paid by a special sales tax as further explained in Note 20.

Scheduled Payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 178,333	\$ 138,183	\$ 316,516
2021	186,250	130,931	317,181
2022	195,833	123,481	319,314
2023	205,833	115,648	321,481
2024	207,500	107,415	314,915
2025 - 2029	1,181,250	450,540	1,631,790
2030 - 2034	1,233,334	143,314	1,376,648
	<u>\$ 3,388,333</u>	<u>\$ 1,209,512</u>	<u>\$ 4,597,845</u>

NOTES PAYABLE - AIRPORT AUTHORITY

The Tupelo Airport Authority issued a promissory note with Mississippi Development Authority for \$200,000 on July 1, 2013. This loan bears interest at 3 % through May 1, 2023 and is payable in ten annual installments of \$23,446.

	<u>2019</u>
Due to MDA	\$ 87,151
Less Current Portion	<u>20,832</u>
Long-Term Portion	<u>\$ 66,319</u>

Scheduled maturities are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	20,832	2,614	23,446
2021	21,456	1,990	23,446
2022	22,100	1,346	23,446
2023	<u>22,763</u>	<u>684</u>	<u>23,446</u>
	<u>\$ 87,151</u>	<u>\$ 6,634</u>	<u>\$ 93,785</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - LONG-TERM DEBT – continued

STATE REVOLVING LOANS

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with two construction projects. The loan balances increase when administrative fees (deferred charges to be amortized over the life of the loan) were charged and project costs were reimbursed. Interest began accruing on the original construction contract completion date at 3%. Interest accrued before the initiation of the repayment schedule will be added to the amount of the loan to be repaid. The loans are payable in 236/237 monthly installments.

NOTE 7 - RENTALS UNDER OPERATING LEASES

TUPELO AIRPORT AUTHORITY RENTALS UNDER OPERATING LEASES

The Authority has entered into agreements to lease airport land and facilities to an airline, car rental agencies, fixed base operators and individuals.

The following is a schedule by years of minimum future rental payments receivable on non-cancellable operating leases as of September 30, 2019:

<u>Year Ending September 30,</u>	
2020	\$ 365,800
2021	366,191
2022	353,385
2023	354,885
2024	356,404
2025 - 2029	1,705,474
2030 - 2034	933,679
2035 - 2037	400,176
Total Minimum Future Rentals	<u>\$ 4,835,994</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 8 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND

Other Assets of the Electric Fund include \$231,096 receivable from customers for energy conservation loans and represents unbilled amounts due from customers as a result of their participation in an energy conservation program sponsored by TVA in which customers install energy conservation measures approved by a TVA energy advisor. The installation charges are paid by the Electric Department and billed to the customer over a period of time on the customer's monthly utility bill. TVA reimburses the Electric Department for amounts paid out under the program. Repayments are made to TVA by the Electric Department as collections are made from the customers. Advances from TVA for energy conservation loans represent the amounts advanced by TVA, net of repayments, under this program.

NOTE 9 - DUE FROM/TO OTHER FUNDS AND ADVANCES TO/FROM OTHER FUNDS

Individual fund Due from Other Funds and Due to Other Funds balances as of September 30, 2019 were:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,300,000	\$ -
Proprietary Funds:		
Electric Fund	-	5,098
Water and Sewer Fund	4,447	2,300,000
Solid Waste Management Fund	<u>651</u>	<u>-</u>
Total	<u>\$ 2,305,098</u>	<u>\$ 2,305,098</u>

NOTE 10 - NONCURRENT ASSETS

The following receivable at September 30, 2019 was not received within sixty days after that date and, therefore, are not deemed to constitute available spendable resources and are not a component of net current assets:

Rental Rehabilitation Fund (a Special Revenue Fund)	
Notes Receivables	\$ <u>81,460</u>

NOTE 11 - CONTRIBUTED CAPITAL

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration, with certain matching funds provided by the City of Tupelo and State of Mississippi. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital asset acquisition, facility development and rehabilitation are reported as Capital Contributions in the Statement of Revenues, Expenses and Changes in Net Position.

The Water and Sewer fund recognizes capital grants and contributions in the Statement of Revenues, Expenses, and Changes in Net Position when received by an intermediary governmental entity.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the City of Tupelo and the Tupelo Airport Authority are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan 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% 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% 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 (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011). Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Employee membership data related to the Plan, as of June 30, 2018 was as follows:

Inactive Members or Beneficiaries Currently Receiving Benefits	104,973
Inactive Members Assumed Eligible for a Benefit at Retirement Date	16,578
Inactive Members Assumed Not to Receive Service Retirement Benefits	52,763
Active Members	150,687
Total	<u>325,001</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Tupelo is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The following detailed analysis of payroll, pension liability, liability percentage, pension expense, deferred outflows, and deferred inflows, will be divided among the City of Tupelo (all funds except the following), the Coliseum Project Fund, Northeast Mississippi Regional Water Supply District (Water District), the Tupelo Airport Authority, the Water and Sewer Fund, and the Electric Fund (as of June 30, 2019). Separate employer contributions and employer allocation percentages are required for each of these entities.

Covered payroll below refers to all compensation paid to active employees covered by the Plan.

For the year ended September 30, 2019, the City of Tupelo's total payroll for all employees was \$17,259,910. Total covered payroll was \$16,740,741.

For the year ended September 30, 2019, the Coliseum Project Fund's total payroll for all employees was \$1,265,265. Total covered payroll was \$890,265.

For the year ended September 30, 2019, the Water District's total payroll for all employees was \$63,973. Total covered payroll was also \$63,973.

For the year ended September 30, 2019, the Tupelo Airport Authority's total payroll for all employees was \$398,333. Total covered payroll was \$359,150.

For the year ended September 30, 2019, the Water and Sewer Fund's total payroll for all employees was \$1,482,662. Total covered payroll was \$1,462,847.

For the year ended June 30, 2019, the Electric Fund's total payroll for all employees was \$2,119,257. Total covered payroll was \$2,104,997.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2019, the City of Tupelo reported a liability of \$45,415,438 for its proportionate share of the net pension liability. The City of Tupelo share does include the Solid Waste Fund. The Coliseum Project Fund reported a liability of \$2,480,116 for its proportionate share. The Water District reported \$175,916, the Tupelo Airport Authority reported \$979,345, and the Water and Sewer Fund reported \$4,007,453. The Electric Fund as of June 30, 2019 reported a liability of \$5,429,391 for its proportionate share of the net pension liability.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The net pension liability was measured as of June 30, 2019, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Tupelo's proportion of the net pension was based on a projection of the City of Tupelo's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City of Tupelo's proportion was 0.25816 percent. At June 30, 2019, the proportionate share for the Coliseum Project Fund was 0.01410 percent. At June 30, 2019, the proportionate share for the Water District was 0.0010 percent. At June 30, 2019, the proportionate share for the Tupelo Airport Authority was 0.00557 percent. At June 30, 2018, the proportionate share for the Water and Sewer Fund was 0.02278 percent.

For the Electric Fund, the net pension liability was measured as of June 30, 2018, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2018, the Electric Fund's proportion was 0.03264 percent.

For the year ended September 30, 2019, the City of Tupelo (including the Solid Waste Fund) recognized pension expense of \$2,570,439. At September 30, 2019, the City of Tupelo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 26,867	\$ 48,885
Net Difference Between Projected and Actual Investment Earnings	-	496,868
City Pension Contributions Subsequent to the Measurement Date	774,495	-
Changes of Assumptions	445,256	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	-	3,093,850
Total	\$ <u>1,246,618</u>	\$ <u>3,639,603</u>

The \$774,495 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ (1,108,184)
2021	(1,744,178)
2022	(522,462)
2023	207,344
Total	\$ <u>(3,167,480)</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

For the year ended September 30, 2019, the Coliseum Project Fund recognized pension expense of \$180,208. At September 30, 2019, the Coliseum Project Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,467	\$ 2,670
Net Difference Between Projected and Actual Investment Earnings	-	27,133
Coliseum Pension Contributions Subsequent to the Measurement Date	37,431	-
Changes of Assumptions	24,315	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	41,705	13,285
Total	\$ <u>104,918</u>	\$ <u>43,088</u>

The \$37,431 of deferred outflows of resources resulting from the Coliseum Project Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ 22,462
2021	(16,757)
2022	7,371
2023	11,323
Total	\$ <u>24,399</u>

For the year ended September 30, 2019, the Water District recognized pension expense of \$16,314. At September 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 104	\$ 189
Net Difference Between Projected and Actual Investment Earnings	-	1,924
Water District Pension Contributions Subsequent to the Measurement Date	2,806	-
Changes of Assumptions	1,723	633
Total	\$ <u>4,633</u>	\$ <u>2,746</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The \$2,806 of deferred outflows of resources resulting from the Water District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ 544
2021	(2,711)
2022	445
2023	803
Total	\$ <u>(919)</u>

For the year ended September 30, 2019, the Tupelo Airport Authority recognized pension expense of \$62,835. At September 30, 2019, the Tupelo Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 579	\$ 1,054
Net Difference Between Projected and Actual Investment Earnings	-	10,714
TAA's Pension Contributions Subsequent to the Measurement Date	13,837	-
Changes of Assumptions	9,602	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	40,212	20,826
Total	\$ <u>64,230</u>	\$ <u>32,594</u>

The \$13,837 of deferred outflows of resources resulting from the Tupelo Airport Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ 19,701
2021	(15,524)
2022	9,150
2023	4,472
Total	\$ <u>17,799</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

For the year ended September 30, 2019, the Water and Sewer Fund recognized pension expense of \$210,301. At September 30, 2019, the Water and Sewer Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,371	\$ 4,314
Net Difference Between Projected and Actual Investment Earnings	-	43,843
Water and Sewer Fund Pension Contributions Subsequent to the Measurement Date	66,465	-
Changes of Assumptions	39,289	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	14,250	299,409
Total	\$ <u>122,375</u>	\$ <u>347,566</u>

The \$66,465 of deferred outflows of resources resulting from the Water and Sewer Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ (108,368)
2021	(168,826)
2022	(32,759)
2023	18,297
Total	\$ <u>(291,656)</u>

For the year ended June 30, 2019, the Electric Fund recognized pension expense of \$380,844. At June 30, 2019, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 23,802	\$ 22,888
Net Difference Between Projected and Actual Investment Earnings	-	107,929
Electric Fund's Pension Contributions Subsequent to the Measurement Date	331,537	-
Changes of Assumptions	3,204	2,999
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	466	219,101
Total	\$ <u>359,009</u>	\$ <u>352,917</u>

The \$331,537 of deferred outflows of resources resulting from the Electric Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2020	\$ (50,666)
2021	(79,943)
2022	(170,420)
2023	(24,416)
Total	\$ <u>(325,445)</u>

Actuarial Assumptions - The City of Tupelo total pension liability was determined by an actuarial valuation as of June 30, 2018 and a measurement date determined of June 30, 2019 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.25 - 18.50%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Actuarial Assumptions - The Electric Fund pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 - 18.50%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Mortality rates for June 30, 2019 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected Scale BB to 2022, with rates set forward one year for males with adjustments. Mortality rates for June 30, 2018 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected Scale BB to 2022, with rates set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Debt Securities	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash Equivalents	1.00		0.25	
Total	100.00			

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. 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 former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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 TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Sensitivity of the City of Tupelo's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City of Tupelo's and the additional September 30, 2019 funds proportionate share of the net pension liability using the discount rate of 7.75 percent, as well as what the City of Tupelo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	City of Tupelo's Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 56,539,234
Current Discount Rate	7.75%	45,415,438
1% Increase	8.75%	32,387,897
		Coliseum Project Fund's
	Discount Rate	Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 3,087,582
Current Discount Rate	7.75%	2,480,116
1% Increase	8.75%	1,768,689
		Northeast MS Regional Water District's
	Discount Rate	Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 231,253
Current Discount Rate	7.75%	175,916
1% Increase	8.75%	130,247
		Tupelo Airport Authority's
	Discount Rate	Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 1,287,383
Current Discount Rate	7.75%	979,345
1% Increase	8.75%	725,087
		Water and Sewer Fund's
	Discount Rate	Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 4,989,016
Current Discount Rate	7.75%	4,007,453
1% Increase	8.75%	2,857,904

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Sensitivity of the Electric Fund's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -The following presents the Electric Fund's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Electric Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate	Electric Fund's Proportionate Share of Net Pension Liability
1% Decrease	6.75%	\$ 7,148,950
Current Discount Rate	7.75%	5,429,391
1% Increase	8.75%	4,095,200

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

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 4,420,579	\$ 643,835
Special Revenue Funds:		
CVB Fund	3,497,013	-
Coliseum Project Fund	1,969,972	1,915,120
Coliseum Operating Fund	-	659,822
Narcotics Fund	46,376	-
Debt Service Funds:		
City Bond and Interest Fund	-	1,407,163
Special Obligation Debt Service Fund		1,345,147
Capital Projects Funds:		
City Infrastructure Fund	-	5,308,000
Special Obligation Capital Fund	<u>1,345,147</u>	<u>-</u>
Total	<u>\$ 11,279,087</u>	<u>\$ 11,279,087</u>

<u>Fund</u>	<u>Transfers to Blended Component Unit</u>	<u>Transfers from Blended Component Unit</u>
Debt Service Fund:		
Water G.O. Bond Fund	\$ 8,236,397	\$ 278,583
Enterprise Fund:		
Water and Sewer Fund	<u>1,188,676</u>	<u>-</u>
Total	<u>\$ 9,425,073</u>	<u>\$ 278,583</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT – continued

Transfers between the primary government and blended component unit do not balance because the Water District reports differently from the City. The following is a reconciliation of the difference:

Transfers to Water G.O. Bond Fund reported as a reduction in Due to City of Tupelo Water G.O. Bond Fund and Interest Expense by the Water District	\$ 278,583
Transfers to Water District reported as Water Sales by Water District	(1,188,676)
Transfer to Water District reported as Contributed Capital by Water District	<u>(8,236,397)</u>
Difference	<u>\$ (9,146,490)</u>

NOTE 14 - INVESTMENTS WITH FINANCIAL INSTITUTIONS

Investments held during the fiscal year consisted only of the types of investments held at the end of the fiscal year. Investments made by the City that are included on the combined balance sheet at September 30, 2019, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

- Category 1 - Insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered for which the securities are held by the broker or dealers trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

<u>Investment Type</u>	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U. S. Government Securities Funds*		X		\$ <u>6,805,332</u>	\$ <u>6,805,332</u>
Total Investments				\$ <u>6,805,332</u>	\$ <u>6,805,332</u>

*These funds invest only in U.S. Government securities.

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2019, for vested, but unused, vacation or overtime since none of the City's liability at that date applicable to employees whose compensation is reflected as an expenditure in its governmental funds is expected to be liquidated with expendable available financial resources.

A liability for vested, but unused, vacation and overtime did exist at September 30, 2019, for the General Long-Term Debt Account Group, the Combined Water and Sewer Fund, and the Tupelo Airport Authority, and at June 30, 2019, for the Electric Fund and has been reflected in these financial statements.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES – continued

As provided by Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, the primary government and the Airport Authority do not have any liability for unused sick leave accumulated by its employees since the employees do not have a vested right to receive sick pay benefits; i.e., the employees' rights to receive compensation for future absences for sick leave is contingent on the absences being caused by the employee's future illness resulting prior to termination of his/her employment with the City or the Airport Authority.

NOTE 16 - ACCOUNTS RECEIVABLE

Receivables for accounts of the Electric Fund (an Enterprise Fund) have been reduced by \$74,110 to reflect the provision for uncollectible accounts. The accrual amount of court fine receivables on the Statement of Net Position – Government – Wide has been reduced by \$9,380,381 to reflect the provision for uncollectible fines.

NOTE 17 - SOLID WASTE DISPOSAL SERVICE AGREEMENT

The City is party to a service agreement with Three Rivers Solid Waste Management Authority (Authority). The Authority agreed to construct and operate facilities for the disposal of solid waste. The City agreed to deliver all acceptable solid waste over which it has legal authority to control to the Authority for disposal. By reason of the incorporation agreement of the Authority and the service agreement between the City and the Authority, the City is a voting member of the Authority. In addition, the City remains obligated to pay its pro rata share of the Authority's bonded indebtedness incurred during the City's membership in the Authority. Financial statements of the Authority are available.

NOTE 18 - SOLID WASTE MANAGEMENT FUND

Pursuant to Section 17-17-347, Mississippi Code Annotated (1972), the City of Tupelo has established a solid waste management system accounted for through an enterprise fund to determine the full and complete cost for solid waste management within the service area.

NOTE 19 - GENERAL OBLIGATION WATER BONDS

In 1988, the State of Mississippi authorized through legislation the issuance of general obligation bonds by the City of Tupelo for the construction and acquisition of alternative source water supply facilities and payment of interest on bonds, establishment of reserves to secure such bonds and payment of expenses incident to the issuance of such bonds. The act also provided for the imposition of a specific sales tax, at the rate of one-quarter of one percent upon all sales and services within the City of Tupelo which are subject to the general rate of state sales tax, the proceeds of which are to be used to pay for fifty percent (50%) of the cost of construction and financing of the project.

Pursuant to this act, the City of Tupelo, on February 2, 1989, issued \$21,000,000 in general obligation bonds and transferred the proceeds to the Northeast Mississippi Regional Water Supply District. The full faith, credit and resources of the City of Tupelo are irrevocably pledged for the payment of the principal and interest on the bonds. On August 1, 1996, the City refunded a portion of the Series 1989 bonds as more fully explained in Note 20. On December 17, 2008 the Series 1989 bonds were refunded in their entirety and City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008. On May 31, 2019, the City refunded the remaining portion of the 2008 Water Refunding Bonds with the 2019 \$6,385,000 General Obligation Water Refunding Bonds. Although refunded, the bond covenants and agreements from the Series 1989 issue remain in effect.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 19 - GENERAL OBLIGATION WATER BONDS – continued

In connection with the issuance of the above bonds, a trust indenture involving the City of Tupelo, the Northeast Mississippi Regional Water Supply District, and Hancock Bank was executed. As per the terms of this trust indenture, various agreements were reached and trust accounts were established as follows:

1. The bond proceeds were placed in the "Water Construction Fund" trust account and are an asset of the Water District, which shall own and manage the system.
2. The debt service on the bonds is to be handled through the "Water Supply Bond Fund" trust account. The assets in this trust account and its two subaccounts, the "Special Sales Tax Subaccount" trust account and the "Water Revenue Subaccount" trust account, are assets of the City of Tupelo and are reflected in its Water G. O. Bonds Fund (a Debt Service Fund).

The assets of the "Special Sales Tax Subaccount" can only be used to pay up to 50% of each debt service disbursement; the remainder must come from the other subaccount or other sources. The Water District, which owns the system, has pledged a sufficient portion of its revenues to the payment of the principal and interest on the bonds as they come due to the extent not paid with the proceeds of the special sales tax.

The Water District's billings for water include an amount to pay the remaining 50% of each debt service disbursement. The City of Tupelo treats this amount as a transfer to the Water District for debt service. The Water District reflects these payments as water revenues. Total water fees reported by the City as debt service transfers to the Water District for the year ended September 30, 2019 was \$1,188,676.

NOTE 20 - DUE FROM CITY OF TUPELO WATER BONDS CONSTRUCTION FUND

On December 17, 2008, the City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008 and executed an Agreement with the Water District. The agreement provides that the City of Tupelo will take the necessary steps to issue the aforementioned bonds and shall deposit the balance of the proceeds with a trustee for use by the District. The use of the bonds shall be for the plant expansion project. The balance on deposit with the Trustee at September 30, 2019, was \$0, which is reported as Due From Trustee.

NOTE 21 - RISK MANAGEMENT

The City of Tupelo 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, workers' compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages 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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 21 - RISK MANAGEMENT – continued

claims, but for which none have been reported, are considered. 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.

NOTE 22 - CONTINGENT LIABILITIES

Litigation

The City is a defendant in various litigations arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

Federally Assisted Programs – Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 23 - ECONOMIC DEPENDENCY

The Electric Department of the City of Tupelo had sales to one major customer for the year ended June 30, 2019 (its year-end) of \$6,245,884. This represented approximately 11.3% of the Department's revenues for the year.

NOTE 24 - USE OF ESTIMATES

The preparation of 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, expenditures and expenses 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 net pension liability and the provision for uncollectible court fines as mentioned in Note 12 and Note 16, respectively. It is as least reasonably possible that the significant estimate used will change within the next year.

NOTE 25 - BUDGET / GAAP RECONCILIATION

The major difference between the budgetary basis and the GAAP basis is:

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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 25 - BUDGET / GAAP RECONCILIATION – continued

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major fund.

Governmental Fund Types				
	General Fund		Water G.O. Bond Fund	Special Obligation Capital Fund
Budget (Cash Basis)	\$ 3,152,346	\$	5,381,175	\$ 15,006,998
Increase (Decrease) Net adjustments for revenue accruals	(225,433)		-	-
GAAP Basis	\$ 2,926,913	\$	5,381,175	\$ 15,006,998

NOTE 26 - CONSTRUCTION AND OTHER COMMITMENTS

The City of Tupelo and its component units have entered in the following commitments:

<u>To Be Paid By</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Expended through September 30, 2019</u>	<u>Remaining Commitment at September 30, 2019</u>
General City	Ballard Park Baseball Complex	\$ 1,559,278	\$ 1,516,752	\$ 42,526
		\$ 1,559,278	\$ 1,516,762	\$ 42,526

NOTE 27 - INTERFUND TRANSACTIONS

Interfund transactions are either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services, deemed to be reasonably equivalent in value, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidations in the government-wide statements.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 28 - 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 seventy-tax abatement agreements with eighteen entities as of September 30, 2019.

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

All twenty-three entities had tax abatements listed under the above listed statutes.

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	\$519,691

The companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes. Abatements may be voided pursuant to state law in the event of a cessation of company operations.

NOTE 29 - 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 require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through March 31, 2020, (the date the financial statements were available to be issued) and noted the following items which require disclosure in the notes to the financial statements. In October 2019, the City awarded bids for Coliseum improvements and additions in the amount of \$13,251,707.

Date of Management Evaluation

Management has evaluated subsequent events through March 31, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the five years ended September 30, 2019*

	2019	2018	2017	2016	2015
City of Tupelo's proportion of net pension liability (%)	0.25816 %	0.26055 %	0.25163 %	0.24688 %	0.24395 %
City of Tupelo's proportionate share of net pension liability	\$ 45,415,438	\$ 43,336,374	\$ 41,829,447	\$ 44,099,290	\$ 37,934,001
City of Tupelo's covered payroll	\$ 16,740,741	\$ 16,638,298	\$ 16,142,216	\$ 16,119,683	\$ 15,387,575
City of Tupelo's proportionate share of net pension liability as a percentage of its covered payroll (%)	271.29 %	260.46 %	259.13 %	273.57 %	246.52 %
Coliseum Project Fund's proportion of net pension liability (%)	0.01410 %	0.01339 %	0.01201 %	0.01180 %	0.01220 %
Coliseum Project Fund's proportionate share of net pension liability	\$ 2,480,116	\$ 2,225,540	\$ 1,996,802	\$ 2,114,562	\$ 1,885,789
Coliseum Project Fund's covered payroll	\$ 890,265	\$ 854,965	\$ 770,559	\$ 789,663	\$ 753,435
Coliseum Project Fund's proportionate share of net pension liability as a percentage of its covered payroll (%)	278.58 %	260.31 %	259.14 %	267.78 %	250.30 %
Water District's proportion of net pension liability (%)	0.00100 %	0.00100 %	0.00100 %	0.00100 %	0.00100 %
Water District's proportionate share of net pension liability	\$ 175,916	\$ 166,326	\$ 166,232	\$ 178,624	\$ 154,580
Water District's covered payroll	\$ 63,973	\$ 61,937	\$ 60,311	\$ 58,578	\$ 57,200
Water District's proportionate share of net pension liability as a percentage of its covered payroll (%)	274.99 %	268.54 %	275.62 %	304.94 %	270.25 %
TAA's proportion of net pension liability (%)	0.00557 %	0.00539 %	0.00565 %	0.00458 %	0.00528 %
TAA's proportionate share of net pension liability	\$ 979,345	\$ 895,685	\$ 938,557	\$ 818,460	\$ 815,566
TAA's covered payroll	\$ 359,150	\$ 348,787	\$ 343,048	\$ 309,149	\$ 314,616
TAA's proportionate share of net pension liability as a percentage of its covered payroll (%)	272.68 %	256.80 %	273.59 %	264.75 %	259.23 %
Water and Sewer Fund's proportion of net pension liability (%)	0.02278 %	0.02268 %	0.02203 %	0.02119 %	0.02120 %
Water and Sewer Fund's proportionate share of net pension liability	\$ 4,007,453	\$ 3,770,794	\$ 3,662,767	\$ 3,784,849	\$ 3,273,406
Water and Sewer Fund's covered payroll	\$ 1,462,847	\$ 1,448,571	\$ 1,413,467	\$ 1,385,638	\$ 1,332,497
Water and Sewer Fund's proportionate share of net pension liability as a percentage of its covered payroll (%)	273.95 %	260.31 %	259.13 %	273.15 %	245.66 %
**Electric Fund's proportion of net pension liability (%)	0.03264 %	0.03171 %	0.03049 %	0.03047 %	0.03201 %
Electric Fund's proportionate share of net pension liability	\$ 5,429,391	\$ 5,270,811	\$ 5,446,490	\$ 4,560,118	\$ 3,580,761
Electric Fund's covered payroll	\$ 2,104,997	\$ 2,065,238	\$ 2,074,070	\$ 1,967,778	\$ 1,903,784
Electric Fund's proportionate share of net pension liability as a percentage of its covered payroll (%)	257.93 %	255.22 %	262.60 %	231.74 %	188.09 %
Plan fiduciary net position as a percentage of total pension liability	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

Schedule is intended to show information for 10 years. Additional years will be available as they become available.

* The amounts presented have a measurement date of June 30. ** Amounts for the Electric Fund are at June 30, 2019.

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

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Contributions
For the six years ended September 30, 2019*

		2019	2018	2017	2016	2015	2014
City of Tupelo							
Statutorily required contributions	\$	2,710,110	\$ 2,620,532	\$ 2,542,399	\$ 2,538,850	\$ 2,423,543	\$ 2,377,252
Actual contributions	\$	2,710,110	\$ 2,620,532	\$ 2,542,399	\$ 2,538,850	\$ 2,423,543	\$ 2,377,252
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
City of Tupelo's covered payroll	\$	16,740,741	\$ 16,638,298	\$ 16,142,216	\$ 16,119,683	\$ 15,387,575	\$ 15,093,663
Contributions as a % of covered payroll		16.19 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %
Coliseum Project Fund							
Statutorily required contributions	\$	143,766	\$ 134,657	\$ 121,363	\$ 124,372	\$ 118,666	\$ 122,403
Actual contributions	\$	143,766	\$ 134,657	\$ 121,363	\$ 124,372	\$ 118,666	\$ 122,403
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Coliseum's covered payroll	\$	890,265	\$ 854,965	\$ 770,559	\$ 789,663	\$ 753,435	\$ 777,162
Contributions as a % of covered payroll		16.15 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %
Water District							
Statutorily required contributions	\$	10,342	\$ 9,755	\$ 9,499	\$ 9,226	\$ 9,009	\$ 8,947
Actual contributions	\$	10,342	\$ 9,755	\$ 9,499	\$ 9,226	\$ 9,009	\$ 8,947
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Water District's covered payroll	\$	63,973	\$ 61,937	\$ 60,311	\$ 58,578	\$ 57,200	\$ 56,610
Contributions as a % of covered payroll		16.17 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %
Tupelo Airport Authority							
Statutorily required contributions	\$	57,878	\$ 54,934	\$ 54,030	\$ 48,691	\$ 49,552	\$ 54,201
Actual contributions	\$	57,878	\$ 54,934	\$ 54,030	\$ 48,691	\$ 49,552	\$ 54,201
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Tupelo Airport Authority's covered payroll	\$	359,150	\$ 348,787	\$ 343,048	\$ 309,149	\$ 314,616	\$ 344,133
Contributions as a % of covered payroll		16.12 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %
Water and Sewer Fund							
Statutorily required contributions	\$	236,701	\$ 228,150	\$ 222,621	\$ 218,238	\$ 209,868	\$ 213,692
Actual contributions	\$	236,701	\$ 228,150	\$ 222,621	\$ 218,238	\$ 209,868	\$ 213,692
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer Fund's covered payroll	\$	1,462,847	\$ 1,448,571	\$ 1,413,467	\$ 1,385,638	\$ 1,332,493	\$ 1,356,775
Contributions as a % of covered payroll		16.18 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %
Electric Fund*							
Statutorily required contributions	\$	331,537	\$ 325,275	\$ 326,666	\$ 309,925	\$ 299,846	\$ 308,146
Actual contributions	\$	331,537	\$ 325,275	\$ 326,666	\$ 309,925	\$ 299,846	\$ 308,146
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Electric Department's covered payroll	\$	2,104,997	\$ 2,065,238	\$ 2,074,070	\$ 1,967,778	\$ 1,903,784	\$ 1,956,483
Contributions as a % of covered payroll		15.75 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

Schedule is intended to show information for 10 years. Additional years will be available as they become available.

Contribution rate changed to 17.40% on July 1, 2019. * Amounts for the Electric Fund are at June 30, 2019.

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

CITY OF TUPELO, MISSISSIPPI
Notes to the Required Supplementary Information
For the year ended September 30, 2019

Changes of Assumptions

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 more closely reflect actual experience.

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

2017 The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

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

2016 The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

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.

CITY OF TUPELO, MISSISSIPPI
Notes to the Required Supplementary Information
For the year ended September 30, 2019

Changes of Assumptions (continued)

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

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

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

Changes of Benefit Provisions

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF TUPELO, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
<u>ASSETS:</u>				
Cash	\$ 5,653,944	\$ 13,311,426	\$ 2,787,824	\$ 21,753,194
Investments	-	-	1,348,288	1,348,288
General Property Taxes Receivable	53,194	206,182	143,297	402,673
Other Receivable	343,199	-	220,025	563,224
Notes Receivable	81,460	-	-	81,460
Due from Other Government Units	408,612	-	-	408,612
Inventories	23,450	-	-	23,450
Prepaid Expenses	39,800	-	-	39,800
TOTAL ASSETS	\$ 6,603,659	\$ 13,517,608	\$ 4,499,434	\$ 24,620,701
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 226,076	\$ 143,932	\$ 1,500	\$ 371,508
Accrued Expenses	25,097	-	-	25,097
Unearned Revenues	824,065	-	-	824,065
Event Deposits	24,313	-	-	24,313
TOTAL LIABILITIES	1,099,551	143,932	1,500	1,244,983
<u>FUND BALANCES:</u>				
Nonspendable				
Prepaid Expenses	39,800	-	-	39,800
Inventory	23,450	-	-	23,450
Restricted for				
Library	77,340	-	-	77,340
Tourism Promotion	3,176,675	-	-	3,176,675
Public Safety Retirement	45,368	-	-	45,368
Law Enforcement	1,390,536	-	-	1,390,536
Construction Acquisition of Capital Assets	-	6,352,065	-	6,352,065
Public Safety Equipment	-	191,665	-	191,665
Debt Service	-	-	4,497,934	4,497,934
Committed to				
Rental Rehabilitation	82,480	-	-	82,480
Fairpark Infrastructure	-	75,517	-	75,517
Construction Acquisition of Capital Assets	-	6,754,429	-	6,754,429
Assigned to				
Coliseum Projects	186,532	-	-	186,532
Coliseum Operations	474,416	-	-	474,416
Transportation	7,511	-	-	7,511
TOTAL FUND BALANCES	5,504,108	13,373,676	4,497,934	23,375,718
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,603,659	\$ 13,517,608	\$ 4,499,434	\$ 24,620,701

CITY OF TUPELO, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2019

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$ 1,273,998	\$ 4,937,962	\$ 3,650,511	\$ 9,862,471
Intergovernmental Revenues	5,204,100	493,278	126,589	5,823,967
Fines and Forfeitures	60,432	-	-	60,432
Charges for Services	3,270,988	-	-	3,270,988
Miscellaneous Revenues	951,919	399,925	1,520,632	2,872,476
TOTAL REVENUES	10,761,437	5,831,165	5,297,732	21,890,334
EXPENDITURES:				
Current:				
Public Safety	1,285,406	-	-	1,285,406
Culture and Recreation	4,963,827	-	-	4,963,827
Other Functions	3,157,707	-	-	3,157,707
Capital Projects	-	9,462,684	-	9,462,684
Debt Service	-	-	5,978,737	5,978,737
TOTAL EXPENDITURES	9,406,940	9,462,684	5,978,737	24,848,361
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,354,497	(3,631,519)	(681,005)	(2,958,027)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	2,574,942	5,308,000	2,752,310	10,635,252
Transfers to Other Funds	(5,513,361)	-	-	(5,513,361)
TOTAL OTHER FINANCING SOURCES (USES)	(2,938,419)	5,308,000	2,752,310	5,121,891
NET CHANGE IN FUND BALANCES	(1,583,922)	1,676,481	2,071,305	2,163,864
FUND BALANCES - Beginning	7,088,030	11,697,195	2,426,629	21,211,854
FUND BALANCES - Ending	\$ 5,504,108	\$ 13,373,676	\$ 4,497,934	\$ 23,375,718

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2019
With Comparative Totals for September 30, 2018

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Transportation Fund	Totals	
									9/30/2019	9/30/2018
ASSETS										
Cash	\$ 57,341	\$ 2,900,742	\$ 12,173	\$ 186,532	\$ 1,020	\$ 1,078,761	\$ 1,393,753	\$ 23,622	\$ 5,653,944	\$ 7,599,829
Receivables:										
Notes	-	-	-	-	81,460	-	-	-	81,460	92,438
Other	-	13,941	-	-	-	329,258	-	-	343,199	280,734
General Property Taxes	19,999	-	33,195	-	-	-	-	-	53,194	10,288
Due from Other										
Governmental Units	-	408,612	-	-	-	-	-	-	408,612	298,711
Inventories	-	-	-	-	-	23,450	-	-	23,450	25,970
Prepaid Expenses	-	-	-	-	-	39,800	-	-	39,800	-
TOTAL ASSETS	\$ 77,340	\$ 3,323,295	\$ 45,368	\$ 186,532	\$ 82,480	\$ 1,471,269	\$ 1,393,753	\$ 23,622	\$ 6,603,659	\$ 8,307,970
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ 146,620	\$ -	\$ -	\$ -	\$ 60,128	\$ 3,217	\$ 16,111	\$ 226,076	\$ 199,734
Accrued Expenses	-	-	-	-	-	25,097	-	-	25,097	67,589
Unearned Revenues	-	-	-	-	-	824,065	-	-	824,065	943,533
Event Deposits	-	-	-	-	-	24,313	-	-	24,313	9,084
Total Liabilities	-	146,620	-	-	-	933,603	3,217	16,111	1,099,551	1,219,940
Fund Balances:										
Nonspendable										
Prepaid Expenses	-	-	-	-	-	39,800	-	-	39,800	-
Inventory	-	-	-	-	-	23,450	-	-	23,450	25,970
Restricted for										
Library	77,340	-	-	-	-	-	-	-	77,340	74,986
Tourism Promotion	-	3,176,675	-	-	-	-	-	-	3,176,675	3,890,154
Public Safety Retirement	-	-	45,368	-	-	-	-	-	45,368	39,658
Law Enforcement	-	-	-	-	-	-	1,390,536	-	1,390,536	1,738,671
Committed to										
Rental Rehabilitation	-	-	-	-	82,480	-	-	-	82,480	93,422
Assigned to										
Coliseum Projects	-	-	-	186,532	-	-	-	-	186,532	231,423
Coliseum Operations	-	-	-	-	-	474,416	-	-	474,416	768,746
Transportation	-	-	-	-	-	-	-	7,511	7,511	225,000
Total Fund Balances	77,340	3,176,675	45,368	186,532	82,480	537,666	1,390,536	7,511	5,504,108	7,088,030
TOTAL LIABILITIES AND FUND BALANCES	\$ 77,340	\$ 3,323,295	\$ 45,368	\$ 186,532	\$ 82,480	\$ 1,471,269	\$ 1,393,753	\$ 23,622	\$ 6,603,659	\$ 8,307,970

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Transportation Fund	Totals	
									9/30/2019	9/30/2018
REVENUES										
Taxes:										
General Property Taxes	\$ 478,984	\$ -	\$ 795,014	\$ -	\$ -	\$ -	\$ -	\$ -	1,273,998	\$ 1,246,916
Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenues:										
Federal Shared Revenues	-	-	-	-	-	-	-	-	-	6,900
State Shared Revenues	17,668	5,157,107	29,325	-	-	-	-	-	5,204,100	4,445,858
Fines and Forfeitures	-	-	-	-	-	-	60,432	-	60,432	117,330
Charges for Sales and Services:										
Commissions	-	-	-	-	-	51,843	-	-	51,843	17,410
Concessions & Other Sales	-	-	-	-	-	611,242	-	-	611,242	637,876
Direct Show Revenue	-	-	-	-	-	57,255	-	-	57,255	49,872
Parking	-	-	-	-	-	2,331	-	-	2,331	7,998
Service Charge	-	-	-	-	-	414,087	-	-	414,087	394,990
Rental Revenue	-	-	-	-	-	1,800,977	-	-	1,800,977	1,909,103
Personnel Service Fees	-	-	-	-	-	333,253	-	-	333,253	289,659
Miscellaneous Revenues:										
Interest	156	52,514	365	9,961	14	18,874	23,299	-	105,183	74,539
Advertising Agency Fee	-	1,000	-	-	-	480,838	-	-	481,838	448,387
Other	-	7,721	-	-	-	276,255	80,922	-	364,898	457,011
TOTAL REVENUES	<u>496,808</u>	<u>5,218,342</u>	<u>824,704</u>	<u>9,961</u>	<u>14</u>	<u>4,046,955</u>	<u>164,653</u>	<u>-</u>	<u>10,761,437</u>	<u>10,103,849</u>

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Transportation Fund	Totals	
									9/30/2019	9/30/2018
EXPENDITURES										
Public Safety:										
Police Department:										
Personnel Services	\$ -	\$ -	\$ 573,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 573,296	\$ 577,500
Supplies	-	-	-	-	-	-	29,597	-	29,597	12,804
Other Services and Charges	-	-	-	-	-	-	163,244	-	163,244	170,937
Capital Outlay	-	-	-	-	-	-	273,571	-	273,571	89,985
Fire Department:										
Personnel Services	-	-	245,698	-	-	-	-	-	245,698	247,500
Total Public Safety	-	-	818,994	-	-	-	466,412	-	1,285,406	1,098,726
Culture and Recreation:										
Tupelo Coliseum:										
Personnel Services	-	-	-	-	-	1,627,207	-	-	1,627,207	1,554,285
Supplies	-	-	-	-	-	392,286	-	-	392,286	477,397
Other Services and Charges	-	-	-	-	-	2,554,966	-	-	2,554,966	2,391,437
Capital Outlay	-	-	-	-	-	389,368	-	-	389,368	411,986
Total Culture and Recreation	-	-	-	-	-	4,963,827	-	-	4,963,827	4,835,105

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Transportation Fund	Totals	
									9/30/2019	9/30/2018
EXPENDITURES										
- Continued										
Other Functions:										
Community Services:										
Personnel Services	\$ -	\$ 704,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 704,138	\$ 706,219
Supplies	-	15,531	-	-	-	-	-	-	15,531	20,321
Other Services and Charges	494,454	1,681,228	-	-	10,956	-	-	217,489	2,404,127	1,982,386
Capital Outlay	-	33,911	-	-	-	-	-	-	33,911	1,460,441
Total Other Functions	494,454	2,434,808	-	-	10,956	-	-	217,489	3,157,707	4,169,367
TOTAL EXPENDITURES	494,454	2,434,808	818,994	-	10,956	4,963,827	466,412	217,489	9,406,940	10,103,198
EXCESS OF REVENUES REVENUES OVER (UNDER) EXPENDITURES	2,354	2,783,534	5,710	9,961	(10,942)	(916,872)	(301,759)	(217,489)	1,354,497	651

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Transportation Fund	Totals	
									9/30/2019	9/30/2018
OTHER FINANCING SOURCES (USES)										
Transfers from Other Funds	\$ -	\$ -	\$ -	\$ 1,915,120	\$ -	\$ 659,822	\$ -	\$ -	\$ 2,574,942	\$ 2,886,366
Transfers to Other Funds	-	(3,497,013)	-	(1,969,972)	-	-	(46,376)	-	(5,513,361)	(3,513,606)
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,497,013)	-	(54,852)	-	659,822	(46,376)	-	(2,938,419)	(627,240)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	2,354	(713,479)	5,710	(44,891)	(10,942)	(257,050)	(348,135)	(217,489)	(1,583,922)	(626,589)
FUND BALANCES - Beginning of Year	74,986	3,890,154	39,658	231,423	93,422	794,716	1,738,671	225,000	7,088,030	7,714,619
FUND BALANCES - End of Year	<u>\$ 77,340</u>	<u>\$ 3,176,675</u>	<u>\$ 45,368</u>	<u>\$ 186,532</u>	<u>\$ 82,480</u>	<u>\$ 537,666</u>	<u>\$ 1,390,536</u>	<u>\$ 7,511</u>	<u>\$ 5,504,108</u>	<u>\$ 7,088,030</u>

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2019
With Comparative Totals for September 30, 2018

	City Capital Project Fund	Fairgrounds Construction Fund	City Infrastructure Fund	Thoroughfare Fund Phase VI	Totals	
					9/30/2019	9/30/2018
ASSETS						
Cash	\$ 346,885	\$ 75,517	\$ 6,731,978	\$ 6,157,046	\$ 13,311,426	\$ 13,061,892
Receivables:						
General Property Taxes	-	-	-	206,182	206,182	39,877
Other	-	-	-	-	-	35,215
TOTAL ASSETS	\$ 346,885	\$ 75,517	\$ 6,731,978	6,363,228	\$ 13,517,608	\$ 13,136,984
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 33,475	\$ 110,457	\$ 143,932	\$ 1,439,789
Total Liabilities	-	-	33,475	110,457	143,932	1,439,789
Fund Balances:						
Restricted for						
Construction Acquisition of Capital Assets	-	-	99,294	6,252,771	6,352,065	7,835,979
Public Safety Equipment	191,665	-	-	-	191,665	187,650
Committed to						
Fairpark Infrastructure	-	75,517	-	-	75,517	181,790
Construction Acquisition of Capital Assets	155,220	-	6,599,209	-	6,754,429	3,491,776
Total Fund Balances	346,885	75,517	6,698,503	6,252,771	13,373,676	11,697,195
TOTAL LIABILITIES AND FUND BALANCES	\$ 346,885	\$ 75,517	\$ 6,731,978	\$ 6,363,228	\$ 13,517,608	\$ 13,136,984

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	City Capital Project Fund	Fairgrounds Construction Fund	City Infrastructure Fund	Thoroughfare Fund Phase VI	Totals	
					9/30/2019	9/30/2018
REVENUES						
Taxes:						
General Property Taxes	\$ -	\$ -	\$ -	\$ 4,937,962	\$ 4,937,962	\$ 4,832,671
Intergovernmental Revenues:						
State Shared Revenues	60,824	-	-	182,143	242,967	172,569
Federal Grants	-	51,278	165,073	-	216,351	267,550
Other Grants	-	-	33,960	-	33,960	2,600
Miscellaneous Revenues:						
Interest	4,657	1,595	67,485	86,397	160,134	137,082
Donations	-	-	15,535	-	15,535	-
Other	-	5,000	219,256	-	224,256	310,485
TOTAL REVENUES	<u>65,481</u>	<u>57,873</u>	<u>501,309</u>	<u>5,206,502</u>	<u>5,831,165</u>	<u>5,722,957</u>
EXPENDITURES						
Bond Issue Costs	-	-	-	-	-	200,000
Personnel Services	-	-	-	64,337	64,337	93,979
Other Services and Charges	-	-	1,683,319	1,395,721	3,079,040	3,935,925
Capital Outlay	61,466	164,146	4,156,396	1,937,299	6,319,307	11,290,782
TOTAL EXPENDITURES	<u>61,466</u>	<u>164,146</u>	<u>5,839,715</u>	<u>3,397,357</u>	<u>9,462,684</u>	<u>15,520,686</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,015</u>	<u>(106,273)</u>	<u>(5,338,406)</u>	<u>1,809,145</u>	<u>(3,631,519)</u>	<u>(9,797,729)</u>

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018
-Continued-

	City Capital Project Fund	Fairgrounds Construction Fund	City Infrastructure Fund	Thoroughfare Fund Phase VI	Totals	
					9/30/2019	9/30/2018
OTHER FINANCING SOURCES (USES)						
Proceeds from General Obligation Bonds or Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000
Transfers from Other Funds	-	-	5,308,000	-	5,308,000	6,632,390
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,308,000	-	5,308,000	16,632,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)						
	4,015	(106,273)	(30,406)	1,809,145	1,676,481	6,834,661
FUND BALANCE						
Beginning of Year	342,870	181,790	6,728,909	4,443,626	11,697,195	4,862,534
FUND BALANCE						
End of Year	\$ 346,885	\$ 75,517	\$ 6,698,503	\$ 6,252,771	\$ 13,373,676	\$ 11,697,195

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2019
With Comparative Totals for September 30, 2018

91-

	City Bond and Interest Fund	Special Assessments Bond and Interest Fund	City Tax Increment Debt Fund	Urban Renewal Bond Fund	Special Obligation Debt Service Fund	Totals	
						9/30/2019	9/30/2018
ASSETS							
Cash	\$ 2,032,937	\$ 70,155	\$ 684,732	\$ -	\$ -	\$ 2,787,824	\$ 2,182,640
Investments	-	-	-	-	1,348,288	1,348,288	-
Receivables:							
General Property Taxes	143,297	-	-	-	-	143,297	27,714
Other	-	-	-	220,025	-	220,025	220,025
TOTAL ASSETS	\$ 2,176,234	\$ 70,155	\$ 684,732	\$ 220,025	\$ 1,348,288	\$ 4,499,434	\$ 2,430,379
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 3,750
Total Liabilities	1,500	-	-	-	-	1,500	3,750
Fund Balances:							
Restricted for Debt Service	2,174,734	70,155	684,732	220,025	1,348,288	4,497,934	2,426,629
Total Fund Balances	2,174,734	70,155	684,732	220,025	1,348,288	4,497,934	2,426,629
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,176,234	\$ 70,155	\$ 684,732	\$ 220,025	\$ 1,348,288	\$ 4,499,434	\$ 2,430,379

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	City Bond and Interest Fund	Special Assessments Bond and Interest Fund	City Tax Increment Debt Fund	Urban Renewal Bond Fund	Special Obligation Debt Service Fund	Totals	
						9/30/2019	9/30/2018
REVENUES							
Taxes:							
General Property Taxes	\$ 3,431,878	\$ 31,587	\$ 187,046	\$ -	\$ -	\$ 3,650,511	\$ 3,653,800
Intergovernmental Revenues:							
State Shared Revenues	126,589	-	-	-	-	126,589	119,936
Miscellaneous Revenues:							
Interest	15,792	1,209	8,648	-	3,141	28,790	18,723
Other	1,491,842	-	-	-	-	1,491,842	259,132
TOTAL REVENUES	<u>5,066,101</u>	<u>32,796</u>	<u>195,694</u>	<u>-</u>	<u>3,141</u>	<u>5,297,732</u>	<u>4,051,591</u>
EXPENDITURES							
Debt Service:							
General Obligations:							
Bonds Redeemed	4,306,613	-	45,000	-	-	4,351,613	4,053,065
Interest	1,554,328	-	14,175	-	-	1,568,503	1,186,184
Paying Agent Fees	18,276	-	850	-	-	19,126	24,587
Special Assessment General Obligations:							
Bonds Redeemed	-	35,000	-	-	-	35,000	30,000
Interest	-	3,745	-	-	-	3,745	5,320
Paying Agent Fees	-	750	-	-	-	750	750
TOTAL EXPENDITURES	<u>5,879,217</u>	<u>39,495</u>	<u>60,025</u>	<u>-</u>	<u>-</u>	<u>5,978,737</u>	<u>5,299,906</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>(813,116)</u>	\$ <u>(6,699)</u>	\$ <u>135,669</u>	\$ <u>-</u>	\$ <u>3,141</u>	\$ <u>(681,005)</u>	\$ <u>(1,248,315)</u>

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

-Continued-

-93-

	City Bond and Interest Fund	Special Assessments Bond and Interest Fund	City Tax Increment Debt Fund	Urban Renewal Bond Fund	Special Obligation Debt Service Fund	Totals	
						9/30/2019	9/30/2018
OTHER FINANCING SOURCES (USES):							
Transfers from Other Funds	1,407,163	-	-	-	1,345,147	2,752,310	1,407,007
Transfers to Other Funds	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,407,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,345,147</u>	<u>2,752,310</u>	<u>1,407,007</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	594,047	(6,699)	135,669	-	1,348,288	2,071,305	158,692
FUND BALANCES- Beginning of Year	<u>1,580,687</u>	<u>76,854</u>	<u>549,063</u>	<u>220,025</u>	<u>-</u>	<u>2,426,629</u>	<u>2,267,937</u>
FUND BALANCES- End of Year	<u>\$ 2,174,734</u>	<u>\$ 70,155</u>	<u>\$ 684,732</u>	<u>\$ 220,025</u>	<u>\$ 1,348,288</u>	<u>\$ 4,497,934</u>	<u>\$ 2,426,629</u>

GENERAL FUND

General Fund – This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF TUPELO
GENERAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2019 and 2018

	9/30/19	9/30/18
ASSETS		
Cash	\$ 18,411,345	\$ 15,329,071
Receivables:		
General Property Taxes	303,401	51,661
Home Grant Receivable	-	465,000
Other	181,381	201,443
Due from Other Government Units	2,026,899	2,483,985
Due from Component Unit	42,757	42,782
Due from Other Funds	2,300,000	2,350,000
Prepaid Expenses	514,154	40,637
Inventories	<u>22,319</u>	<u>42,761</u>
TOTAL ASSETS	\$ <u>23,802,256</u>	\$ <u>21,007,340</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 201,863	\$ 235,602
Unearned Revenues	177,283	271,524
Accrued Expenses	<u>676,947</u>	<u>680,964</u>
Total Liabilities	<u>1,056,093</u>	<u>1,188,090</u>
Fund Balance:		
Nonspendable		
Prepaid Expenses	515,154	40,637
Inventory	22,319	42,761
Long-Term Receivables	-	465,000
Restricted for		
Home Grant	572,991	-
Water Reserve	562,555	555,016
Unassigned	<u>21,073,144</u>	<u>18,715,836</u>
Total Fund Balance	<u>22,746,163</u>	<u>19,819,250</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>23,802,256</u>	\$ <u>21,007,340</u>

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2019 and 2018

	F.Y.E. 9/30/19	F.Y.E. 9/30/18
REVENUES		
Taxes:		
General Property Taxes	\$ 6,389,713	\$ 6,253,421
Payments in Lieu of Taxes	1,181,324	1,180,839
Penalties and Interest on Delinquent Taxes	74,091	75,300
Total Taxes	<u>7,645,128</u>	<u>7,509,560</u>
Licenses and Permits:		
Privilege License	328,251	301,306
Building Permits	278,913	278,513
Other Permits	15,822	12,220
Franchise Fees	404,294	406,574
Total Licenses and Permits	<u>1,027,280</u>	<u>998,613</u>
Intergovernmental Revenues:		
Federal Grants	620,358	318,853
State Grants	17,227	17,227
Other Grants	74,301	62,236
State Shared Revenues	22,198,239	21,825,272
Municipality Shared Revenues	3,200,000	3,200,000
County Shared Revenues	1,218,843	1,195,690
Total Intergovernmental Revenues	<u>27,328,968</u>	<u>26,619,278</u>
Charges for Services:		
Public Safety	172,284	260,756
Highways and Streets	10,800	24,050
Crime Lab Fees	62,265	58,442
Culture and Recreation Fees	448,823	442,234
Total Charges for Services	<u>694,172</u>	<u>785,482</u>
Fines and Forfeitures:		
Police Fines and Fees	658,650	673,878
Parking Fines and Fees	7,605	7,861
Total Fines and Forfeitures	<u>666,255</u>	<u>681,739</u>

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2019 and 2018

-Continued-

	F.Y.E. 9/30/19	F.Y.E. 9/30/18
REVENUES-Continued		
Miscellaneous Revenues:		
Interest	\$ 368,709	\$ 194,011
Donations	2,750	30,126
Rents	76,175	74,297
Billings to Other Departments	240,224	246,408
Other	880,948	142,705
	<u>1,568,806</u>	<u>687,547</u>
Total Miscellaneous Revenues	<u>1,568,806</u>	<u>687,547</u>
TOTAL REVENUES	<u>38,930,609</u>	<u>37,282,219</u>
EXPENDITURES		
General Government:		
Legislative Department:		
Personnel Services	258,390	261,557
Supplies	2,584	3,567
Other Services and Charges	183,132	181,121
	<u>444,106</u>	<u>446,245</u>
Total Legislative Department	<u>444,106</u>	<u>446,245</u>
Executive Department:		
Personnel Services	682,452	696,972
Supplies	14,522	14,086
Other Services and Charges	270,890	289,472
	<u>967,864</u>	<u>1,000,530</u>
Total Executive Department	<u>967,864</u>	<u>1,000,530</u>
City Court:		
Personnel Services	754,810	690,407
Supplies	18,632	16,945
Other Services and Charges	112,474	108,694
	<u>885,916</u>	<u>816,046</u>
Total City Court	<u>885,916</u>	<u>816,046</u>

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2019 and 2018

-Continued-

	F.Y.E. 9/30/19	F.Y.E. 9/30/18
EXPENDITURES-Continued		
Budget and Accounting Department:		
Personnel Services	\$ 806,395	\$ 815,795
Supplies	29,604	21,348
Other Services and Charges	360,173	350,906
Capital Outlay	65,782	78,761
Total Budget and Accounting Department	<u>1,261,954</u>	<u>1,266,810</u>
Personnel Department:		
Personnel Services	229,292	254,413
Supplies	3,572	2,042
Other Services and Charges	24,030	32,535
Total Personnel Department	<u>256,894</u>	<u>288,990</u>
Planning Department:		
Personnel Services	1,243,397	1,252,991
Supplies	33,170	47,189
Other Services and Charges	70,275	72,440
Total Community Development Department	<u>1,346,842</u>	<u>1,372,620</u>
Total General Government	<u>5,163,576</u>	<u>5,191,241</u>
Public Safety:		
Police Department:		
Personnel Services	7,929,874	8,788,930
Supplies	560,083	569,734
Other Services and Charges	1,379,098	1,486,140
Capital Outlay	301,281	265,016
Total Police Department	<u>10,170,336</u>	<u>11,109,820</u>
Fire Department:		
Personnel Services	5,481,156	5,426,423
Supplies	295,947	278,572
Other Services and Charges	310,542	286,633
Capital Outlay	19,301	2,438
Total Fire Department	<u>6,106,946</u>	<u>5,994,066</u>
Total Public Safety	<u>16,277,282</u>	<u>17,103,886</u>

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2019 and 2018

-Continued-

	F.Y.E. 9/30/19	F.Y.E. 9/30/18
EXPENDITURES-Continued		
Public Services:		
Public Works Department:		
Personnel Services	\$ 2,700,686	\$ 2,716,377
Supplies	353,489	337,821
Other Services and Charges	2,018,623	2,038,133
Capital Outlay	11,634	19,270
Total Public Works Department	<u>5,084,432</u>	<u>5,111,601</u>
Culture and Recreation:		
Park and Recreation Department:		
Personnel Services	1,795,652	1,770,418
Supplies	373,501	358,062
Other Services and Charges	914,484	902,928
Capital Outlay	4,589	37,438
Total Park and Recreation Department	<u>3,088,226</u>	<u>3,068,846</u>
Aquatic Center:		
Personnel Services	393,055	398,371
Supplies	114,109	112,941
Other Services and Charges	361,706	347,163
Capital Outlay	14,655	4,376
Total Aquatic Center	<u>883,525</u>	<u>862,851</u>
Museum Department:		
Personnel Services	91,239	92,916
Supplies	8,726	3,981
Other Services and Charges	29,063	34,292
Total Museum Department	<u>129,028</u>	<u>131,189</u>
Total Culture and Recreation	<u>4,100,779</u>	<u>4,062,886</u>
Other Functions:		
Community Services:		
Other Services and Charges	1,034,895	1,133,491
Total Community Services	<u>1,034,895</u>	<u>1,133,491</u>

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2019 and 2018

-Continued-

	F.Y.E. 9/30/19	F.Y.E. 9/30/18
EXPENDITURES-Continued		
Debt Service:		
General Obligations:		
Principal on Long Term Debt	\$ 401,468	\$ 614,986
Interest	<u>164,520</u>	<u>178,406</u>
Total General Obligations	<u>565,988</u>	<u>793,392</u>
Total Debt Service	<u>565,988</u>	<u>793,392</u>
TOTAL EXPENDITURES	<u>32,226,952</u>	<u>33,396,497</u>
EXCESS OF REVENUES		
OVER EXPENDITURES	<u>6,703,657</u>	<u>3,885,722</u>
OTHER FINANCING SOURCES (USES):		
Transfers Out	(4,420,579)	(7,457,510)
Transfers In	<u>643,835</u>	<u>545,353</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,776,744)</u>	<u>(6,912,157)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER		
SOURCES OVER (UNDER) EXPENDITURES		
AND OTHER (USES)	<u>2,926,913</u>	<u>(3,026,435)</u>
FUND BALANCE - Beginning of year	<u>19,819,250</u>	<u>22,845,685</u>
FUND BALANCE - End of year	\$ <u>22,746,163</u>	\$ <u>19,819,250</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Library Fund – This fund is used to account for the revenues that are legally restricted to support the municipal library.

Convention and Visitors Bureau Fund – This fund is used to account for the revenues that are legally restricted to the promotion of tourism.

Firemen and Policemen Retirement Fund – This fund is used to account for the revenues that are legally restricted to payment to the MS Public Employees Retirement System (PERS) to finance the retirement benefits of firemen and policemen employed prior to March 1, 1976, who are covered by the Municipal Firemen's and Policemen's Retirement System.

Coliseum Project Fund – This fund is used to account for the revenues that are restricted or assigned for use on the coliseum project.

Rental Rehabilitation Fund – This fund is used to account for the revenues that are legally restricted to housing rehabilitation projects.

Coliseum Operating Fund – This fund is used to account for the operating revenues and expenditures of the Tupelo Coliseum.

Narcotics Fund – This fund is used to account for the revenues that are legally restricted to the narcotics division.

Transportation Fund – This fund is used to account for all funds committed to public provided transportation with the intent to transition from a pilot program to an ongoing municipal service.

CITY OF TUPELO
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	F.Y.E. 9/30/2019		Variance	F.Y.E.
	Budget	Actual	Favorable	9/30/2018
			(Unfavorable)	Actual
REVENUES				
Taxes:				
General Property Taxes	\$ 464,570	\$ 462,853	\$ (1,717)	\$ 484,308
Intergovernmental:				
State Shared Revenues	14,638	17,668	3,030	16,739
Miscellaneous Revenues:				
Interest	-	156	156	68
TOTAL REVENUES	479,208	480,677	1,469	501,115
EXPENDITURES				
Community Services:				
Other Services and Charges	494,454	494,454	-	484,454
Total Community Services	494,454	494,454	-	484,454
TOTAL EXPENDITURES	494,454	494,454	-	484,454
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(15,246)	(13,777)	1,469	16,661
FUND BALANCE (NON-GAAP				
BUDGETARY BASIS) -				
Beginning of Year	74,986	74,986	-	73,784
FUND BALANCE (NON-GAAP				
BUDGETARY BASIS) -				
End of Year	\$ 59,740	61,209	\$ 1,469	90,445
Adjustments to Generally Accepted				
Accounting Principles:				
Revenue Accruals		16,131		(15,459)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 77,340		\$ 74,986

CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Intergovernmental:				
State Shared Revenues	\$ 4,383,063	\$ 5,047,206	\$ 664,143	\$ 4,459,184
Miscellaneous Revenues:				
Interest	15,000	52,514	37,514	32,088
Donations	1,000	1,000	-	-
Other	-	7,721	7,721	2,122
TOTAL REVENUES	<u>4,399,063</u>	<u>5,108,441</u>	<u>709,378</u>	<u>4,493,394</u>
EXPENDITURES				
Other Functions:				
Community Services:				
Personnel Services	817,202	704,138	113,064	706,219
Supplies	21,500	15,531	5,969	20,321
Other Services and Charges	2,213,348	1,681,228	532,120	1,483,780
Capital Expenditures	40,000	33,911	6,089	1,460,441
Total Community Services	<u>3,092,050</u>	<u>2,434,808</u>	<u>657,242</u>	<u>3,670,761</u>
Total Other Functions	<u>3,092,050</u>	<u>2,434,808</u>	<u>657,242</u>	<u>3,670,761</u>
TOTAL EXPENDITURES	<u>3,092,050</u>	<u>2,434,808</u>	<u>657,242</u>	<u>3,670,761</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,307,013</u>	<u>2,673,633</u>	<u>1,366,620</u>	<u>822,633</u>

CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Totals for Year Ended September 30, 2018

-Continued-

	F.Y.E. 9/30/2019		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
	Budget	Actual		
OTHER FINANCING SOURCES (USES):				
Transfers Out	\$ (3,707,013)	\$ (3,497,013)	\$ 210,000	\$ (1,410,807)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,707,013)</u>	<u>(3,497,013)</u>	<u>210,000</u>	<u>(1,410,807)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(2,400,000)	(823,380)	1,576,620	(588,174)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>3,890,154</u>	<u>3,890,154</u>	<u>-</u>	<u>4,536,177</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>1,490,154</u></u>	3,066,774	\$ <u><u>1,576,620</u></u>	3,948,003
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>109,901</u>		<u>(57,849)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u><u>3,176,675</u></u>		\$ <u><u>3,890,154</u></u>

CITY OF TUPELO
FIREMEN & POLICEMEN RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Taxes:				
General Property Taxes	\$ 771,091	\$ 768,239	\$ (2,852)	\$ 803,726
Intergovernmental Revenues:				
State Shared Revenues	24,296	29,325	5,029	27,784
Miscellaneous Revenues:				
Interest Income	-	365	365	148
TOTAL REVENUES	<u>795,387</u>	<u>797,929</u>	<u>2,542</u>	<u>831,658</u>
EXPENDITURES				
Public Safety:				
Police Department:				
Personnel Services	<u>612,500</u>	<u>573,296</u>	<u>39,204</u>	<u>577,500</u>
Total Police Department	<u>612,500</u>	<u>573,296</u>	<u>39,204</u>	<u>577,500</u>
Fire Department:				
Personnel Services	<u>262,500</u>	<u>245,698</u>	<u>16,802</u>	<u>247,500</u>
Total Fire Department	<u>262,500</u>	<u>245,698</u>	<u>16,802</u>	<u>247,500</u>
Total Public Safety	<u>875,000</u>	<u>818,994</u>	<u>56,006</u>	<u>825,000</u>
TOTAL EXPENDITURES	<u>875,000</u>	<u>818,994</u>	<u>56,006</u>	<u>825,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,613)	(21,065)	58,548	6,658
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>39,658</u>	<u>39,658</u>	<u>-</u>	<u>58,659</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>(39,955)</u>	18,593	\$ <u>58,548</u>	65,317
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>26,775</u>		<u>(25,659)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u>45,368</u>		\$ <u>39,658</u>

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 2,500	\$ 9,961	\$ 7,461	\$ 9,518
TOTAL REVENUES	2,500	9,961	7,461	9,518
EXPENDITURES				
Culture and Recreation:				
Tupelo Coliseum:				
Other Services and Charges	-	-	-	-
Total Tupelo Coliseum	-	-	-	-
Total Culture and Recreation	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500	9,961	7,461	9,518

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Totals for Year Ended September 30, 2018

-Continued-

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
OTHER FINANCING SOURCES				
(USES):				
Transfers In	\$ 1,915,120	\$ 1,915,120	\$ -	\$ 1,915,120
Transfers Out	<u>(2,117,620)</u>	<u>(1,969,972)</u>	<u>147,648</u>	<u>(2,057,446)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(202,500)</u>	<u>(54,852)</u>	<u>147,648</u>	<u>(142,326)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(200,000)	(44,891)	155,109	(132,808)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>231,423</u>	<u>231,423</u>	<u>-</u>	<u>364,231</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>31,423</u>	186,532	\$ <u>155,109</u>	231,423
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>186,532</u>		\$ <u>231,423</u>

CITY OF TUPELO
RENTAL REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

	F.Y.E. 9/30/2019				
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual	
REVENUES					
Miscellaneous:					
Interest	\$ -	\$ 14	\$ 14	\$ 38	
TOTAL REVENUES	<u>-</u>	<u>14</u>	<u>14</u>	<u>38</u>	
EXPENDITURES					
Other Services and Charges	<u>23,491</u>	<u>10,956</u>	<u>12,535</u>	<u>14,152</u>	
TOTAL EXPENDITURES	<u>23,491</u>	<u>10,956</u>	<u>12,535</u>	<u>14,152</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,491)</u>	<u>(10,942)</u>	<u>12,549</u>	<u>(14,114)</u>	
OTHER FINANCING SOURCES (USES):					
Transfer to General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>(23,491)</u>	<u>(10,942)</u>	<u>12,549</u>	<u>(14,114)</u>	
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -					
Beginning of Year	<u>93,422</u>	<u>93,422</u>	<u>-</u>	<u>107,536</u>	
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -					
End of Year	\$ <u>69,931</u>	82,480	\$ <u>12,549</u>	93,422	
Adjustments to Generally Accepted Accounting Principles:					
Revenue Accruals		<u>-</u>		<u>-</u>	
FUND BALANCE (GAAP BASIS)					
End of Year		\$ <u>82,480</u>		\$ <u>93,422</u>	

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

		F.Y.E. 9/30/2019		
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
REVENUES				
Charges for Sales & Services:				
Commissions	\$ 90,000	\$ 51,843	\$ (38,157)	\$ 17,410
Concessions & Other Sales	700,000	611,242	(88,758)	637,876
Direct Show Revenue	110,000	57,255	(52,745)	49,872
Parking	10,000	2,331	(7,669)	7,998
Service Charge	475,000	414,087	(60,913)	394,990
Rental Revenue	2,162,500	1,733,991	(428,509)	1,870,151
Personnel Service Fees	425,000	333,253	(91,747)	289,659
Miscellaneous Revenues:				
Advertising Agency Fee	600,000	480,838	(119,162)	448,387
Other	312,500	276,255	(36,245)	357,367
Interest	7,500	18,874	11,374	13,890
TOTAL REVENUES	4,892,500	3,979,969	(912,531)	4,087,600
EXPENDITURES				
Culture and Recreation:				
Coliseum Operations:				
Personnel Services	2,030,830	1,627,207	403,623	1,554,285
Supplies	600,500	392,286	208,214	477,397
Other Services and Charges	2,687,000	2,554,966	132,034	2,391,437
Capital Outlay	500,000	389,368	110,632	411,986
Total Coliseum Operations	5,818,330	4,963,827	854,503	4,835,105
TOTAL EXPENDITURES	5,818,330	4,963,827	854,503	4,835,105
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(925,830)	(983,858)	(58,028)	(747,505)

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018
-Continued-

		F.Y.E. 9/30/2019			
		Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
OTHER FINANCING SOURCES (USES):					
Transfer from Coliseum Project	\$	<u>925,830</u>	\$ <u>659,822</u>	\$ <u>(266,008)</u>	\$ <u>746,246</u>
TOTAL OTHER FINANCING SOURCES (USES)		<u>925,830</u>	<u>659,822</u>	<u>(266,008)</u>	<u>746,246</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)		-	(324,036)	(324,036)	(1,259)
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -					
Beginning of Year		<u>794,716</u>	<u>794,716</u>	-	<u>757,023</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -					
End of Year	\$	<u><u>794,716</u></u>	470,680	\$ <u><u>(324,036)</u></u>	755,764
Adjustments to Generally Accepted Accounting Principles:					
Revenue Accruals			<u>66,986</u>		<u>38,952</u>
FUND BALANCE (DEFICIT) (GAAP BASIS)					
End of Year	\$		<u><u>537,666</u></u>		\$ <u><u>794,716</u></u>

CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

F.Y.E. 9/30/2019				
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
REVENUES				
Intergovernmental Revenues:				
Federal Shared Revenue	\$ 10,000	\$ -	\$ (10,000)	\$ 6,900
Fines and Forfeitures	100,000	60,432	(39,568)	117,330
Miscellaneous Revenues:				
Interest	20,000	23,299	3,299	18,789
Other	113,047	80,922	(32,125)	98,942
TOTAL REVENUES	243,047	164,653	(78,394)	241,961
EXPENDITURES				
Public Safety:				
Police Department:				
Supplies	47,500	29,597	17,903	12,804
Other Services and Charges	310,150	163,244	146,906	170,937
Capital Outlay	363,911	273,571	90,340	89,985
Total Police Department	721,561	466,412	255,149	273,726
TOTAL EXPENDITURES	721,561	466,412	255,149	273,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(478,514)	(301,759)	176,755	(31,765)
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	(46,376)	(46,376)	-	(45,353)
TOTAL OTHER FINANCING SOURCES (USES)	(46,376)	(46,376)	-	(45,353)

CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Totals for Year Ended September 30, 2018

-Continued-

F.Y.E. 9/30/2019				
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (524,890)	\$ (348,135)	\$ 176,755	\$ (77,118)
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>1,738,671</u>	<u>1,738,671</u>	<u>-</u>	<u>1,817,209</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>1,213,781</u></u>	1,390,536	\$ <u><u>176,755</u></u>	1,740,091
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>(1,420)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u><u>1,390,536</u></u>		\$ <u><u>1,738,671</u></u>

CITY OF TUPELO
TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Totals for Year Ended September 30, 2018

F.Y.E. 9/30/2019				
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
EXPENDITURES				
Other Functions:				
Community Services:				
Other Services and Charges	\$ 225,000	\$ 217,489	\$ 7,511	\$ -
TOTAL EXPENDITURES	<u>225,000</u>	<u>217,489</u>	<u>7,511</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(225,000)</u>	<u>(217,489)</u>	<u>(7,511)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>(225,000)</u>	<u>(217,489)</u>	<u>(7,511)</u>	<u>-</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>-</u></u>	7,511	\$ <u><u>(7,511)</u></u>	225,000
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u><u>7,511</u></u>		\$ <u><u>225,000</u></u>

CAPITAL PROJECTS FUND

Capital Projects are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

City Capital Project Fund – This fund is used to account for general construction for the City of Tupelo that is not specifically accounted for in any other capital project fund.

Fairgrounds Construction Fund – This fund is used to account for the costs of constructing the Fairgrounds Redevelopment Project.

City Infrastructure Fund – This fund is used to account for projects approved in the City of Tupelo's 5 year capital plan. The funding for these projects will include G.O. Bonds, general fund money, and grants.

Thoroughfare Funds Phase V and VI – These funds are used to account for the cost of constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land for these purposes. A 10.00 mill special property tax will be levied for the next five years to finance this project.

Special Obligation Capital Fund – This fund is used to account for the projects approved by Council and funded with Special Obligation Bond proceeds. This is a major fund.

CITY OF TUPELO
CITY CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Intergovernmental Revenues:				
State Shared Revenues	\$ 108,990	\$ 60,824	\$ (48,166)	\$ -
Miscellaneous Revenues:				
Interest	-	4,657	4,657	3,257
Donations	-	-	-	-
TOTAL REVENUES	<u>108,990</u>	<u>65,481</u>	<u>(43,509)</u>	<u>3,257</u>
EXPENDITURES				
Supplies	-	-	-	-
Capital Outlay:				
Capital Outlay	<u>250,170</u>	<u>61,466</u>	<u>188,704</u>	<u>-</u>
TOTAL EXPENDITURES	<u>250,170</u>	<u>61,466</u>	<u>188,704</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(141,180)	4,015	145,195	3,257
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>342,870</u>	<u>342,870</u>	<u>-</u>	<u>339,613</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	<u>\$ 201,690</u>	<u>346,885</u>	<u>\$ 145,195</u>	<u>342,870</u>
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 346,885</u>		<u>\$ 342,870</u>

CITY OF TUPELO
FAIRGROUNDS CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/2018 Actual
REVENUES				
Intergovernmental Revenues:				
Federal Grants	\$ 52,200	\$ 51,278	\$ (922)	\$ -
Miscellaneous Revenues:				
Interest	-	1,595	1,595	2,153
Other	-	5,000	5,000	3,195
TOTAL REVENUES	<u>52,200</u>	<u>57,873</u>	<u>5,673</u>	<u>5,348</u>
EXPENDITURES				
Other Services and Charges	-	-	-	81,043
Capital Outlay:				
Capital Outlay	<u>230,979</u>	<u>164,146</u>	<u>66,833</u>	<u>-</u>
TOTAL EXPENDITURES	<u>230,979</u>	<u>164,146</u>	<u>66,833</u>	<u>81,043</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(178,779)	(106,273)	72,506	(75,695)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>181,790</u>	<u>181,790</u>	<u>-</u>	<u>257,485</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>3,011</u>	75,517	\$ <u>72,506</u>	181,790
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>75,517</u>		\$ <u>181,790</u>

CITY OF TUPELO
CITY INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019		Variance	F.Y.E.
	Budget	Actual	Favorable (Unfavorable)	9/30/2018 Actual
REVENUES				
Intergovernmental Revenues:				
Federal Grants	\$ 965,073	\$ 165,073	\$ (800,000)	\$ 267,550
Other Grants	2,600	33,960	31,360	2,600
Miscellaneous Revenues:				
Interest	-	67,485	67,485	87,175
Donations	15,535	15,535	-	-
Other	128,500	219,256	90,756	355,975
TOTAL REVENUES	1,111,708	501,309	(610,399)	713,300
EXPENDITURES				
Bond Issue Costs	-	-	-	200,000
Other Services and Charges	3,509,334	1,683,319	1,826,015	2,800,056
Capital Outlay:				
Capital Outlay	9,160,016	4,156,396	5,003,620	8,295,050
Total Capital Outlay	12,669,350	5,839,715	6,829,635	11,295,106
TOTAL EXPENDITURES	12,669,350	5,839,715	6,829,635	11,295,106
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,557,642)	(5,338,406)	6,219,236	(10,581,806)
OTHER FINANCING SOURCES (USES):				
Bond and Debt Proceeds	-	-	-	10,000,000
Transfer from Other Funds	5,308,000	5,308,000	-	6,632,390
TOTAL OTHER FINANCING SOURCES (USES)	5,308,000	5,308,000	-	16,632,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(6,249,642)	(30,406)	6,219,236	6,050,584
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	6,728,909	6,728,909	-	727,656
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>479,267</u>	6,698,503	\$ <u>6,219,236</u>	6,778,240
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		(49,331)
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>6,698,503</u>		\$ <u>6,728,909</u>

CITY OF TUPELO
CITY THOROUGHFARE FUND PHASE VI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 4,789,383	\$ 4,771,656	\$ (17,727)	\$ 4,992,045
Intergovernmental Revenues:				
State Shared Revenues	150,909	182,143	31,234	172,569
Miscellaneous Revenues:				
Interest	25,000	86,397	61,397	44,497
TOTAL REVENUES	<u>4,965,292</u>	<u>5,040,196</u>	<u>74,904</u>	<u>5,209,757</u>
EXPENDITURES				
Personnel Services	99,427	64,337	35,090	93,979
Other Services and Charges	1,835,072	1,395,721	439,351	1,054,826
Capital Outlay:				
Capital Outlay	7,430,793	1,937,299	5,493,494	2,995,732
TOTAL EXPENDITURES	<u>9,365,292</u>	<u>3,397,357</u>	<u>5,967,935</u>	<u>4,144,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,400,000)</u>	<u>1,642,839</u>	<u>6,042,839</u>	<u>1,065,220</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>4,443,626</u>	<u>4,443,626</u>	<u>-</u>	<u>3,537,780</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	<u>\$ 43,626</u>	6,086,465	<u>\$ 6,042,839</u>	4,603,000
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		166,306		(159,374)
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 6,252,771</u>		<u>\$ 4,443,626</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

City Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of General City Bonds.

Water G. O. Bonds Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of G. O. Water Bonds. This is a major fund.

Special Assessments Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Special Assessments Bonds.

City Tax Increment Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Tax Increment Bonds.

Urban Renewal Bond Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the Fairgrounds Special Obligation Bonds.

Special Obligation Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of principal, interest and related costs of Special Obligation Bonds.

CITY OF TUPELO
CITY BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/2018 Actual
REVENUES				
Taxes:				
General Property Taxes	\$ 3,328,621	\$ 3,316,295	\$ (12,326)	\$ 3,469,436
Intergovernmental Revenues:				
State Shared Revenues	126,589	126,589	-	119,936
Miscellaneous Revenues:				
Interest	15,000	15,792	792	13,943
Other	251,518	1,491,842	1,240,324	259,132
TOTAL REVENUES	3,721,728	4,950,518	1,228,790	3,862,447
EXPENDITURES				
Debt Service:				
General Obligations:				
Bonds Redeemed	4,455,000	4,306,613	148,387	3,953,065
Interest	1,587,321	1,554,328	32,993	1,168,416
Paying Agent Fees	25,000	18,276	6,724	22,737
TOTAL EXPENDITURES	6,067,321	5,879,217	188,104	5,144,218
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,345,593)	(928,699)	1,416,894	(1,281,771)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,407,252	1,407,163	(89)	1,407,007
TOTAL OTHER FINANCING SOURCES (USES)	1,407,252	1,407,163	(89)	1,407,007

CITY OF TUPELO
CITY BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Actual Amounts for Year Ended September 30, 2018

-Continued-

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (938,341)	\$ 478,464	\$ 1,416,805	\$ 125,236
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>1,580,687</u>	<u>1,580,687</u>	<u>-</u>	<u>1,566,214</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>642,346</u>	2,059,151	\$ <u>1,416,805</u>	1,691,450
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>115,583</u>		<u>(110,763)</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ <u>2,174,734</u>		\$ <u>1,580,687</u>

CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 43,745	\$ 31,587	\$ (12,158)	\$ 37,993
Miscellaneous Revenues:				
Interest	-	1,209	1,209	739
TOTAL REVENUES	43,745	32,796	(10,949)	38,732
EXPENDITURES				
Debt Service:				
Special Assessment General Obligations:				
Bonds Redeemed	35,000	35,000	-	30,000
Interest	3,745	3,745	-	5,320
Paying Agent Fees	5,000	750	4,250	750
Total Debt Service	43,745	39,495	4,250	36,070
TOTAL EXPENDITURES	43,745	39,495	4,250	36,070
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,699)	(6,699)	2,662
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-

CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Actual Amounts for Year Ended September 30, 2018

-Continued-

					F.Y.E. 9/30/2019		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2018 Actual
					Budget	Actual		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)					\$ -	\$ (6,699)	\$ (6,699)	\$ 2,662
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year					<u>76,854</u>	<u>76,854</u>	<u>-</u>	<u>74,192</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year					\$ <u><u>76,854</u></u>	70,155	\$ <u><u>(6,699)</u></u>	76,854
Adjustments to Generally Accepted Accounting Principles:								
Revenue Accruals						<u>0</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) - End of Year						\$ <u><u>70,155</u></u>		\$ <u><u>76,854</u></u>

CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 61,175	\$ 187,046	\$ 125,871	\$ 257,134
Miscellaneous Revenues:				
Interest	-	8,648	8,648	4,041
TOTAL REVENUES	61,175	195,694	134,519	261,175
EXPENDITURES				
Debt Service:				
General Obligations:				
Bonds Redeemed	45,000	45,000	-	100,000
Interest	14,175	14,175	-	17,768
Paying Agent Fees	2,000	850	1,150	1,850
Total Debt Service	61,175	60,025	1,150	119,618
TOTAL EXPENDITURES	61,175	60,025	1,150	119,618
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	135,669	135,669	141,557
OTHER FINANCING SOURCES (USES):				
Transfer from TIF/SP Assessment Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-

CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

-Continued-

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES AND				
OTHER SOURCES (USES)	\$ -	\$ 135,669	\$ 135,669	\$ 141,557
FUND BALANCE (NON-GAAP				
BUDGETARY BASIS) -				
Beginning of Year	<u>549,063</u>	<u>549,063</u>	<u>-</u>	<u>407,506</u>
FUND BALANCE (NON-GAAP				
BUDGETARY BASIS) -				
End of Year	\$ <u><u>549,063</u></u>	684,732	\$ <u><u>135,669</u></u>	549,063
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ <u><u>684,732</u></u>		\$ <u><u>549,063</u></u>

CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/2018 Actual
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	-	-	-	-
Interest	-	-	-	-
Paying Agent Fees	-	-	-	-
Total Debt Service	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-

CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2019

With Comparative Actual Amounts for Year Ended September 30, 2018

-Continued-

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -	\$ -	\$ -	-
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>220,025</u>	<u>220,025</u>	<u>-</u>	<u>220,025</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>220,025</u></u>	220,025	\$ <u><u>-</u></u>	220,025
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ <u><u>220,025</u></u>		\$ <u><u>220,025</u></u>

CITY OF TUPELO
SPECIAL OBLIGATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018

	F.Y.E. 9/30/2019			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/2018 Actual
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ 3,141	\$ 3,141	\$ -
TOTAL REVENUES	-	3,141	3,141	-
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	-	-	-	-
Interest	-	-	-	-
Paying Agent Fees	-	-	-	-
Total Debt Service	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	3,141	3,141	-
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,345,147	1,345,147	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,345,147	1,345,147	-

CITY OF TUPELO
SPECIAL OBLIGATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2019
With Comparative Actual Amounts for Year Ended September 30, 2018
-Continued-

	F.Y.E. 9/30/2019			F.Y.E. 9/30/2018 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -	\$ 1,348,288	\$ 1,348,288	\$ -
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	-	-	-	-
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ -	1,348,288	\$ 1,348,288	-
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ 1,348,288		\$ -

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments and/or other funds.

Metro Vice Seized Fund – This fund is used to account for assets seized by the narcotics unit and held in escrow pending distribution to applicable parties.

City Court Restitution Fund – This fund is used to account for assets held for complainants as restitution to them.

Flexible Spending Fund – This fund is used to account for assets held for employees in accordance with provisions of Internal Revenue Code Section 125.

Self Insurance Fund – This fund is used to account for assets held to fund self insurance claims.

Arts Committee Fund – This fund is used to account for assets held by the Art Committee which evaluates and selects local works of art to be placed on display in City Hall.

**CITY OF TUPELO
AGENCY FUNDS
COMBINING BALANCE SHEET**

September 30, 2019
With Comparative Totals for September 30, 2018

					Totals	
	Metro Vice Seized Fund	City Court Restitution Fund	Self Insurance Fund	Arts Committee Fund	9/30/19	9/30/18
ASSETS						
Cash	\$ 215,403	\$ 6,964	\$ 458,982	754	\$ 682,103	711,869
Investments	-	-	500	-	500	500
TOTAL ASSETS	\$ 215,403	\$ 6,964	459,482	\$ 754	\$ 682,603	\$ 712,369
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 50,709	\$ -	\$ 50,709	\$ 51,520
Due to Complainants	-	6,964	-	-	6,964	6,964
Due to Arts Committee	-	-	-	754	754	744
Due to Insured Employees	-	-	408,773	-	408,773	481,763
Seized Money Held	215,403	-	-	-	215,403	171,378
TOTAL LIABILITIES	\$ 215,403	\$ 6,964	\$ 459,482	\$ 754	\$ 682,603	\$ 712,369

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2019

	Balance September 30, 2018	Debits	Credits	Balance September 30, 2019
METRO VICE SEIZED FUND				
<u>ASSETS</u>				
Cash	\$ 171,378	\$ 293,857	\$ 249,832	\$ 215,403
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 86,146	\$ 86,146	\$ -
Seized Money Held	171,378	142,374	186,399	215,403
Total Liabilities	\$ 171,378	\$ 228,520	\$ 272,545	\$ 215,403
CITY COURT RESTITUTION FUND				
<u>ASSETS</u>				
Cash	\$ 6,964	\$ 248	\$ 248	\$ 6,964
<u>LIABILITIES</u>				
Due to Complainants	\$ 6,964	\$ -	\$ -	\$ 6,964
TUPELO ARTS COMMITTEE				
<u>ASSETS</u>				
Cash	\$ 744	\$ 10	\$ -	\$ 754
<u>LIABILITIES</u>				
Deposits - Arts Committee	\$ 744	\$ -	\$ 10	\$ 754
Total Liabilities	\$ 744	\$ -	\$ 10	\$ 754

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2019
-Continued-

	Balance September 30, 2018	Debits	Credits	Balance September 30, 2019
SELF INSURANCE FUND				
<u>ASSETS</u>				
Cash	\$ 532,783	\$ 224,404	\$ 298,205	\$ 458,982
Investments	500	-	-	500
Total Assets	\$ <u>533,283</u>	\$ <u>224,404</u>	\$ <u>298,205</u>	\$ <u>459,482</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 51,520	\$ 51,622	\$ 50,811	\$ 50,709
Due to Insured Employees	481,763	301,033	228,043	408,773
Total Liabilities	\$ <u>533,283</u>	\$ <u>352,655</u>	\$ <u>278,854</u>	\$ <u>459,482</u>
TOTAL ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash	\$ 711,869	\$ 518,519	\$ 548,285	\$ 682,103
Investments	500	-	-	500
Total Assets	\$ <u>712,369</u>	\$ <u>518,519</u>	\$ <u>548,285</u>	\$ <u>682,603</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 51,520	\$ 137,768	\$ 136,957	\$ 50,709
Seized Money Held	171,378	142,374	186,399	215,403
Deposits - Arts Committee	744	-	10	754
Due to Complainants	6,964	-	-	6,964
Due to Insured Employees	481,763	301,033	228,043	408,773
Total Liabilities	\$ <u>712,369</u>	\$ <u>581,175</u>	\$ <u>551,409</u>	\$ <u>682,603</u>

SUPPLEMENTARY INFORMATION

CITY OF TUPELO
SCHEDULE OF INVESTMENTS
Year Ended September 30, 2019

INVESTMENT OWNED BY	TYPE OF INVESTMENT	DATE ACQ'D	MATURITY DATE	INTEREST RATE	CARRYING VALUE
GOVERNMENTAL FUNDS:					
Debt Service Funds:					
Water G. O. Bonds Fund	U.S. Government Securities Fund	Var	N/A	Var	\$ 5,077,544
Special Obligation Debt Service Fund	U.S. Government Securities Fund	Var	N/A	Var	<u>1,348,288</u>
	Total Investments - Debt Service Funds				<u>6,425,832</u>
Capital Projects Funds:					
Special Obligation Capital Fund	U.S. Government Securities Fund	Var	N/A	Var	<u>379,000</u>
	Total Investments - Capital Projects Funds				<u>379,000</u>
	Total Investments - Governmental Funds				<u>6,804,832</u>
FIDUCIARY FUNDS:					
Agency Funds:					
Deferred Comp. Fund	Self-Insurance Trust Fund	Var	N/A	N/A	<u>500</u>
	Total Investments - Agency Funds				<u>500</u>
	Total Investments - Fiduciary Funds				<u>500</u>
	Total Investments - All Funds				<u>\$ 6,805,332</u>

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT
Year Ended September 30, 2019

	INTEREST RATE	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2018	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2019	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
GENERAL OBLIGATION BONDS:									
General City Bonds									
G.O. - Series 2012	2.000 - 2.375%	5/1/12	11/1/32	\$ 5,400,000	\$ -	\$ (240,000)	\$ 5,160,000	\$ 240,000	\$ 106,763
G.O. - Series 2013	2.100 - 3.000%	4/10/13	9/30/33	5,400,000	-	(240,000)	5,160,000	240,000	119,526
G.O. - Series 2013	2.500 - 3.250%	9/1/13	9/30/28	2,150,000	-	(185,000)	1,965,000	190,000	55,550
G.O. - Series 2011	2.100 - 2.875%	12/1/11	12/1/30	3,335,000	-	(160,000)	3,175,000	160,000	74,889
G.O. Refunding - Series A	2.000 - 3.000%	6/21/11	7/1/19	820,000	-	(820,000)	-	-	-
G.O. Refunding - Series B	2.000 - 4.375%	6/21/11	7/1/23	2,725,000	-	(500,000)	2,225,000	520,000	92,644
G.O. - Series 2015	1.310 - 3.280%	7/28/15	7/1/29	3,700,000	-	(200,000)	3,500,000	400,000	97,850
G.O. Refunding - Series 2016	1.100 - 1.970%	1/28/16	2/1/22	3,030,000	-	(715,000)	2,315,000	790,000	35,181
G.O. - Series 2016	2.313 - 2.685%	5/12/16	4/1/36	5,800,000	-	(100,000)	5,700,000	100,000	147,043
G.O. Combined Refunding-Series 2016	3.000 - 5.000%	8/4/16	7/1/26	6,725,000	-	(1,295,000)	5,430,000	1,345,000	236,750
G.O. - Series 2017	2.000 - 5.000%	11/14/17	11/1/37	10,000,000	-	-	10,000,000	-	331,700
G.O. Refunding - Series 2019	4.00%	5/31/19	12/1/32	-	6,385,000	-	6,385,000	340,000	589,309
Total General City Bonds				49,085,000	6,385,000	(4,455,000)	51,015,000	4,325,000	1,887,205
Water Bonds									
Series 2008- Refunding Bonds	3.91-5.51%	12/17/08	12/1/33	7,690,000		(7,015,000)	675,000	-	-
Total Water Bonds				7,690,000	-	(7,015,000)	675,000	-	-
Special Assessments General Obligation Bonds									
Series 2000	variable	8/1/00	8/1/20	70,000	-	(35,000)	35,000		
Total Special Assessments General Obligations Bonds				70,000	-	(35,000)	35,000	-	-
TOTAL GENERAL OBLIGATION BONDS				56,845,000	6,385,000	(11,505,000)	51,725,000	4,325,000	1,887,205
OTHER LONG-TERM DEBT:									
General City Notes Payable									
Capital Improvements Revolving Loan	3.00%	8/24/09	2/1/33	1,156,759	-	(65,169)	1,091,590	67,572	31,805
Tupelo Airport Authority Capital Acquisitor	3.00%	6/22/11	7/1/25	882,024	-	(99,190)	782,834	102,165	23,485
Bank of America ESCO	2.62%	10/9/15	4/9/32	3,953,186	-	(237,110)	3,716,076	243,364	95,778
Total General City Notes Payable				5,991,969	-	(401,469)	5,590,500	413,101	151,068

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT - Continued
Year Ended September 30, 2019

	INTEREST RATE	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2018	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2019	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
OTHER LONG-TERM DEBT - Continued:									
Water and Sewer Notes Payable									
Drinking Water Loan	4.00%	9/1/05	5/1/25	\$ 456,306	\$ -	\$ (60,947)	\$ 395,359	\$ 63,430	\$ 14,660
Drinking Water Loan	1.95%	6/14/06	12/1/27	261,015	-	(26,004)	235,011	26,516	4,347
Capital Improvements Revolving Loan	1.75%	11/19/04	6/1/26	2,919,139	-	(354,809)	2,564,330	361,068	41,989
Capital Improvements Revolving Loan	1.75%	9/30/04	11/1/27	12,269,590	-	(1,244,938)	11,024,652	1,266,900	182,802
SRF - MDA Revolving Loan	1.95%	6/1/16	12/1/35	3,421,755	-	(168,528)	3,253,227	171,844	61,907
SRF - Annexed Sewer Loan 2014	1.75%	8/1/16	12/1/35	4,042,439	-	(202,539)	3,839,900	206,112	65,550
SRF - Chemical Addition	1.75%	6/1/16	2/1/36	3,161,229	-	(156,632)	3,004,597	159,395	51,306
SRF - Annexed Water	1.95%	9/30/14	2/1/37	4,072,665	-	(185,634)	3,887,031	189,287	74,111
SRF - 2015 Water	1.95%	9/30/15	11/1/37	1,008,438	-	(43,826)	964,612	44,688	18,412
SRF - Annex Sewer 2014		In progress		6,878,666	1,490,613	-	8,369,279	-	-
Total Water and Sewer Notes Payable				38,491,242	1,490,613	(2,443,857)	37,537,998	2,489,240	515,084
Mississippi Development Lease	4.000 - 5.000%	9/21/00	7/1/25	-	-	-	-	-	-
Special Obligation Bonds									
Series 2018 - Water and Sewer Dept.	Variable (2% -5%)	4/12/18	5/1/33	8,935,000	-	(435,000)	8,500,000	475,000	372,350
Series 2018 - Electric Department	Variable (2% -5%)	4/12/18	5/1/33	5,740,000	-	(280,000)	5,460,000	300,000	248,100
Series 2019 - General	Variable (4%-5%)	7/18/19	7/1/49	-	15,000,000	-	15,000,000	-	-
				14,675,000	15,000,000	(715,000)	28,960,000	775,000	620,450
Tax Increment Limited Obligation Bonds									
Series 1998	5.70%	2/1/98	3/1/18	-	-	-	-	-	-
Series 2009	4.50%	5/13/09	5/1/24	315,000	-	(45,000)	270,000	50,000	12,150
Total Tax Increment Limited Obligation Bonds				315,000	-	(45,000)	270,000	50,000	12,150
Northeast MS Regional Water Supply District									
State Revolving Loan	3.00%	9/1/98	8/1/22	552,664	-	(165,769)	386,895	170,812	9,271
Tupelo Airport Authority									
Notes Payable	3.00%	9/1/00	8/1/22	107,376	-	(20,225)	87,151	20,832	2,614
TOTAL OTHER LONG-TERM DEBT				54,141,282	16,490,613	(3,389,851)	67,242,044	3,505,884	1,159,569
Bond Premiums				2,411,483	3,025,090	(338,678)	5,097,895	-	-
TOTAL LONG-TERM DEBT				\$ 119,389,734	\$ 25,900,703	\$ (15,634,998)	\$ 129,655,439	\$ 8,243,985	\$ 3,197,842

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2019

	<u>MUNICIPAL</u>	<u>SCHOOL</u>	<u>TAX</u>
Adjusted Assessed Valuation:			
Realty	\$ 346,801,455	\$ 14,268,098	
Personal	92,892,718	27,377,602	
Personal - Auto (From County)	<u>61,317,856</u>	<u>4,283,246</u>	
Total Municipal at 96.57 Mills	<u>\$ 501,012,029</u>		48,382,732
Total School at 64.10 Mills		<u>\$ 45,928,946</u>	2,944,045
Collections Adjustments:			
Add:			
Municipal Homestead Reimbursement		\$ 591,418	
School Homestead Reimbursement		427,785	
Prior Year Tax Collections		241,083	
Penalties and Interest		74,091	
In-Lieu Taxes		1,181,324	
Special Assessments		<u>31,587</u>	2,547,288
Less:			
Cost of Collections		320,325	
School Homestead Loss		<u>786,847</u>	1,107,172
TOTAL TO BE ACCOUNTED FOR			<u><u>52,766,893</u></u>

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2019
-Continued-

	<u>TAXES</u>	<u>HOMESTEAD REIMBURSEMENT</u>	<u>TOTALS</u>
Collection Credits to Funds:			
Municipal General Fund	\$ 7,645,128	\$ 235,693	7,880,821
Special Assessments Fund	31,587	-	31,587
Tax Increment Bond Fund	187,046	-	187,046
City Bond & Interest Fund	3,431,878	126,589	3,558,467
Library Fund	478,984	17,668	496,652
Firemen & Policemen Retirement Fund	795,014	29,325	824,339
City Special Levy Street Improvements Fund	4,937,962	182,143	5,120,105
School Maintenance Fund	29,210,216	427,785	29,638,001
School Bond and Interest Fund	3,326,951	-	3,326,951
Tupelo/Lee County Vo-Tech	7	-	7
School Notes - Shortfall Note	1,636,210	-	1,636,210
Total Collections	\$ <u>51,680,983</u>	\$ <u>1,019,203</u>	52,700,186
Balance Represented By:			
Unpaid Property Taxes		\$ 66,660	
Unaccounted For (Over)		46	66,707
TOTAL ACCOUNTED FOR			<u><u>52,766,893</u></u>

CITY OF TUPELO
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2019

NAME	POSITION	BOND	INSURANCE COMPANY
Jason Shelton	Mayor	\$ 100,000	Travelers Casualty & Surety Co. of America
Kim Hanna	City Clerk	50,000	Travelers Casualty & Surety Co. of America
Steven Aguirre	Chief of Police	75,000	Western Surety Company
City of Tupelo	Blanket Policy	50,000	Western Surety Company
City of Tupelo	Per Councilman	100,000	Travelers Casualty & Surety Co. of America
Rhonda Cole	Deputy Clerk	50,000	Travelers Casualty & Surety Co. of America
Traci Carlock Dillard	Deputy Clerk	50,000	Western Surety Company
Kizzy Guy	Deputy Clerk	50,000	Travelers Casualty & Surety Co. of America

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2019

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal CFDA Number	Federal Expenditures
PRIMARY GOVERNMENT:			
Environmental Protection Agency			
U. S. Department of Housing and Urban Development			
Passed through State Office of:			
Mississippi Development Authority:			
Community Development Block Grant	1132-15-366-PF-01	14.228	\$ 63,511
Total U.S. Department of Housing and Urban Development			\$ 63,511
U. S. Department of Justice			
Passed through State Office of:			
Mississippi Emergency Management Agency:			
Hot Spot Award	17HS2322	16.738	\$ 92,324
Justice Assistance	2014-DJBX-0504	16.738	15,519
U.S. Treasury	19-NOR-406-AFF	16.738	23,178
OCDETF	SE-MSN-0094	16.738	14,049
U.S. Marshall Service		16.Ukn	7,126
Bulletproof Vest Partnership Program		16.607	2,648
Juvenile Mentoring Program	2017-NPAL-TO-106	16.726	28,818
Total U.S. Department of Justice			\$ 183,662
Executive Office of the President			
DEA State and Local Task Force Agreement		95.001	\$ 9,172
Total Executive Office of the President			\$ 9,172

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2019

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal CFDA Number	Federal Expenditures
U. S. Department of Homeland Security			
Passed through State Office of:			
Mississippi Emergency Management Agency:			
Homeland Security Grant	18HS366T	97.067	\$ 45,000
Homeland Security Grant	18HS366	97.067	9,000
Homeland Security Grant	17LE366B	97.067	52,000
Homeland Security Grant	18LE366B	97.067	50,000
Assistance to Firefighters	EMW-2017-FO-02992	97.044	72,749
Emergency Management Assistance*	4175-DR-MS	97.039	353,848
Total U. S. Department of Homeland Security			\$ 582,597
Appalachian Regional Commission			
Passed through State Office of:			
Mississippi Development Authority:			
Appalachian Regional Commission		23.001	\$ 51,278
Total Appalachian Regional Commission			\$ 51,278
TOTAL FEDERAL EXPENDITURES			\$ 890,220

SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of expenditures of federal awards includes the federal award activity of the City of Tupelo, Mississippi under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

* - Major Program

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Michael Little, CPA

Rudolph Franks, CPA (1933-2019)

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 City Council
City of Tupelo, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tupelo, Mississippi as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Tupelo, Mississippi's basic financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tupelo, Mississippi's internal control over financial reporting 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 Tupelo, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tupelo, Mississippi's internal control.

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

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

Compliance and Other Matters

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

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.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon and Hagood, P.A.
Tupelo, Mississippi
March 31, 2020

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Michael Little, CPA

Rudolph Franks, CPA (1933-2019)

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

Honorable Mayor and City Council
City of Tupelo, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Tupelo, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Tupelo, Mississippi's major federal programs for the year ended September 30, 2019. The City of Tupelo, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Tupelo, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
March 31, 2020

**CITY OF TUPELO, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2019**

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
 Material weakness identified? Yes X No
 Significant deficiency identified
 not considered to be a material weakness? Yes X None reported
Noncompliance material to financial statements
 noted? Yes X No

Federal Awards

Internal Control over major programs:
 Material weakness identified? Yes X No
 Significant deficiency identified
 not considered to be a material weakness? Yes X None reported
Type of auditors' report issued on compliance
 for major programs: Unmodified
Any audit findings disclosed that are required
 to be reported in accordance with
 2 CFR 200.516(a)? Yes X No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.039</u>	<u>U.S. Department of Homeland Security – Emergency Management Assistance</u>

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

None

SECTION 3 – FEDERAL AWARD FINDINGS:

None

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Michael Little, CPA

Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Mayor and City Council
City of Tupelo, Mississippi

We have audited the financial statements of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated March 31, 2020. 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 no material instances of noncompliance with state laws and regulations.

This report is intended for the information and use of management, federal awarding agencies, the Office of the State Auditor, and pass-through entities 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
March 31, 2020

[THIS PAGE LEFT BLANK INTENTIONALLY]

ADOPTED BUDGET FOR FISCAL YEAR 2020

[THIS PAGE LEFT BLANK INTENTIONALLY]

**CITY OF TUPELO, MISSISSIPPI BUDGET
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020**

Under the provisions of Section 21-35-5 of Mississippi Code of 1982 Annotated, it is hereby ordered by the Mayor and the City Council of the City of Tupelo, Mississippi that the following Budget for the City of Tupelo, Mississippi ending September 30, 2020, be hereby fixed, adopted and approved, to wit:

	FY 2019	FY 2020
	<u>Budget Amounts</u>	<u>Budget Amounts</u>
<u>General Fund Revenues</u>		
Local Taxes	7,385,429	7,553,617
Licenses & Permits	1,073,000	1,067,500
Intergovernmental Revenues:		
Federal Grants	68,000	60,000
State Grants	245,000	260,000
State Shared Revenues	21,310,000	22,303,825
In Lieu of Taxes	3,200,000	3,400,000
District Road Tax	1,230,000	1,255,000
Local Grants	0	239,759
Charges for Services	795,000	769,000
Fines & Forfeits	763,000	726,000
Interest Income & Misc Revenues	524,700	544,400
Other Financing Resources	96,376	226,471
Unreserved Fund Balance	0	0
Total General Fund Revenues	<u>36,690,505</u>	<u>38,405,572</u>
<u>General Fund Expenditures</u>		
<u>City Council</u>		
Personnel Cost	285,005	289,976
Supplies	5,000	5,000
Other Services	186,650	196,650
Capital Expenditures	0	0
Total City Council	<u>476,655</u>	<u>491,626</u>
<u>Executive Department</u>		
Personnel Cost	709,453	729,898
Supplies	16,500	16,500
Other Services	274,850	285,475
Capital Expenditures	0	0
Total Executive Department	<u>1,000,803</u>	<u>1,031,873</u>
<u>City Court</u>		
Personnel Cost	757,900	838,521
Supplies	18,300	19,100
Other Services	109,091	105,121
Capital Expenditures	0	0
Total City Court	<u>885,291</u>	<u>962,742</u>

General Fund Expenditures - Continued	FY 2019 Budget Amounts	FY 2020 Budget Amounts
<u>Finance</u>		
Personnel Cost	895,964	932,531
Supplies	31,050	56,600
Other Services	375,143	417,093
Capital Expenditures	65,800	50,000
Total Finance	1,367,957	1,456,224
<u>CVB</u>		
Personnel Cost	0	142,506
Total CVB Expenditures	0	142,506
<u>Human Resources</u>		
Personnel Cost	260,016	197,195
Supplies	5,100	5,100
Other Services	29,044	29,946
Capital Expenditures	0	0
Total Human Resources	294,160	232,241
<u>Development Services</u>		
Personnel Cost	1,384,641	1,381,776
Supplies	58,450	35,500
Other Services	75,091	75,421
Capital Expenditures	3,000	0
Total Development Services Dept	1,521,182	1,492,697
<u>Police Department</u>		
Personnel Cost	8,262,609	8,740,620
Supplies	577,700	603,000
Other Services	1,581,812	1,564,385
Capital Expenditures	164,800	179,500
Total Police Department	10,586,921	11,087,505
<u>Fire Department</u>		
Personnel Cost	5,669,806	5,872,541
Supplies	273,500	293,500
Other Services	312,378	305,889
Capital Expenditures	0	0
Total Department	6,255,684	6,471,930

General Fund Expenditures - Continued	FY 2019 Budget Amounts	FY 2020 Budget Amounts
<u>Public Works Department</u>		
Personnel Cost	3,041,603	3,021,120
Supplies	374,100	384,100
Other Services	2,019,276	2,051,558
Capital Expenditures	17,000	17,000
Total Department	5,451,979	5,473,778
<u>Park & Recreation</u>		
Personnel Cost	1,823,997	1,883,924
Supplies	377,585	377,585
Other Services	918,654	921,062
Capital Expenditures	5,000	10,000
Total Park & Recreation	3,125,236	3,192,571
<u>Aquatics Facility</u>		
Personnel Cost	417,559	426,144
Supplies	131,500	113,117
Other Services	362,500	363,075
Capital Expenditures	15,000	5,000
Total Aquatics Facility	926,559	907,336
<u>Museum</u>		
Personnel Cost	118,545	133,567
Supplies	9,000	9,000
Other Services	29,100	30,850
Capital Expenditures	0	0
Total Museum	156,645	173,417
Community Services	1,042,063	1,082,063
Debt Service	564,791	564,791
Other Financing Uses	3,034,579	3,642,272
Reserves	0	0
Total General Fund Expenditures	36,690,505	38,405,572

Special Revenue Funds	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #101		
Library Fund		
Revenues		
Advalorem Taxes	479,208	492,130
Interest Income	-	-
Unreserved Fund Balance	15,246	10,774
Total Revenues	494,454	502,904
Expenditures		
Other Services & Charges	494,454	502,904
Total Expenditures	494,454	502,904
Fund #102		
Convention & Visitors Bureau		
Revenues		
Intergovernmental Revenues	4,383,063	4,915,669
Interest Income	15,000	15,000
Unreserved Fund Balance	0	0
Total Revenues	4,398,063	4,930,669
Expenditures		
Personnel Services	817,202	730,620
Supplies	21,500	21,500
Other Services & Charges	2,212,348	2,614,705
Capital Outlay	40,000	40,000
Other Financing Uses	1,307,013	1,523,844
Reserve for Contingency	0	0
Total Expenditures	4,398,063	4,930,669
Fund #103		
Firemen and Policemen Retirement Fund		
Revenues		
Ad Valorem Taxes	795,387	816,834
Interest Income	0	0
Fund Balance	79,613	58,166
Total Revenues	875,000	875,000
Expenditures		
Personnel Services	875,000	875,000
Total Expenditures	875,000	875,000

Special Revenue Funds - Continued

	FY 2019	FY 2020
	Budget Amounts	Budget Amounts
<hr/>		
Fund #104		
Rental Rehabilitation Fund		
<hr/>		
Revenues		
Federal Grants	0	0
Interest Income	0	0
Unreserved Fund Balance	23,491	22,574
	<hr/>	<hr/>
Total Revenues	23,491	22,574
	<hr/>	<hr/>
Expenditures		
Other Services & Charges	23,491	22,574
Other Financing Uses	0	0
	<hr/>	<hr/>
Total Expenditures	23,491	22,574
	<hr/>	<hr/>
Fund #105		
Coliseum Project Fund		
<hr/>		
Revenues		
Other Financing Sources	1,915,120	2,215,120
Interest Income	2,500	10,000
Fund Balance	200,000	0
	<hr/>	<hr/>
Total Revenues	2,117,620	2,225,120
	<hr/>	<hr/>
Expenditures		
Capital Outlay	0	0
Other Financing Uses	2,117,620	2,225,120
Fund Balance	0	0
	<hr/>	<hr/>
Total Expenditures	2,117,620	2,225,120
	<hr/>	<hr/>
Fund #111		
Transportation Fund		
<hr/>		
Revenues		
Federal Grants	0	0
Interest Income	0	0
Other Financing Sources	0	160,000
Unreserved Fund Balance	225,000	0
	<hr/>	<hr/>
Total Revenues	225,000	160,000
	<hr/>	<hr/>
Expenditures		
Other Services & Charges	225,000	160,000
	<hr/>	<hr/>
Total Expenditures	225,000	160,000
	<hr/>	<hr/>

Special Revenue Funds - Continued

	FY 2019	FY 2020
	Budget Amounts	Budget Amounts
<hr/>		
Fund #109		
Coliseum Operating Fund		
<hr/>		
Revenues		
Charges For Services	4,885,000	5,160,830
Interest & Misc. Revenue	7,500	25,000
Other Financing Sources	925,830	450,000
	<hr/>	<hr/>
Total Revenues	5,818,330	5,635,830
	<hr/>	<hr/>
Expenditures		
Personnel Services	2,030,830	2,048,330
Supplies	600,500	600,500
Other Services & Charges	2,687,000	2,687,000
Capital Outlay	500,000	300,000
	<hr/>	<hr/>
Total Expenditures	5,818,330	5,635,830
	<hr/>	<hr/>
Fund #106		
North MS Narcotic Unit		
<hr/>		
Revenues		
Grants	10,000	10,000
Interest/Miscellaneous	70,000	70,000
Forfeited Funds	100,000	100,000
Other Financing Sources	60,000	60,000
Fund Balance	256,026	395,600
	<hr/>	<hr/>
Total Revenues	496,026	635,600
	<hr/>	<hr/>
Expenditures		
Personnel Services	0	0
Supplies	47,500	68,500
Other Services & Charges	310,150	360,500
Capital Outlay	92,000	157,500
Other Financing Uses	46,376	49,100
	<hr/>	<hr/>
Total Expenditures	496,026	635,600
	<hr/>	<hr/>

Debt Service Funds	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #200		
<u>Municipal Bond and Interest Fund</u>		
Revenues		
Ad Valorem Taxes	3,433,502	3,526,085
Intergovernmental Revenues	0	0
Interest & Misc Receivables	15,000	15,000
Other Financing Sources	1,835,157	1,581,751
Unreserved Fund Balance	783,662	2,041,279
Total Revenues	6,067,321	7,164,115
Expenditures		
Principal Payment	4,455,000	5,690,000
Interest Payment	1,587,321	1,449,115
Agent Fees	25,000	25,000
Total Expenditures	6,067,321	7,164,115
Fund #201		
<u>Water G.O. Bonds Fund</u>		
Revenues		
Intergovernmental Revenues	3,600,000	4,200,000
Interest	0	0
Transfer from NEMRWSD	332,797	299,155
Unreserved Fund Balance	5,934,796	299,154
Total Revenues	9,867,593	4,798,309
Expenditures		
Principal Payment	325,000	340,000
Interest Payment	333,593	249,309
Agent Fees	9,000	9,000
Transfer to NEMRWSD	9,200,000	4,200,000
Total Expenditures	9,867,593	4,798,309

Debt Service Funds - Continued

	FY 2019	FY 2020
	Budget Amounts	Budget Amounts
<hr/>		
Fund #224		
Tax Increment Debt Service		
<hr/>		
Revenues		
Tax Increment Taxes	61,175	64,150
Interest Income	0	0
Transfer from Capital Project Fund	0	0
Fund Balance	0	0
	<hr/>	<hr/>
Total Revenues	61,175	64,150
	<hr/>	<hr/>
Expenditures		
Principal Payment	45,000	50,000
Interest Payment	14,175	12,150
Agent Fees	2,000	2,000
	<hr/>	<hr/>
Total Expenditures	61,175	64,150
	<hr/>	<hr/>
Fund #222		
Special Assessments Bond & Interest Fund		
<hr/>		
Revenues		
Interest	0	0
Other Financing Sources	0	0
Special Assessment Taxes	43,745	76,475
	<hr/>	<hr/>
Total Revenues	43,745	76,475
	<hr/>	<hr/>
Expenditures		
375 Principal	35,000	35,000
375 Interest	3,745	1,890
Paying Agent Fees	5,000	5,000
Other Financing Uses	0	34,585
	<hr/>	<hr/>
Total Expenditures	43,745	76,475
	<hr/>	<hr/>

Debt Service Funds - Continued

	FY 2019	FY 2020
	Budget Amounts	Budget Amounts
<hr/>		
Fund #226		
Special Obligation Bond Debt		
<hr/>		
Revenues		
Interest	0	0
Unreserved Fund Balance	0	668,309
	<hr/>	<hr/>
Total Revenues	0	668,309
	<hr/>	<hr/>
Expenditures		
Sp Obligation-Principal	0	0
Special Oblig-Interest	0	656,309
Paying Agent Fees	0	12,000
	<hr/>	<hr/>
Total Expenditures	0	668,309
	<hr/>	<hr/>

Capital Project Funds	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #327		
Tupelo Capital & Infrastructure Fund		
Revenues		
Grants	872,749	800,000
Transfer from Other Funds	2,222,000	3,027,590
Bond Proceeds	-	-
Lease Proceeds	-	-
Contributions	-	-
Unreserved Fund Balance	7,865,959	6,014,619
Total Revenues	10,960,708	9,842,209
Expenditures		
Other Services & Charges		
Neighborhood Revitalization	1,212,768	989,922
Beautification Projects	44,958	16,126
Maintenance Projects	153,103	265,000
Street Overlay	2,745,435	1,835,000
Contingencies/Match	1,200,000	300,000
Total Other Services & Charges	5,356,264	3,406,048
Capital		
Infrastructure Improvements	2,994,110	2,755,856
Equipment	106,946	136,437
Building Improvements	363,339	427,125
Park Improvements	740,000	2,482,243
Vehicles	60,000	180,000
Police Vehicles	60,000	320,000
Fire Equipment	1,280,049	134,500
Total Capital	5,604,444	6,436,161
Bond Cost	-	-
Total Expenditures	10,960,708	9,842,209

Capital Project Funds-Continued	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #316		
Capital Projects Fund		
Revenues		
Grants	60,824	48,166
Donations	0	0
Unreserved Fund Balance	201,361	204,134
Total Revenues	262,185	252,300
Expenditures		
Street/Bridge Improvement		
East Tupelo-Curb & Gutter Phase III	14,134	14,134
Public Safety		
Police Dept-DPS Funds	60,824	48,166
Police Dept-Tobacco Funds	187,227	190,000
Capital Expenditures	262,185	252,300
Reserve	0	0
Total Expenditures	262,185	252,300
Fund #334		
Special Levy Street Improvement Phase VI		
Revenues		
Ad Valorem Taxes	4,940,292	5,073,503
Grants-MDOT	0	0
Interest & Misc Receivables	25,000	25,000
Unreserved Fund Balance	4,400,000	5,000,000
Total Revenues	9,365,292	10,098,503
Expenditures		
Personnel Costs	99,427	103,155
Other Services & Charges-Maintenance	1,835,072	1,269,000
Capital Outlay	7,430,793	8,726,348
Other Financing Uses	0	0
Total Expenditures	9,365,292	10,098,503

Capital Project Funds-Continued	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #317		
Fairgrounds Construction Fund		
Revenues		
Grants	52,200	0
Land Sales	0	200,000
Unreserved Fund Balance	178,779	111,985
Total Revenues	230,979	311,985
Expenditures		
Other Services & Charges	0	0
Capital Outlay	230,979	311,985
Other Financing Uses	0	0
Total Expenditures	230,979	311,985
Fund #328		
Special Obligation Fund		
Revenues		
Grants	0	0
Bond Issue Proceeds	15,410,474	0
Unreserved Fund Balance		15,410,474
Total Revenues	15,410,474	15,410,474
Expenditures		
Capital Outlay	15,410,474	15,410,474
Total Expenditures	15,410,474	15,410,474
Internal Service Funds		
Fund #505		
Self-Insurance Fund		
Revenues		
Transfers From Other Funds	0	0
Fund Balance	500,000	500,000
Total Revenues	500,000	500,000
Expenditures		
Other Services & Charges	500,000	500,000
Total Expenditures	500,000	500,000

Propriety Funds	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #400		
Waterworks and Sewer System		
Revenues		
SRF Loans	2,500,000	11,000,000
Charges For Services	13,200,000	13,800,000
Interest & Miscellaneous Income	250,000	250,000
Retained Earning-Beginning	9,000,000	7,000,000
Total Revenues	24,950,000	32,050,000
Expenses		
Water & Sewer Expenditures		
Personnel Services	2,655,706	2,780,311
Supplies	350,500	365,500
Other Services & Charges	4,394,816	4,470,957
Capital	9,535,420	17,817,832
Total Water & Sewer Expenditures	16,936,442	25,434,600
Debt Service	926,549	923,449
Other Financing Uses	1,233,196	1,245,528
Fund Balance	5,853,813	4,446,423
Total Expenditures	24,950,000	32,050,000

Proprietary Funds - Continued	FY 2019 Budget Amounts	FY 2020 Budget Amounts
Fund #402		
Electric Fund		
Revenues		
Charges For Services	58,159,040	58,740,629
Fines & Forfeits	90,000	100,000
Interest & Miscellaneous Income	800,000	1,060,000
Retained Earnings	13,400,000	9,900,000
Total Revenues	72,449,040	69,800,629
Electric Expenditures		
Personnel Services	3,680,076	3,864,894
Supplies	292,000	320,000
Other Services & Charges	54,568,095	55,331,271
Capital	11,887,359	7,221,741
Debt Service	267,090	248,100
Total Operating Expenditures	70,694,620	66,986,006
Retained Earnings-Ending	1,754,420	2,814,623
Total Expenses	72,449,040	69,800,629
Fund #404		
Solid Waste Management Fund		
Revenues		
Charges For Services	2,971,500	3,214,014
Interest Income	7,000	10,000
Franchise Fees	325,000	325,000
Fund Balance	261,024	107,259
Total Revenues	3,564,524	3,656,273
Expenses		
Personnel Services	298,111	425,928
Other Services & Charges	3,066,413	3,230,345
Capital	200,000	0
Debt Service	0	0
Other Financing Uses-Transfers	0	0
Total Sanitation Fund	3,564,524	3,656,273

APPENDIX C

FORM OF THE CITY BOND RESOLUTION AND THE CITY BOND

[THIS PAGE LEFT BLANK INTENTIONALLY]

RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE OF A GENERAL OBLIGATION BOND, SERIES 2020, OF THE CITY OF TUPELO, MISSISSIPPI (THE "CITY"), FOR SALE TO THE MISSISSIPPI DEVELOPMENT BANK IN A TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000) IN ONE OR MORE SERIES; PRESCRIBING THE FORM AND DETAILS OF SAID BOND; PROVIDING CERTAIN COVENANTS OF THE CITY IN CONNECTION WITH SAID BOND AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY THEREOF; AUTHORIZING THE SALE OF SAID BOND TO THE MISSISSIPPI DEVELOPMENT BANK; AUTHORIZING AND APPROVING THE FORM OF, EXECUTION OF AND DELIVERY OF, AS APPLICABLE, AN INDENTURE OF TRUST, THE MISSISSIPPI DEVELOPMENT BANK BOND PURCHASE AGREEMENT AND THE CITY BOND PURCHASE AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION WITH THE SALE AND ISSUANCE OF THE MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2020 (TUPELO, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT), IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000); AND FOR RELATED PURPOSES.

WHEREAS, the Mayor and the City Council of the City of Tupelo, Mississippi, acting for and on behalf of said City of Tupelo, Mississippi, hereby find, determine, adjudicate and declare as follows:

1. (a) In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"Act" means together the Bank Act and the City Bond Act.

"Agent" shall mean any Paying Agent or Transfer Agent, whether serving in either or both capacities. The Agent shall initially be the Trustee.

"Authorized Officer" shall mean the Mayor, the Clerk, the President of the Governing Body, the Vice President of the Governing Body and any other officer designated from time to time as an Authorized Officer by resolution of the City, and when used with reference to any act or document also means any other Person authorized by resolution of the City to perform such act or sign such document.

"Bank" shall mean the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions organized under the Bank Act.

"Bank Act" means the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

"Bank Bonds" shall mean the not to exceed \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project), authorized to be issued in one or more series by the Bank pursuant to the Bank Act and the terms and conditions of the Indenture.

"Bond Counsel" shall mean Butler Snow LLP, Ridgeland, Mississippi.

"Bond Resolution" shall mean this resolution, as may be amended and supplemented from time to time.

"Business Day" means any day, other than (a) a Saturday or a Sunday, (c) any other day on which the Trustee or the City Hall of the City is not closed and on which the payment system of the Federal Reserve System, is operational.

"City" shall mean the City of Tupelo, Mississippi, a "local governmental unit" under the Bank Act.

"City Bond" shall mean the not to exceed \$10,000,000 General Obligation Bond, Series 2020, of the City authorized and directed to be issued in this Bond Resolution and registered to the Trustee as assignee of the Bank pursuant to the Indenture.

"City Bond Act" shall mean Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

"Clerk" shall mean the City Clerk of the City.

"Code" shall mean the Internal Revenue Code of 1986 in effect on the date of issuance of the Bank Bonds and the City Bond, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto, as such may be amended from time to time.

"Construction Project" shall mean financing certain capital projects and improvements which shall consist of (i) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; (ii) erecting, repairing, improving, adorning and equipping municipal buildings and purchasing buildings and land therefor; (iii) purchasing land for parks, cemeteries and public playgrounds, and improving, equipping and adorning the same, including the constructing, repairing and equipping of swimming pools and other recreational facilities; (iv) purchasing fire-fighting equipment and apparatus, and providing housing for same, and purchasing land therefor; (v) erecting or purchasing waterworks, gas, electric and other public utility plants or distribution systems or franchises, and repairing, improving and extending the same; (vi) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; (vii) protecting a municipality, its streets and sidewalks from overflow, caving banks and other like dangers; (viii) constructing bridges and culverts; (ix) purchasing machinery and equipment, including motor vehicles weighing not less than twelve thousand (12,000) pounds, which have an expected useful life in excess of ten (10) years which expected useful life shall exceed the life of the bonds financing such purchase; and (x) for other authorized purposes under the Act.

"Governing Body" shall mean the Mayor and City Council of the City.

"Indenture" shall mean that certain Indenture of Trust, to be dated the date of delivery thereof, by and between the Bank and the Trustee, pursuant to which the Bank Bonds are issued. A copy of the substantial form of the Indenture is attached as **EXHIBIT A** hereto.

"Interest Payment Date" shall be as described in Section 2.3 of the Indenture as the interest payment dates of the Bank Bonds.

"Mayor" shall mean the Mayor of the City of Tupelo, Mississippi.

"Municipal Advisor" shall mean Government Consultants Inc., Madison, Mississippi.

"Paying Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the payment of the principal of and interest on the City Bond. The Paying Agent shall initially be the Trustee.

"Payments" shall have the meaning given it in Section 12(b) hereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, limited liability company and a government or agency or political subdivision thereof.

"Project" shall mean providing funds for (i) the costs of the Construction Project and (ii) paying costs of issuance for the City Bond and the Bank Bonds.

"Record Date Registered Owner" shall mean the Registered Owner of the City Bond as of the Record Date.

"Record Date" shall have the meaning given to it in Section 1.1 of the Indenture.

"Registered Owner" or **"Bondholder"** shall mean the Person whose name shall appear in the registration records of the City maintained by the Transfer Agent and shall initially be the Trustee as assignee of the Bank as provided for in the Indenture.

"State" shall mean the State of Mississippi.

"Transfer Agent" shall mean shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of the owner of the City Bond and for the performance of such other duties as may be herein or hereafter specified by the Governing Body. The Transfer Agent shall initially be the Trustee.

"Trustee" shall mean a bank or other financial institution to be determined upon sale of the Bank Bonds, which financial institution will have corporate trust powers and be qualified to act as Trustee under the Indenture.

"2020 Bond Fund" shall mean the City of Tupelo, Mississippi General Obligation Bond, Series 2020 Bond Fund provided for in Section 12 hereof.

"2020 Construction Fund" shall mean the City of Tupelo, Mississippi General Obligation Bond, Series 2020 Construction Fund provided for in Section 13 hereof.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as the singular form of any of such words and terms.

2. Heretofore, on January 21, 2020, the Governing Body adopted a resolution entitled **"RESOLUTION DECLARING THE INTENTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF TUPELO, MISSISSIPPI, TO ISSUE GENERAL OBLIGATION BONDS OF THE CITY AND/OR, ISSUE A GENERAL OBLIGATION BOND OF THE CITY FOR SALE TO THE MISSISSIPPI DEVELOPMENT BANK AND/OR ENTER INTO A LOAN WITH THE MISSISSIPPI DEVELOPMENT BANK, ALL IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000) TO RAISE MONEY FOR THE PURPOSE (I) CONSTRUCTING, IMPROVING OR PAVING STREETS, SIDEWALKS, DRIVEWAYS, PARKWAYS, WALKWAYS OR PUBLIC PARKING FACILITIES, AND PURCHASING LAND THEREFOR; (II) ERECTING, REPAIRING, IMPROVING, ADORNING AND EQUIPPING MUNICIPAL BUILDINGS AND PURCHASING BUILDINGS OR LAND THEREFOR; (III) PURCHASING LAND FOR PARKS, CEMETERIES AND PUBLIC PLAYGROUNDS, AND IMPROVING, EQUIPPING AND ADORNING THE SAME, INCLUDING THE CONSTRUCTING, REPAIRING AND EQUIPPING OF SWIMMING POOLS AND OTHER RECREATIONAL FACILITIES; (IV) PURCHASING FIRE FIGHTING EQUIPMENT AND APPARATUS, AND PROVIDING HOUSING FOR SAME, AND PURCHASING LAND THEREFOR; (V) ERECTING OR PURCHASING WATERWORKS, GAS, ELECTRIC AND OTHER PUBLIC UTILITY PLANTS OR DISTRIBUTION SYSTEMS OR FRANCHISES, AND REPAIRING, IMPROVING AND EXTENDING THE SAME; (VI) ESTABLISHING SANITARY, STORM, DRAINAGE OR SEWERAGE SYSTEMS, AND REPAIRING, IMPROVING AND EXTENDING THE SAME; (VII) PROTECTING A MUNICIPALITY, ITS STREETS AND SIDEWALKS FROM OVERFLOW, CAVING BANKS AND OTHER LIKE DANGERS; (VIII) CONSTRUCTING BRIDGES AND CULVERTS; (IX) PURCHASING MACHINERY AND EQUIPMENT, INCLUDING MOTOR VEHICLES WEIGHING NOT LESS THAN TWELVE THOUSAND (12,000) POUNDS, WHICH HAVE AN EXPECTED USEFUL LIFE IN EXCESS OF TEN (10) YEARS WHICH EXPECTED USEFUL LIFE SHALL EXCEED THE LIFE OF THE BONDS FINANCING SUCH PURCHASE; AND (X) FOR OTHER AUTHORIZED PURPOSES UNDER MISSISSIPPI CODE ANN. SECTIONS 21-33-301 ET SEQ., AND SECTIONS 31-25-1 ET SEQ., AS AMENDED AND**

SUPPLEMENTED FROM TIME TO TIME, INCLUDING FUNDING CAPITALIZED INTEREST, IF APPLICABLE AND PAYING THE COSTS OF BORROWING; DIRECTING THE PUBLICATION OF A NOTICE OF SUCH INTENTION; AND FOR RELATED PURPOSES" (the "**Intent Resolution**") wherein the Governing Body indicated its intent to (a) issue general obligation bonds of the City, in one or more series, in a total aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000), (b) issue a general obligation bond of the City, in one or more series, to be sold to the Bank in a total aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000), and/or (c) enter into a loan with the Bank to borrow money from the Bank in a total principal amount not to exceed Ten Million Dollars (\$10,000,000), and fixed 4:00 o'clock p.m. on February 18, 2020, as the date and hour for any protest to be made and filed against the issuance of such general obligation bonds, general obligation bond and/or loan as described in the Intent Resolution.

3. As required by law and as directed by the Intent Resolution, said Intent Resolution was published once a week for at least three (3) consecutive weeks in the *Northeast Mississippi Daily Journal*, a newspaper published in the City, and having a general circulation in the City, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972, as amended, the first publication having been made not less than twenty-one (21) days before February 18, 2020, and the last publication to be not more than seven (7) days prior to such date, said notice was published in said newspaper on January 24 and 31 and February 7 and 14, 2020.

4. On or prior to 4:00 o'clock p.m. on February 18, 2020, no written protest against the issuance of such general obligation bonds, general obligation bond and/or loan as described in the Intent Resolution, had been filed or presented by qualified electors of the City with the Clerk in her office located in City Hall.

5. The Governing Body did meet at its usual meeting place in City Hall at 6:00 o'clock p.m. on February 18, 2020, and the Governing Body did adopt a resolution finding and determining that no protest against the issuance of the general obligation bonds, general obligation bond and/or loan as described in the Intent Resolution had been duly filed with the City Clerk on or before 4:00 o'clock p.m. on February 18, 2020 as required by the Intent Resolution.

6. The Governing Body is authorized and empowered by the provisions of the Act and other applicable laws of the State, to issue its City Bond in a principal amount of not to exceed \$10,000,000, in one or more series, and sell same to the Bank for the purpose of providing funds for the Project without any election on the question of the issuance thereof.

7. The Governing Body desires to authorize and approve the issuance of the City Bond pursuant to this Bond Resolution and the purchase thereof by the Bank with the proceeds of the Bank Bonds.

8. The assessed value of all taxable property within the City, according to the last completed assessment for taxation, is \$534,928,682, and the City has outstanding bonded indebtedness as subject to the fifteen percent (15%) debt limit prescribed by Section 21-33-303 of the City Bond Act, in the amount of \$47,780,000, and outstanding bonded and floating indebtedness as subject to the twenty percent (20%) debt limit prescribed by Section 21-33-303 of the City Bond Act (which amount includes the sum set forth above subject to the fifteen percent (15%) debt limit), in the amount of \$47,780,000; the issuance of the City Bond, when added to the outstanding bonded indebtedness of the City, will not result in bonded indebtedness, exclusive of indebtedness not subject to the aforesaid fifteen percent (15%) debt limit, of more than fifteen percent (15%) of the assessed value of taxable property within the City, and will not result in indebtedness, both bonded and floating, exclusive of indebtedness not subject to the aforesaid twenty percent (20%) debt limit, in excess of twenty percent (20%) of the assessed value of taxable property within the City, and will not exceed any constitutional or statutory limitation upon indebtedness which may be incurred by the City.

9. The Governing Body is now desirous of proceeding with the issuance of the City Bond pursuant to this Bond Resolution and the purchase thereof by the Bank with the proceeds of the Bank Bonds and authorizing the negotiation of the sale of the Bank Bonds thereof to Stephens Inc., Little Rock, Arkansas, as Underwriter (the "**Underwriter**").

10. The Governing Body hereby receives, examines and considers the following form of documents concerning the issuance, sale and purchase of the City Bond by the Bank: (i) the form of the City Bond Purchase Agreement, to be dated the date of sale of the City Bond (the "City Bond Purchase Agreement"), by and between the Bank and the City, which provides for the sale of the City Bond to the Bank; (ii) the form of the Indenture, to be dated the date of delivery of the Bank Bonds, by and between the Bank and the Trustee (the "Indenture") under which the Bank Bonds will be issued and by which they will be secured; (iii) the form of the Mississippi Development Bank Bond Purchase Agreement, to be dated the date of sale of the Bank Bonds (the "Bond Purchase Agreement"), by and among the Bank, the City and the Underwriter, which provides for the sale of the Bank Bonds to the Underwriter; and (iv) the Preliminary Official Statement, to be dated the date of distribution thereof (the "Preliminary Official Statement") describing the Bank Bonds, the City Bond, the terms of the Indenture and other matters in connection with the sale and issuance of the Bank Bonds and the City Bond, and (v) the form of the Continuing Disclosure Certificate, to be dated the date of delivery thereof (the "Continuing Disclosure Certificate"), to be executed by the City in connection with the issuance of the Bank Bonds (together, the "City Documents").

11. The Governing Body does now find, determine and adjudicate that each of the City Documents referred to above, which City Documents are now before the Governing Body, is in appropriate form and are in appropriate document for the purposes identified.

12. Upon approval by the Bank, the Preliminary Official Statement will be distributed for use in connection with the sale of the Bank Bonds.

13. The City will make payments on the City Bond in amounts sufficient to pay the principal of, premium, if any, and interest on the Bank Bonds, as and when the same shall become due and payable.

14. The Governing Body does now find, determine and adjudicate that all conditions, acts and things required by the Act and the Constitution and laws of the State to have existed, to have happened and to have been performed precedent to and in connection with the adoption of this Bond Resolution, the sale and issuance of the City Bond to the Bank, the sale and issuance of the Bank Bonds, the execution by the City of the Bond Purchase Agreement, the City Bond Purchase Agreement and the distribution of the Preliminary Official Statement have happened and have been performed in regular and due time, form and manner as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE CITY, AS FOLLOWS:

SECTION 1. In consideration of the purchase and acceptance of the City Bond by those who shall hold the same from time to time, this Bond Resolution shall constitute a contract between the City and the Registered Owner from time to time of the City Bond. The pledge made herein and the covenants and agreements herein set forth to be performed on behalf of the City for the benefit of the Registered Owner shall be for the equal benefit, protection and security of the Registered Owner of the City Bond, all of which, regardless of the time or times of its authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction.

SECTION 2. The City Bond is hereby authorized and ordered to be prepared and issued in one or more series in a principal amount of not to exceed Ten Million Dollars (\$10,000,000) to raise money for the Project as authorized by the Act. The Governing Body is authorized and empowered by the provisions of the City Bond Act to issue the City Bond without an election on the question of the issuance thereof and is authorized to issue the City Bond pursuant to the Act or as may otherwise be provided by law.

SECTION 3. (a) Payments of interest on the City Bond shall be made to the Record Date Registered Owner, and payments of principal shall be made upon presentation and surrender thereof at the principal office of the Paying Agent to the Record Date Registered Owner in lawful money of the United States of America upon presentation of the City Bond at the corporate trust office of the Paying Agent.

(b) The City Bond shall be dated the date of its delivery; shall be issued as a fully registered bond in a single denomination equal to the principal amount thereof; shall be numbered 1; shall bear interest from the date

thereof at the federally taxable or tax exempt rate or rates borne by the Bank Bonds (as provided in the Indenture) which federally taxable or tax exempt rate or rates shall be reviewed by the Municipal Advisor and determined to be reasonable under then current market conditions, payable on each Interest Payment Date, subject to the limitation that the City Bond shall not bear a greater overall interest rate to maturity than eleven percent (11%) per annum; and shall mature and become due and payable in the same manner and at the same dates and times as provided for the Bank Bonds in the Indenture; provided, however, that the final maturity for the City Bond shall be no later than thirty (30) years from its date of issuance unless earlier redeemed as provided for in this Bond Resolution and the Indenture.

(c) The City Bond is subject to redemption prior to maturity only at the times, to the extent, in the manner and as otherwise provided for the Bank Bonds in the Indenture. If applicable, the City shall provide proper notices to the Bank and the Trustee as provided in the Indenture in the event the City elects to redeem the City Bond or any portion thereof, and redemption of the City Bond or any portion thereof shall be as provided in this Section 3 and Article IV of the Indenture. It is intended that redemption of the City Bond may only occur through the processes provided in the Indenture, and the City hereby accepts such redemption provisions by this reference.

(d) A default in the due and punctual payment of any interest or principal on the City Bond or a default by the City under this Bond Resolution is an Event of Default (as defined in the Indenture) under the Indenture entitling the Trustee to exercise certain remedies under the Indenture, including, but not limited to, the acceleration of all principal and interest due and owing on the Bank Bonds outstanding. In the event the Trustee exercises such remedies under the Indenture, the principal and interest due and owing on the City Bond may be accelerated in accordance with the Indenture and the City shall cause the City Bond to be redeemed and paid in full.

SECTION 4. (a) When the City Bond have been validated and executed as herein provided, they shall be registered as an obligation of the City in the office of the Clerk in a record maintained for that purpose, and the Clerk shall cause to be imprinted upon the City Bond, over her manual or facsimile signature and manual or facsimile seal, her certificate in substantially the form set out in Section 6.

(b) The City Bond shall be executed by the manual or facsimile signature of the Mayor or an Authorized Officer and countersigned by the manual or facsimile signature of the Clerk or an Authorized Officer, with the seal of the City imprinted or affixed thereto; provided, however all signatures and seals appearing on the City Bond, other than the signature of an authorized officer of the Transfer Agent hereafter provided for, may be facsimile and shall have the same force and effect as if manually signed or impressed. In case any official of the City whose signature or a facsimile of whose signature shall appear on the City Bond shall cease to be such official before the delivery or reissuance thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery or reissuance.

(c) The City Bond shall be delivered to the Bank upon payment of the purchase price therefor in accordance with the terms and conditions of the Indenture and the City Bond Purchase Agreement, together with a complete certified transcript of the proceedings had and done in the matter of the authorization, issuance, sale and validation of the City Bond, and the final, unqualified approving opinion of Bond Counsel.

(d) Prior to or simultaneously with the delivery of the City Bond by the Transfer Agent, the City shall file with the Transfer Agent:

(i) a copy, certified by the Clerk, of the transcript of proceedings of the Governing Body in connection with the authorization, issuance, sale and validation of the City Bond; and

(ii) an authorization to the Transfer Agent, signed by the Mayor or an Authorized Officer, to authenticate and deliver the City Bond to the Bank; and

(iii) such other documentation, if any, as may be required by this Bond Resolution, the Bond Purchase Agreement, Bond Counsel and the Indenture.

(e) At delivery, the Transfer Agent shall authenticate the City Bond and deliver it to the Bank thereof upon payment of the purchase price of the City Bond to the City.

SECTION 5. (a) The City hereby appoints the Trustee designated under the Indenture as the Paying Agent, Trustee and Transfer Agent for the City Bond. The City specifically reserves the right to hereafter designate and/or approve a separate Paying Agent, Transfer Agent and/or Trustee in its discretion, subject, however to the terms and conditions of the Indenture, as hereinafter provided.

(b) So long as the City Bond shall remain outstanding, the City shall maintain with the Transfer Agent records for the registration and transfer of the City Bond. The Transfer Agent is hereby appointed registrar for the City Bond, in which capacity the Transfer Agent shall register in such records and permit to be transferred thereon, under such reasonable regulations as may be prescribed, the City Bond if entitled to registration or transfer.

(c) The City shall pay or reimburse the Agent for reasonable fees for the performance of the services normally rendered and the incurring of normal expenses reasonably and necessarily paid as are customarily paid to paying agents, transfer agents and bond registrars, subject to agreement between the City and the Agent. Fees and reimbursements for extraordinary services and expenses, so long as not occasioned by the negligence, misconduct or willful default of the Agent, shall be made by the City on a case-by-case basis, subject, where not prevented by emergency or other exigent circumstances, to the prior written approval of the Governing Body.

(d) (i) An Agent may at any time resign and be discharged of the duties and obligations of the function of the Trustee, Paying Agent and Transfer Agent pursuant to the terms and conditions stated in Section 11.5 and 11.6 of the Indenture.

(ii) In the event of the resignation or removal of the Agent, a successor Agent shall be selected as provided in Section 11.7 of the Indenture.

(iii) In the event of a change of Agents, the predecessor Agent shall cease to be custodian of any funds held pursuant to this Bond Resolution in connection with its role as such Agent, and the successor Agent shall become such custodian; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Agent shall be fully paid. Every predecessor Agent shall deliver to its successor Agent all records of account, registration records, list of Registered Owner and all other records, documents and instruments relating to its duties as such Agent.

(iv) The provisions of Sections 11.7 and 11.8 of the Indenture shall govern the acceptance of any appointment of a successor Agent.

(v) Should any transfer, assignment or instrument in writing be required by any successor Agent from the City to more fully and certainly vest in such successor Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Agent, any such transfer, assignment and written instruments shall, on request, be executed, acknowledged and delivered by the City.

(vi) The City will provide any successor Agent with certified copies of all resolutions, orders and other proceedings adopted by the Governing Body relating to the City Bond.

(vii) All duties and obligations imposed hereby on an Agent or successor Agent shall terminate upon the accomplishment of all duties, obligations and responsibilities imposed by law or required to be performed by this Bond Resolution.

SECTION 6. The City Bond shall be in substantially the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Bond Resolution:

[CITY BOND FORM]

THIS CITY BOND HAS BEEN ASSIGNED TO _____ BANK, _____, MISSISSIPPI, AS TRUSTEE (THE "TRUSTEE") UNDER AN INDENTURE OF TRUST (THE "INDENTURE") DATED AS OF _____, 2020, BY AND BETWEEN THE MISSISSIPPI DEVELOPMENT BANK AND THE TRUSTEE. THIS CITY BOND IS REGISTERED IN THE NAME OF THE TRUSTEE AND IS NON-TRANSFERRABLE EXCEPT AS PERMITTED IN THE INDENTURE.

UNITED STATES OF AMERICA

STATE OF MISSISSIPPI

CITY OF TUPELO

GENERAL OBLIGATION BOND

SERIES 2020

NO. 1

\$10,000,000

Rate of Interest

Maturity

Dated Date

%

_____, 2020

Registered Owner: _____ BANK,
As Assignee of the Mississippi Development Bank

Principal Amount: TEN MILLION DOLLARS

The City of Tupelo, State of Mississippi (the "City"), a body politic existing under the Constitution and laws of the State of Mississippi, acknowledges itself to owe and for value received, promises to pay in lawful money of the United States of America to the Registered Owner identified above, upon the presentation and surrender of this City Bond, at the principal office of _____ Bank, in _____, Mississippi, or its successor, as paying agent (the "Paying Agent") for the General Obligation Bond, Series 2020, of the City (the "City Bond"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this City Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by _____ Bank, _____, Mississippi, or its successor, as transfer agent for the City Bond (the "Transfer Agent") at the times and periods as provided in the Indenture (herein defined).

The City further promises to pay interest on such principal amount from the date of this City Bond until said principal sum is paid, to the Registered Owner hereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date (as defined in the Bond Resolution defined below).

Payments of principal of and interest on this City Bond shall be made by check or draft mailed on the Interest Payment Date (as defined in the Bond Resolution) to such Registered Owner at his address as it appears on such registration records.

This City Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 21-33-301 *et seq.* Mississippi Code of 1972, as amended (the "City Bond Act") and Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "Bank Act" and together with the City, the "Act"), and by the further authority of proceedings duly had by the Mayor and the City Council of the City, including a resolution adopted March 3, 2020 (the "Bond Resolution").

This City Bond is issued in the aggregate authorized principal amount of Ten Million Dollars (\$10,000,000) to raise money for the purpose of providing funds for (i) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; (ii) erecting, repairing, improving, adorning and equipping municipal buildings and purchasing buildings and land therefor; (iii) purchasing land for parks, cemeteries and public playgrounds, and improving, equipping and adorning the same, including the constructing, repairing and equipping of swimming pools and other recreational facilities; (iv) purchasing fire-fighting equipment and apparatus, and providing housing for same, and purchasing land therefor; (v) erecting or purchasing waterworks, gas, electric and other public utility plants or distribution systems or franchises, and repairing, improving and extending the same; (vi) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; (vii) protecting a municipality, its streets and sidewalks from overflow, caving banks and other like dangers; (viii) constructing bridges and culverts; (ix) purchasing machinery and equipment, including motor vehicles weighing not less than twelve thousand (12,000) pounds, which have an expected useful life in excess of ten (10) years which expected useful life shall exceed the life of the bonds financing such purchase; and (x) for other authorized purposes under the Act, including funding capitalized interest, if applicable and paying the costs of borrowing (together, the "**Project**").

The City will duly and punctually pay the principal of, premium, if any, and interest on the City Bond at the dates and the places and in the manner mentioned in the Bond Resolution, according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon the City Bond and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on the \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) (the "**Bank Bonds**"), outstanding under the Indenture of Trust, by and between the Mississippi Development Bank and _____ Bank, _____, Mississippi, as trustee (the "**Trustee**"), dated _____, 2020 (the "**Indenture**") when due whether upon a scheduled interest payment date, at maturity or by mandatory redemption or optional redemption.

Reference is hereby made to the Bond Resolution and to all amendments and supplements thereto for the provisions, among others, with respect to the nature and extent of the security for the Bondholder, the rights, duties and obligations of the City and the Bondholder and the terms upon which the City Bond is or may be issued and secured.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

The City Bond is a general obligation of the City and shall be payable as to principal of, premium, if any, and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of, premium, if any, and interest on the City Bond as the same becomes due; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the bond fund of the City Bond, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the Bond Resolution. The City, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest on the City Bond as the same falls due. The avails of said tax are irrevocably pledged by the City under the Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond as the same shall mature and accrue. Should there be a failure in any year to comply with the requirements, such failure shall not impair the right of the holder of the City Bond in any subsequent year to have adequate taxes levied and collected to meet the obligations of the City Bond, as to principal of, premium, if any, and interest.

This City Bond is the only evidence of indebtedness issued and outstanding under the Bond Resolution. This City Bond has been purchased by the Mississippi Development Bank and has been assigned to the Trustee

under the Indenture. This City Bond is registered in the name of the Trustee and is non-transferrable except as provided in the Indenture.

The City and the Trustee may deem and treat the person in whose name this City Bond is registered as the absolute owner hereof, whether this City Bond shall be overdue or not, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on this City Bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this City Bond to the extent of the sum or sums or paid, and neither the City nor the Trustee shall be affected by any notice to the contrary.

Upon a default in payment under this City Bond, the Trustee may, as provided in the Indenture and the Bond Resolution, declare the principal of and accrued interest on this City Bond to be due and payable immediately.

This City Bond shall only be redeemed under the Bond Resolution to the extent and in the manner required to redeem the Bank Bonds pursuant to the provisions of the Indenture.

Modifications or alterations of the Bond Resolution may be made only to the extent and under the circumstances permitted by the Indenture.

This City Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of registration and authentication hereon shall have been signed by the Transfer Agent.

Capitalized terms used herein, but not defined herein, shall have the meanings given to such terms in the Bond Resolution and the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the City Bond, in order to make the same legal and binding general obligation of the City, according to the terms thereof, do exist, have happened and have been performed in regular and due time, form and manner as required by law. For the performance in apt time and manner of every official act herein required, and for the prompt payment of this City Bond, including principal, premium, if any, and interest, the full faith and credit of the City are hereby irrevocably pledged.

IN WITNESS WHEREOF, the City has caused this City Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Clerk of the City, under the manual or facsimile seal of the City, which said manual or facsimile signatures and seal said officials adopt as and for their own proper signatures and seal, on this the ____ day of ____, 2020.

CITY OF TUPELO, MISSISSIPPI

BY: _____
Mayor

COUNTERSIGNED:

City Clerk
(SEAL)

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This City Bond is the City Bond described in the within mentioned Bond Resolution and is the General Obligation Bond, Series 2020, of the City of Tupelo, Mississippi.

_____ **BANK,**
as Transfer Agent

BY: _____

Authorized Signatory

Date of Registration and Authentication: ____, 2020

REGISTRATION AND VALIDATION CERTIFICATE

STATE OF MISSISSIPPI
COUNTY OF LEE
CITY OF TUPELO

I, the undersigned City Clerk of the City of Tupelo, Mississippi, do hereby certify that the within City Bond has been duly registered by me as an obligation of said City pursuant to law in a record kept in my office for that purpose, and has been validated and confirmed by Decree of the Chancery Court of Lee County, Mississippi, rendered on the ___ day of _____, 2020.

City Clerk

(SEAL)

[END OF CITY BOND FORM]

SECTION 7. In case the City Bond shall become mutilated or be stolen, destroyed or lost, the City shall, if not then prohibited by law, cause to be authenticated and delivered a new City Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated City Bond, or in lieu of and in substitution for such City Bond stolen, destroyed or lost, upon the Registered Owner's paying the reasonable expenses and charges of the City in connection therewith, and in case of a City Bond stolen, destroyed or lost, his filing with the City or Transfer Agent evidence satisfactory to them that the City Bond was stolen, destroyed or lost, and of its ownership thereof, and furnishing the City or Transfer Agent with such security or indemnity as may be required by law or by them to save each of them harmless from all risks, however remote.

SECTION 8. This City Bond shall be a general obligation of the City and the City hereby irrevocably pledges its full faith, credit and taxing power for the purpose of effectuating and providing for the payment of the principal of, premium, if any, and interest on the City Bond as the same shall respectively mature and accrue. For the purpose of effectuating and providing for the payment of the principal of and interest on the City Bond as the same shall respectively mature and accrue, there shall be and is hereby levied a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of, premium, if any, and the interest on the City Bond and any additional obligations of the City under the Indenture; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the 2020 Bond Fund of the City Bond, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the Bond Resolution. Said tax, if necessary, shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue. Should there be a failure in any year to comply with the requirements of this section, such failure shall not impair the right of the Registered Owner of the City Bond in any subsequent year to have adequate taxes levied and collected to meet the all of the aforesaid obligations of the City Bond.

SECTION 9. Only if the City Bond shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth, duly executed by the Transfer Agent, shall the City Bond be entitled to the rights, benefits and security of this Bond Resolution. The City Bond shall not be valid or

obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Transfer Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Transfer Agent's certificate of registration and authentication on the City Bond shall be deemed to have been duly executed if signed by an authorized officer of the Transfer Agent, but it shall not be necessary that the same officer sign said certificate on the City Bond that may be issued hereunder at any one time.

SECTION 10. Ownership of the City Bond shall be in the Bank or its assignee. The Person in whose name the City Bond shall be registered in the records of the City maintained by the Transfer Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on the City Bond shall be made only to or upon the order of the Registered Owner thereof, or his legal representative, but such registration may be changed as hereinafter provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Bond to the extent of the sum or sums so paid.

SECTION 11. The City Bond shall be transferable only as provided in the Indenture. Upon the transfer of the City Bond, the City, acting through its Transfer Agent, shall issue in the name of the transferee a new City Bond of the same aggregate principal amount and maturity and rate of interest as the surrendered City Bond.

SECTION 12. (a) The City hereby establishes the 2020 Bond Fund which shall be maintained with a qualified depository in its name for the payment of the principal of and interest on the City Bond, and the payment of Agents' fees in connection therewith. There shall be deposited into the 2020 Bond Fund as and when received:

(i) The avails of any of the ad valorem taxes levied and collected pursuant to Section 8 hereof;

(ii) Any income received from investment of monies in the 2020 Bond Fund; and

(iii) Any other funds available to the City which may be lawfully used for payment of the principal of, premium, if any, and interest on the City Bond or for other obligations of the City which may be due under the Indenture, and which the Governing Body, in its discretion, may direct to be deposited into the 2020 Bond Fund.

(b) As long as any principal of, premium, if any, and interest on the City Bond or the Bank Bonds remain outstanding and/or other obligations of the City remain outstanding under the Indenture, the Clerk is hereby irrevocably authorized and directed to withdraw from the 2020 Bond Fund sufficient monies to make the payments necessary (the "**Payments**") to pay (i) the principal of, premium, if any, and interest coming due on the Bank Bonds, and (ii) any additional Payments necessary and required as obligations of the City under the Indenture, and to transfer same to the account of the Trustee in time to reach the Trustee at least five (5) days prior to the date on which said interest or principal and interest or premium, if any, on the Bank Bonds shall become due. The Trustee shall deposit all Payments received in the General Account of the General Fund of the Indenture, or such other fund or account in the Indenture as so directed in the Indenture.

SECTION 13. (a) The City hereby establishes the 2020 Construction Fund which shall be maintained with a qualified depository. The principal proceeds received upon the sale of the City Bond shall be deposited in the 2020 Construction Fund. Any income received from investment of monies in the 2020 Construction Fund shall be deposited in the 2020 Construction Fund and shall be used for the cost of the Construction Project and, if necessary, shall be deposited in the 2020 Bond Fund for the payment of debt service on the City Bond. From the 2020 Construction Fund there shall be held and disbursed moneys for the acquisition and construction of the Construction Project, as authorized by the Act. Any amounts which remain in the 2020 Construction Fund after the completion of the Construction Project shall be transferred to the 2020 Bond Fund and used as permitted under State law.

(b) Funds on deposit in the 2020 Construction Fund may be invested in Investment Securities, as defined in the Indenture, to the extent they are authorized by the Bank Act and applicable provisions of State law.

SECTION 14. (a) Payment of principal on the City Bond shall be made at the principal office of the Paying Agent; provided, however, the final payment of principal shall be made upon the presentation and surrender of the City Bond at the principal office of the Paying Agent, to the Record Date Registered Owner thereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date.

(b) Payment of each installment of interest on the City Bond shall be made to the Record Date Registered Owner thereof whose name shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date. Interest shall be payable in the aforesaid manner irrespective of any transfer or exchange of such City Bond subsequent to the Record Date and prior to the due date of the interest.

(c) Principal of and interest on the City Bond shall be paid by check or draft mailed on an Interest Payment Date to the Registered Owner at the addresses appearing in the registration records of the Transfer Agent. Any such address may be changed by written notice from the Registered Owner to the Transfer Agent by certified mail, return receipt requested, or such other method and at the times as may be subsequently prescribed by the Transfer Agent.

SECTION 15. The City Bond shall be submitted to validation as provided by Chapter 13, Title 31, Mississippi Code of 1972, and to that end the Clerk is hereby directed to make up a transcript of all legal papers and proceedings relating to the City Bond and to certify and forward the same to the State's Bond Attorney for the institution of validation proceedings.

SECTION 16. The City covenants to comply, if applicable, with each requirement of the Code and the regulations promulgated thereunder necessary to maintain the exclusion of interest on the Bank Bonds from gross income for federal income tax purposes, and in furtherance thereof, to comply, if applicable, with a certificate of the City to be executed and delivered concurrently with the issuance of the City Bond and the Bank Bonds, or such other covenants as may, from time to time, be required to be complied with in order to maintain the exclusion of interest on the Bank Bonds from gross income for federal income tax purposes, if applicable. The City shall not use or permit the use of any of the proceeds of the City Bond or the Bank Bonds, or any other funds of the City, directly or indirectly, to acquire any securities, obligations or other investment property, and shall not take or permit to be taken any other action or actions, which would cause any Bank Bond to be an "arbitrage bond" as defined in Section 148 of the Code, if and as applicable. Notwithstanding any other provisions to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bank Bonds from gross income for federal income tax purposes under the Code, if applicable, the covenants contained in this Section 16 shall survive the payment of the City Bond and the Bank Bonds and the interest thereon, including any payment or defeasance thereof.

SECTION 17. The City represents as follows:

(a) The City shall take no action that would cause the Bank Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(b) The City shall take all necessary action to have the Bank Bonds registered within the meaning of Section 149(a) of the Code; and

(c) The City will not employ any device or abusive transaction with respect to the investment of the proceeds of the Bank Bonds and, to the extent necessary, the City Bond.

SECTION 18. The City hereby covenants that, if applicable, in connection with the Bank Bonds it shall make, or cause to be timely made to the United States of America, any rebate payment required by Section 148(f) of the Code and the regulations promulgated thereunder and to that end, will enter into the Arbitrage Rebate Agreement (as defined in the Indenture) with the Bank and the Trustee. The Mayor, the Clerk and/or an Authorized Officer are each hereby authorized to execute the Arbitrage Rebate Agreement in order to comply with Section 148 of the Code and the applicable regulations thereunder. The Mayor, the Clerk and/or an Authorized officer are each hereby authorized to sign and file or cause to be filed a completed I.R.S. Form 8038 G "Information Return for Governmental Obligations" if required by Section 149E of the Code.

SECTION 19. The City Bond shall be sold to the Bank based on the terms and conditions of the sale of the Bank Bonds by the Bank to the Underwriter of the Bank Bonds.

SECTION 20. Pursuant to SEC Rule 15c2-12(b)(5) (the "**Rule**"), the City, as an "obligated person" under the Rule, covenants and agrees to enter into the Continuing Disclosure Certificate, setting forth the City's agreement with regard to continuing disclosure and to comply with the covenants set forth therein and carry out all of the provisions of the Continuing Disclosure Certificate. In the event the City fails to comply with the provisions of the Continuing Disclosure Certificate, the beneficial owners of the Bank Bonds may take such actions as may be necessary and appropriate, including mandamus or specific performance by court order, to cause the City to comply with its obligations set forth in the Continuing Disclosure Certificate and this Section 20.

SECTION 21. The City may issue refunding bonds, in one or more series, with the consent of the Bank pursuant to a supplement to this Bond Resolution or a separate resolution to provide funds for the refunding of all or a portion of the City Bond so long as: (a) no default has occurred and is continuing under this Bond Resolution or the Indenture; and (b) there shall have been filed with the City and the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bank Bonds then outstanding under the Indenture shall not be adversely affected, if applicable.

Such refunding bonds shall be appropriately designated, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered, shall have such paying agents and shall have such maturities and redemption provisions, all as may be provided in the supplement to this Bond Resolution or separate resolution of the Governing Body authorizing the issuance of such refunding bonds.

It is intended that this Section 21 allow for the provision of refunding bonds commensurate with the ability of the Bank to issue its refunding bonds as provided in Section 2.5 of the Indenture.

SECTION 22. (a) The Bank and the City, without the consent of the owners of any of the Bank Bonds outstanding under the Indenture, may enter into supplements to this Bond Resolution which shall not be inconsistent with the terms and provisions hereof for any of the purposes heretofore specifically authorized in this Bond Resolution or the Indenture, and in addition thereto for the following purposes:

- (i) To cure any ambiguity or formal defect or omission in the Indenture;
- (ii) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the opinion of Bond Counsel, does not materially and adversely affect the interest of the owners of the Outstanding City Bond and does not require unanimous consent of the Bondholders pursuant to Section 12.1 of the Indenture;
- (iii) To subject to the Indenture additional Revenues, properties or collateral;
- (iv) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, or to preserve the status of the interest on any Bank Bonds as exempt from inclusion in gross income of the holders thereof for federal tax purposes, or to permit the qualification of the Bank Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;
- (v) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent; and
- (vi) In connection with issuance of refunding bonds.

(b) The provisions of this Bond Resolution may be amended in any particular with the written consent of the Bank and the owners of not less than a majority of the aggregate principal amount of Bank Bonds then outstanding; provided, however, that no such amendment may be adopted which decreases the percentage of owners of Bank Bonds required to approve any amendment, or which permits a change in the date of payment of the principal of or interest on any Bank Bonds or of any redemption price thereof or the rate of interest thereon.

(c) If at any time the Bank and the City shall request the Trustee to consent to a proposed amendment for any of the purposes of this Section 22, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such proposed amendment to be given in the manner required by the Indenture to redeem Bank Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all holders of Bank Bonds. If, within 60 days or such longer period as shall be prescribed by the Bank following such notice, the owners of not less than a majority in aggregate principal amount of the Bank Bonds outstanding at the time of the execution of any such proposed amendment shall have consented to and approved the execution thereof as herein provided, no owner of any Bank Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the City or the Bank from executing or approving the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such proposed amendment as in this Section permitted and provided, this Bond Resolution shall be and be deemed to be modified and amended in accordance therewith.

(d) Copies of any such supplement or amendment shall be filed with the Trustee and delivered to the Bank and the City before such supplement or amendment may become effective.

SECTION 23. The Mayor, the Clerk and an Authorized Officer of the Governing Body are authorized to execute and deliver such resolutions, agreements, certificates and other documents as our required for the sale, issuance and delivery of the City Bond.

SECTION 24. The Indenture, in the form submitted to this meeting, is hereby made a part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially the form attached as **EXHIBIT A** (with such completions, changes, insertions and modifications as may be approved by such officers, said execution being conclusive evidence of such approval). The Mayor, the Clerk and an Authorized Officer of the Governing Body are hereby authorized to approve such additional changes as may be requested by the Bank. The Governing Body hereby approves and acknowledges the Indenture and the terms and provisions thereof and recognizes that may items governing the terms and conditions of the City Bond are based upon terms, limitations and conditions provided in the Indenture.

SECTION 25. The City Bond Purchase Agreement, in the form submitted to this meeting, is hereby made a part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially the form as provided in **EXHIBIT B** hereto. The Mayor, the Clerk and an Authorized Officer of the Governing Body are hereby authorized and directed to execute and deliver the City Bond Purchase Agreement with such changes, insertions and omissions as may be approved by such officers.

SECTION 26. The City deems it most advantageous to authorize the Municipal Advisor, to negotiate for the sale of the Bank Bonds with the Underwriter and to approve the submission of the form of the Bond Purchase Agreement for the sale of the Bank Bonds to the Bank and the City, for approval at a subsequent date to be determined by the Municipal Advisor and the City to be the most financially advantageous to the City and the Bank and hereby gives authority to the Mayor, the Clerk and an Authorized Officer of the Governing Body to approve the sale of the Bank Bonds including the execution of the Bond Purchase Agreement as evidence thereof, for and on behalf of the City, subject to the following conditions: (1) compliance of the City and the Bank with the provisions of the Act regarding the issuance of the City Bond and the Bank Bonds; (2) a total amount of Bank Bonds, in one or more series, not to exceed a total aggregate principal amount of Ten Million Dollars (\$10,000,000); (3) the Bank Bonds shall not bear a greater overall maximum interest rate to maturity than eleven percent (11%) per annum; (4) approval by the City and the Bank of the Bond Purchase Agreement for the sale of the Bonds evidenced by the

execution of the Bond Purchase Agreement; (5) maturity schedule for the Bank Bonds of not to exceed thirty (30) years; and (6) terms and provisions of the Bank Bonds in compliance with the Act.

SECTION 27. (a) The form of the Preliminary Official Statement and the Bond Purchase Agreement as submitted to this meeting and made a part of this resolution as though set forth in full herein shall be, and the same hereby are, approved in substantially said forms. The Mayor, the Clerk and an Authorized Officer of the Governing Body are hereby authorized and directed to execute and deliver, as applicable, the Preliminary Official Statement and the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval. The Preliminary Official Statement is hereby "deemed final" by the City as described in the Rule. The Mayor, the Clerk and an Authorized Officer of the Governing Body are hereby authorized and directed to execute and deliver the Official Statement in connection with the Bank Bonds with such changes from the Preliminary Official Statement as he/she may approve. Said Preliminary Official Statement and Bond Purchase Agreement are attached hereto as **EXHIBIT C** and **EXHIBIT D**, respectively.

(b) If in the opinion of the Bond Counsel, the Underwriter and the Municipal Advisor, a supplement or amendment to the Preliminary Official Statement and/or Official Statement is necessary to provide proper disclosure for the Bank Bonds, the Governing Body of the City hereby authorizes (a) Bond Counsel to prepare and distribute such supplement or amendment to the Preliminary Official Statement and/or the Official Statement in a form and in a manner approved by the Underwriter, and (b) the Underwriter to provide distribution of such supplement or amendment to the Preliminary Official Statement and/or Official Statement, as the case may be, in connection with the sale of the Bank Bonds, with the distribution of such supplement or amendment being conclusive evidence of the approval of the Governing Body.

(c) The Continuing Disclosure Certificate, in the form attached to the Preliminary Official Statement as submitted to this meeting, is hereby made part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially said form. The Mayor, the Clerk and an Authorized Officer are hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by such officers, said execution being conclusive evidence of such approval.

SECTION 28. The Mayor, the Clerk and an Authorized Officer are hereby given the authority to select and appoint the Trustee for the Bank Bonds under the Indenture.

SECTION 29. The Mayor, the Clerk and an Authorized Officer are hereby authorized and directed to sign requisitions and perform such other acts as may be necessary to authorize the payment by the Trustee for the Bank Bonds on the closing date of the Bank Bonds the costs of issuance of said Bank Bonds and cost of issuance for the City Bond of the City; provided, however, total costs of issuance for said Bank Bonds and the City Bond shall not exceed five (5%) percent of the par amount of the Bank Bonds (excluding Underwriter's discount and any premiums for municipal bond insurance, if applicable).

SECTION 30. Upon receiving the recommendation of the Municipal Advisor and Bond Counsel, the Mayor, the Clerk and an Authorized Officer are hereby authorized and directed to make all final determinations necessary to prepare the Indenture, the sale of the Bank Bonds, including the date of sale, the dated date of the Bank Bonds, the final principal amount of the Bank Bonds, the maturity schedule relating to the Bank Bonds, the redemption terms of the Bank Bonds, the series designation of the Bank Bonds and any other terms thereof; provided, however, that all such determinations shall be made subject to approval by the Bank, to be evidenced by the execution of the Bond Purchase Agreement for the sale of the Bank Bonds.

SECTION 31. The Mayor, the Clerk and an Authorized Officer are hereby authorized and directed to execute and deliver any additional documents, agreements, instruments, requisitions and certificates, which are required in connection with the sale and issuance of the Bank Bonds and the City Bond, including the approval of the final Official Statement in connection with the Bank Bonds. Notwithstanding any other provision herein or in any attachments hereto, the Governing Body further authorizes any necessary changes to the name or title or series designation of the Bank Bonds or the City Bond and corresponding changes to any of the related documents approved hereby if it is determined, after consultation with the Municipal Advisor, that it is in the best interest of the

City for the Bank Bonds to be issued at a later date or in one or more tax-exempt or taxable series, as municipal bond market conditions may dictate.

SECTION 32. Prior to their delivery, the City Bond shall be validated pursuant to Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended, by the Chancery Court of Lee County, Mississippi.

SECTION 33. Upon the recommendation of the Municipal Advisor, the Mayor, the Clerk and an Authorized Officer are hereby authorized to apply for, execute and deliver, a commitment for the provision of municipal bond insurance and any additional documents and certificates which are required by any provider of such municipal bond insurance selected to provide credit enhancement in connection with the issuance of the Bank Bonds. Such insurer shall be selected by the Bank and the City following negotiations with perspective insurers by the Municipal Advisor. Any changes, insertions and omissions as may be required by the provider of the municipal bond insurance to the Indenture, the City Bond, and the Preliminary Official Statement are to be approved by the City and the Bank, and the execution of the commitment for said municipal bond insurance being conclusive evidence of such approval. Payment of the premiums, if applicable, for such municipal bond insurance out of the proceeds of the Bank Bonds is hereby approved. The Mayor, the Clerk and an Authorized Officer are hereby authorized to execute, if applicable, the commitment for municipal bond insurance on behalf of the Bank and/or the City.

SECTION 34. The Mayor, the Clerk and an Authorized Officer are authorized to execute and deliver such resolutions, agreements, certificates and other documents as are required for the sale, issuance and delivery of the City Bond. The Governing Body further authorizes Bond Counsel, City Counsel and the Municipal Advisor, to prepare and distribute all necessary documents and to do all things required in order to negotiate the sale of the Bank Bonds and to effectuate the sale and issuance of the City Bond and the Bank Bonds.

SECTION 35. The Mayor, the Clerk and an Authorized Officer are hereby authorized and directed to make all final determinations necessary in connection with the City Bond and the Bank Bonds including, but not limited to, the final principal amount of the City Bond and the Bank Bonds, the maturity schedule relating to the City Bond and the Bank Bonds, the redemption terms of the City Bond and the Bank Bonds, the dated date and payment dates of the City Bond and the Bank Bonds, the interest rate or rates to be borne by the City Bond and the Bank Bonds, and the price to be paid for the City Bond and the Bank Bonds, subject to the provisions of the Act and this Bond Resolution.

SECTION 36. If any one or more of the provisions of this Bond Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Bond Resolution, but this Bond Resolution shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

SECTION 37. All orders, resolutions or proceedings of the Governing Body in conflict with any provision hereof shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict. For cause, this Bond Resolution shall become effective upon the adoption hereof.

The above and foregoing resolution, after having been first reduced to writing, was introduced by Council Member _____, seconded by Council Member _____ and was adopted by the following roll call vote, to wit:

YEAS:

NAYS:

ABSENT:

The President thereby declared the motion carried and the resolution adopted, this the 3rd day of March, 2020.

ATTEST:

ADOPTED:

CLERK OF COUNCIL

PRESIDENT

The above and foregoing resolution having been submitted to and approved by the Mayor, this the 3rd day of March, 2020.

CITY CLERK

MAYOR

(SEAL)

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX D

FORM OF BOND COUNSEL OPINION

[THIS PAGE LEFT BLANK INTENTIONALLY]

**UPON THE DELIVERY OF THE SERIES 2020 BONDS, BUTLER SNOW LLP PROPOSES TO DELIVER
AN OPINION IN SUBSTANTIALLY THE FOLLOWING FORM:**

Mississippi Development Bank
Jackson, Mississippi

Re: \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project), dated the date of delivery thereof (the "**Series 2020 Bonds**")

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Mississippi Development Bank (the "**Issuer**") of the above described Series 2020 Bonds, pursuant to a Trust Indenture (the "**Indenture**"), dated as of May 7, 2020, by and between the Issuer and The Peoples Bank, as Trustee (the "**Trustee**"). We have examined the law and a certified transcript of proceedings of the Issuer relative to the authorization, issuance and sale of the Series 2020 Bonds and such other papers as we deem necessary to render the opinions in this letter, including the Issuer's tax covenants and representations made in the Indenture and tax certificates and the tax covenants and representations made by City of Tupelo, Mississippi (the "**City**") in tax certificates and in a resolution (the "**City Bond Resolution**") adopted by the Mayor and the City Council of the City on March 3, 2020 (collectively, the "**Tax Representations and Covenants**").

The Series 2020 Bonds are being issued under the authority of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "**Bank Act**"), and Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "**City's Bond Act**") and together with the Bank Act, the "**Act**"), a resolution of the Board of Directors of the Issuer adopted on March 11, 2020, and the City Bond Resolution (together, the "**Resolution**").

The Series 2020 Bonds are being issued for the purpose of providing funds to finance the costs of purchasing the \$10,000,000 City of Tupelo, Mississippi General Obligation Bond, Series 2020 (the "**City Bond**") and (b) pay the costs incident to the sale, issuance, and delivery of the Series 2020 Bonds and the City Bond. The City will use the proceeds of the City Bond to finance various capital improvements within the City, as more particularly described in the City Bond Resolution.

As to questions of fact material to our opinions, we have relied upon representations of the City and the Issuer, certified proceedings and other certifications of the City and the Issuer and other public officials furnished to us, including the Tax Representations and Covenants, and without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate.

We have relied upon the certified transcript of proceedings and other certificates of public officials, including the Tax Representations and Covenants, and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and subject to the qualifications, statements of reliance and assumptions herein, we are of the opinion on the date hereof that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Series 2020 Bonds by the Issuer pursuant to the Constitution and laws of the State of Mississippi (the "**State**"), including the Act and the provisions of the Resolution.

2. The Series 2020 Bonds, assuming the due authentication thereof, are legal, valid and binding limited obligations of the Issuer enforceable in accordance with the terms thereof. The Series 2020 Bonds are payable from

and secured only by the certain payments and funds to be received by the Issuer and the Trustee and pledged to the Series 2020 Bonds under the Indenture.

3. The Indenture is a valid and binding agreement of the Issuer enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create in the Funds and Accounts and the City Bond (as such terms are defined in the Indenture), including the investments thereof (excepting therefrom the Rebate Fund), subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated below, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, and interest on the Series 2020 Bonds is excludable from federal alternative minimum taxable income. We express no opinion regarding other federal tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2020 Bonds. In rendering the opinion contained in this paragraph (4), we have assumed continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be met after the issuance of the Series 2020 Bonds in order that interest on the Series 2020 Bonds not be includable in gross income for federal income tax purposes. The failure to meet such requirements may cause interest on the Series 2020 Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds. The City and the Issuer have covenanted to comply with or to require compliance with the requirements of the Code in order to maintain the excludability of interest on the Series 2020 Bonds from gross income for federal income tax purposes. Owners of the Series 2020 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes or any other collateral federal income tax consequences.

5. Under and pursuant to the Act, the Series 2020 Bonds and interest thereon are exempt from all income taxes imposed by the State.

It is to be understood that the rights of the holders of the Series 2020 Bonds and the enforceability of the Series 2020 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In this opinion letter, issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Issuer's Official Statement or other statements made in connection with any offer or sale of the Series 2020 Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2020 Bonds, except those specifically addressed herein, or upon any federal or state law with respect to the sale or distribution of the Series 2020 Bonds.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2020 Bonds under the laws of the State and with respect to the excludability of the interest on the Series 2020 Bonds from federal and State income taxation. Owners of the Series 2020 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes or any other collateral federal income tax consequences.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certificates, resolutions, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, certifications, resolutions, documents and proceedings. In rendering this opinion we have relied upon the opinion of Balch & Bingham, LLP, Jackson, Mississippi, counsel for the Issuer, dated the date hereof, as to the due authorization and execution by and enforceability against the Issuer as to the Series 2020 Bonds and the Indenture.

Very truly yours,

BUTLER SNOW LLP

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX E
DEFINITIONS

[THIS PAGE LEFT BLANK INTENTIONALLY]

DEFINITIONS

In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless the context or use in this Official Statement otherwise requires. Words of the masculine gender should be deemed and constructed to include correlative words of the female and neuter gender. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Indenture and the City Bond Resolution, as the case may be.

Accounts

"Accounts" means the accounts created pursuant to Article VI of the Indenture.

Act

"Act" means together the Bank Act and the City Bond Act.

Authorized Officer

"Authorized Officer" means the President, Vice President, Executive Director, Secretary or Assistant Secretary of the Bank or such other person or persons who are duly authorized to act on behalf of the Bank.

Bank

"Bank" means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions organized under the Bank Act.

Bank Act

"Bank Act" means the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

Bankruptcy Code

"Bankruptcy Code" means 11 U.S.C. Section 101 *et seq.*, as amended or supplemented from time to time.

Beneficial Owner

"Beneficial Owner" means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a DTC participant on the records of such DTC participant, or such person's subrogee.

Bond Counsel

"Bond Counsel" means an attorney or firm of attorneys approved by the City and the Bank nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law, including particularly compliance with Section 148(f) of the Code. Butler Snow LLP, Ridgeland, Mississippi, is serving as Bond Counsel in connection with the sale and issuance of the Series 2020 Bonds.

Bond Issuance Expense Account

"Bond Issuance Expense Account" means the account by that name created pursuant to the Indenture.

Bond Register

"Bond Register" means the registration records of the Bank kept by the Trustee to evidence the registration and transfer of the Bonds.

Bondholder

"Bondholder" or "holder of Bonds" or "owner of Bonds" or any similar term means the Registered Owner of any Bond.

Bonds

"Bonds" means the Series 2020 Bonds and any Refunding Bonds issued pursuant to the Indenture.

Business Day

"Business Day" means any day, other than a Saturday or Sunday, on which the Trustee or the City Hall of the City is not closed and on which the payment system of the Federal Reserve System, is operational.

City

"City" means the City of Tupelo, Mississippi, a "local governmental unit" under the Bank Act.

City Bond

"City Bond" means the \$10,000,000 General Obligation Bond, Series 2020, issued by the City pursuant to the City Bond Resolution and registered to the Trustee as assignee of the Bank pursuant to the Indenture.

City Bond Act

"City Bond Act" means the provisions of Mississippi Code of 1972, Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

City Bond Payment

"City Bond Payment" means the amounts paid or required to be paid, from time to time, for principal, premium, if any, and interest on the City Bond held by the Trustee pursuant to the Indenture.

City Bond Purchase Agreement

"City Bond Purchase Agreement" means that certain City Bond Purchase Agreement, dated April 16, 2020, by and between the City and the Bank in connection with the issuance and sale of the City Bond.

City Bond Resolution

"City Bond Resolution" means that certain resolution adopted by the Board of Trustees of the City on March 3, 2020, in connection with the issuance of the City Bond.

Code

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2020 Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

Construction Project

"Construction Project" means (i) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; (ii) erecting, repairing, improving, adorning and equipping municipal buildings and purchasing buildings and land therefor; (iii) purchasing land for parks, cemeteries and public playgrounds, and improving, equipping and adorning the same, including the constructing, repairing and equipping of swimming pools and other recreational facilities; (iv) purchasing fire-fighting equipment and apparatus, and providing housing for same, and purchasing land therefor; (v) erecting or purchasing waterworks, gas, electric and other public utility plants or distribution systems or franchises, and repairing, improving and extending the same; (vi) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; (vii) protecting a municipality, its streets and sidewalks from overflow, caving banks and other like dangers; (viii) constructing bridges and culverts; (ix) purchasing machinery and equipment, including motor vehicles weighing not less than twelve thousand (12,000) pounds, which have an expected useful life in excess of ten (10) years which expected useful life shall exceed the life of the bonds financing such purchase; and (x) for other authorized purposes under the Act.

Costs of Issuance

"Costs of Issuance" means items of expense payable or reimbursable, directly or indirectly, by the Bank and related to the authorization, sale, validation, issuance and/or delivery of the Series 2020 Bonds and the City Bond as allowed by the Code, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2020 Bonds, credit enhancements or liquidity facility fees, fees and expenses of the Underwriter, and other costs, charges and fees in connection with the foregoing.

Counsel

"Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and approved by the Bank and the Trustee.

Default

"Default" means an event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

DTC

"DTC" means The Depository Trust Company, New York, New York.

DTC Participants

"DTC Participants" shall have the meaning ascribed thereto in the Indenture.

Event of Default

"Event of Default" means any occurrence or event specified in the Indenture.

Fiscal Year

"Fiscal Year" means, when used with respect to the Bank, the Bank's fiscal year being the twelve (12) month period from July 1 through the following June 30 or such other fiscal year as may be established by the Bank.

Funds

"Funds" means the funds created pursuant to Article VI of the Indenture (other than the Rebate Fund).

General Account

"General Account" means the account by that name created by the Indenture.

General Fund

"General Fund" means the fund by that name created by the Indenture.

Governmental Obligations

"Governmental Obligations" means to the extent permitted by State law (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration (or successor thereto), Federal Financing Bank, Federal Housing Administration, Maritime Administration, Small Business Administration, which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; and (c) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) is fully and unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in clause (i) to the extent such investments are permitted by law.

Indenture

"Indenture" means the Indenture of Trust, and all supplements and amendments hereto entered into pursuant to Article XII of the Indenture.

Interest Payment Date

"Interest Payment Date" means any date on which interest is payable on the Bonds, and for the Series 2020 Bonds, May 1 and November 1, commencing November 1, 2020.

Investment Securities

"Investment Securities" means any and all securities, instruments and the like in which the Bank is authorized from time to time to invest its funds under State law, including but not limited to Governmental Obligations.

Local Governmental Unit

"Local Governmental Unit" means (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Bank.

Moody's

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Bank), with written notice to the Trustee.

Opinion of Bond Counsel

"Opinion of Bond Counsel" means an opinion by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law, and which is acceptable to the Bank and the Trustee.

Outstanding

"Outstanding" or "Bonds Outstanding" means all Bonds, which have been authenticated and delivered by the Trustee under this Indenture, including Bonds held by the Bank, except:

Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

Bonds deemed paid under Article IX of the Indenture; and

Bonds in lieu of which other Bonds have been authenticated under Section 3.5, 3.6 or 3.10 of the Indenture.

Paying Agent

"Paying Agent" means the Trustee or any successor thereto, acting as the Paying Agent under the City Bond Resolution.

Principal Office

"Principal Office" means, as it relates to the Trustee, the address for the Trustee set forth under the definition of Notice Address above.

Program

"Program" means the program for purchasing the City Bond by the Bank pursuant to the Bank Act.

Program Expenses

"Program Expenses" means all of the fees and expenses of the Trustee relating to the Bonds or the City Bond and costs of determining the amount rebatable, if any, to the United States of America under the Indenture, all to the extent properly allocable to the Program and approved in writing by the Bank.

Project

"Project" means providing financing for (a) the purchase of the City Bond, to finance the Construction Project and (b) paying the Costs of Issuance for the City Bond and the Series 2020 Bonds.

Purchase Account

"Purchase Account" means the account by that name created by the Indenture.

Rebate Fund

"Rebate Fund" means the fund by that name created by the Indenture.

Record Date

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date.

Redemption Account

"Redemption Account" means the account by that name created by the Indenture.

Redemption Price

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus premium, if any, and accrued interest payable upon redemption prior to maturity.

Refunding Bonds

"Refunding Bonds" means bonds issued pursuant to the Indenture and any Supplemental Indenture.

Registered Owner

"Registered Owner" means the person or persons in whose name any Bond shall be registered on the Bond Register.

Revenues

"Revenues" means the Funds and Accounts (except for the Rebate Fund) and all income, revenues and profits of the Funds and Accounts (except for the Rebate Fund) referred to in the granting clauses of the Indenture including, without limitation, all City Bond Payments and any additional amounts paid to the Trustee under the City Bond Resolution or from any other source whatsoever.

S&P

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, its successors and assigns, and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Bank), by written notice to the Trustee.

Securities

"Securities" means bonds, notes or other evidences of indebtedness issued by a Local Governmental Unit pursuant to the Bank Act including the City Bond.

Series 2020 Bonds

"Series 2020 Bonds" means the \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) issued pursuant to the Indenture.

State

"State" means the State of Mississippi.

Supplemental Indenture

"Supplemental Indenture" means an indenture supplemental to or amendatory of the Indenture, executed by the Bank and the Trustee in accordance with the Indenture.

Trust Estate

"Trust Estate" means the property, rights, and amounts pledged and assigned to the Trustee as security for the Bonds, pursuant to the granting clauses of the Indenture.

Trustee

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under this Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of this Indenture, and which shall initially be The Peoples Bank, Biloxi, Mississippi.

Underwriter

"Underwriter" means Stephens Inc., Little Rock, Arkansas.

[THIS PAGE LEFT BLANK INTENTIONALLY]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE LEFT BLANK INTENTIONALLY]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the City of Tupelo, Mississippi (the "**City**") in connection with the issuance of \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project), dated the date of delivery thereof (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust (the "**Indenture**"), dated May 7, 2020, between the Mississippi Development Bank (the "**Bank**") and The Peoples Bank, Biloxi, Mississippi, as trustee (the "**Trustee**"). The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**SEC**").

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Annual Report**" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Dissemination Agent**" shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"**Fiscal Year**" shall mean the period beginning on October 1 of and ending on September 30, or such other 12-month period as may be adopted by the Issuer in accordance with law.

"**Listed Events**" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

"**Official Statement**" means the final Official Statement prepared in connection with the Bonds.

"**Participating Underwriter**" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than twelve (12) months following the end of the Issuer's fiscal year of each year, commencing twelve (12) months following the end of the Issuer's fiscal year ending September 30, 2020, provide to the MSRB (in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit "A," or in another form as determined by the City.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements for such Fiscal Year if audited financial statements are then available, and, if unavailable, reasonably available and accessible unaudited financial information describing the City's financial situation for the prior Fiscal Year; or adopted budgets and such audited financial statements if and when they become available.

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The City shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The City shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

(15) Incurrence of a financial obligation of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the City elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the City and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the City described in this Disclosure Certificate, the Dissemination Agent shall:

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the City at least 30 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the City, certify in writing to the City that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section 3(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A or in another form determined by the City.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the City has caused this Disclosure Certificate to be executed by a duly authorized officer, all as of this 7th day of May, 2020.

(SEAL)

CITY OF TUPELO, MISSISSIPPI

By _____
Mayor

ATTEST:

By _____
City Clerk

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mississippi Development Bank
Name of Conduit Borrower: City of Tupelo, Mississippi (the "City")
Name of Bond Issue: \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) (the "Series 2020 Bonds")
Date of Issuance: May 7, 2020
CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the Bonds as required by the Continuing Disclosure Certificate executed on ____, 2020 by the City. The City anticipates that the Annual Report will be filed by _____ ____, 20 ____.

Dated: _____, _____

EXHIBIT B

Name of Issuer: Mississippi Development Bank
Name of Conduit Borrower: City of Tupelo, Mississippi (the "City")
Name of Bond Issue: \$10,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2020 (Tupelo, Mississippi General Obligation Bond Project) (the "Series 2020 Bonds")
Date of Issuance: May 7, 2020
CUSIP Numbers:

Government

Name	Occupation	Position Held Since

TAX INFORMATION

Assessed Valuation of the City¹

Assessment Year	Real Property	Personal Property	Public Utility Property	Mobile Homes	Auto-Mobiles	Total

Tax Levy Per \$1,000 Valuation²

City - General Purpose:					
Operating Millage					
Debt Millage					
Total for City:					

¹ The total assessed valuation is approved in September preceding the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 20__ are collected starting in January, 20__ for the 20__-20__ fiscal year budget of the City.

² Tax levy figures given is mills. The County levies a tax of nine cents per acre on all timbered and/or uncultivated land located in the County.

Ad Valorem Tax Collections

Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over/(Under)

Outstanding General Obligation Bonded Debt

(as of _____)

Issue	Date of Issue	Outstanding Principal

Other Outstanding Debt

(as of _____)

Issue	Date of Issue	Outstanding Principal