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BOARD OF ALDERMEN

JON GRISHAM

MAYOR PRO-TEM

JOEY BRYANT

HOMER RICHARDSON

JACKIE MCKENZIE

STEPHEN FREEMAN



CITY OF RIPLEY
CHRIS MARSALIS, MAYOR

BEVERLY BAYLIS

AFFIRMATIVE ACTION COORDINATOR

ROBIN VERNOR

CITY CLERK

W. PRICE ELLIOTT

CITY ATTORNEY

SONNY MEEKS

CITY JUDGE

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Re: Annual Audit

Accompanying this letter is a copy of the financial report of The City of Ripley, Mississippi, for the fiscal year ended September 30, 2014. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Mayor

CITY OF RIPLEY, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

2014



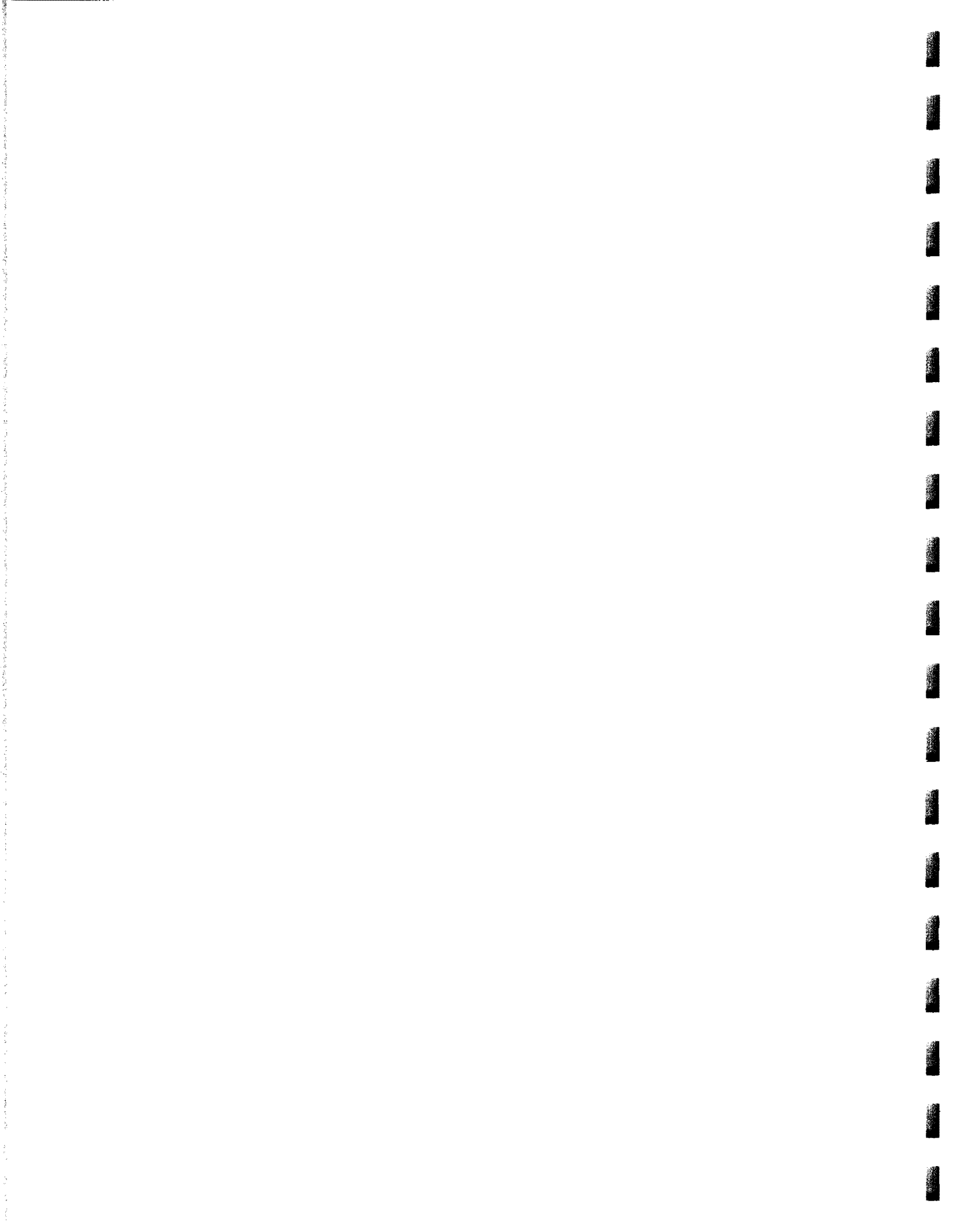
CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report
For the Year Ended September 30, 2014

Elected Officials

Chris Marsalis
Joey Bryant
Homer Richardson
Jackie McKenzie
Stephen Freeman
Jon Grisham

Mayor
Ward 1
Ward 2
Ward 3
Ward 4
Mayor, Pro-Tem, At Large



CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report For the Year Ended September 30, 2014

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STOCKHOLDER

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CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

B.J. HORTON
CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
MISSISSIPPI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 36 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

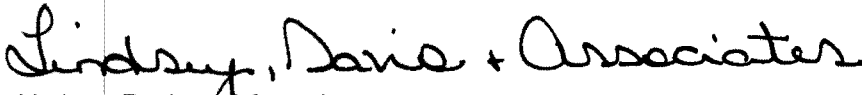
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ripley's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the City of Ripley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ripley's internal control over financial reporting and compliance.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 25, 2015



CITY OF RIPLEY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2014

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2014 fiscal year by \$22,504,901. Of this amount, \$6,505,410 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.
- The City's total debt is \$4,822,741.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector enterprise.

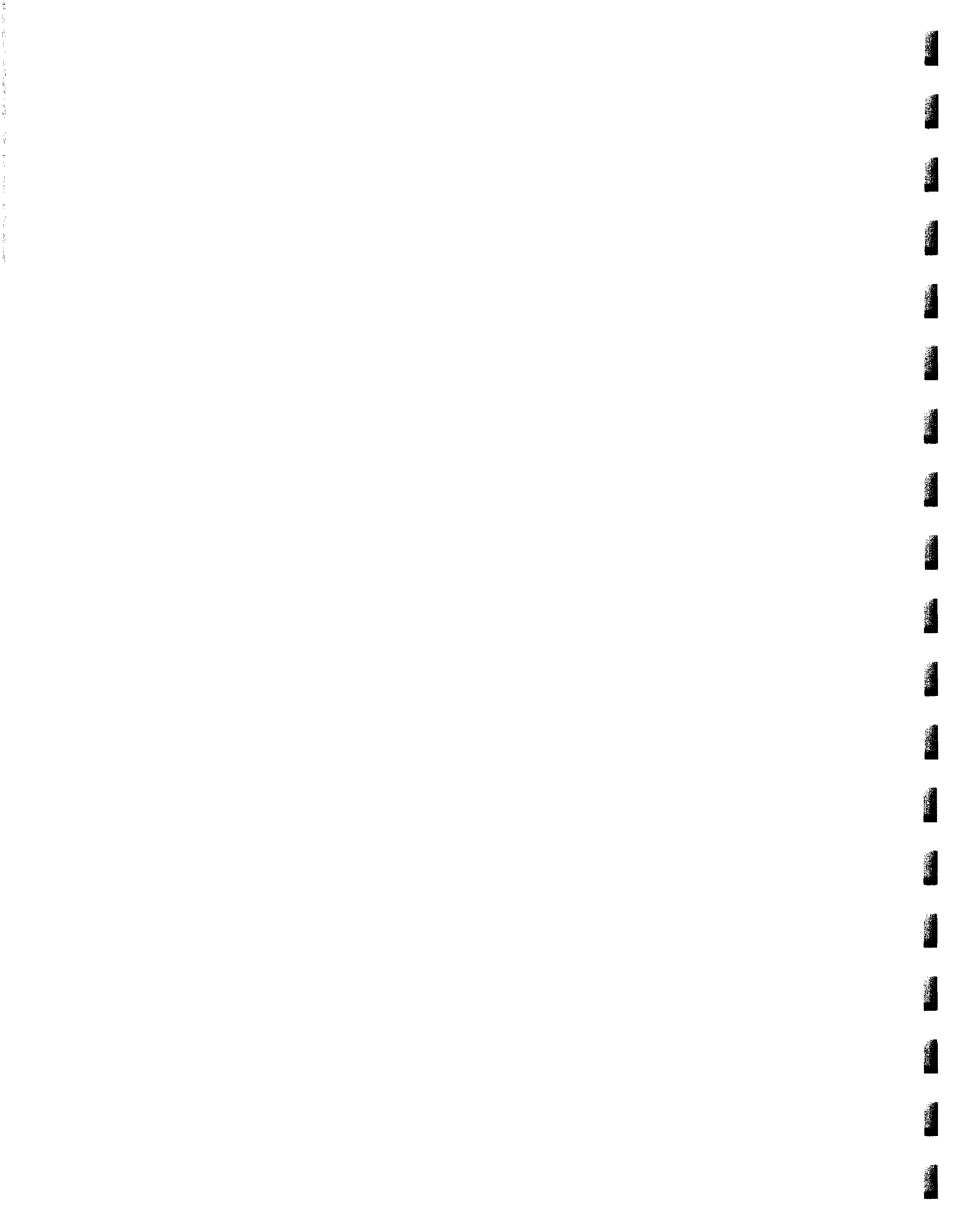
The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those functions that are mainly supported through charges to the consumer (*business-type activities*). The City's gas, water, and sewer utilities are business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In the fund financial statements, each of the City's major funds is presented in a separate column. The distinction between governmental type activities and proprietary type activities is maintained through the presentation of separate statements for these two types of funds. The major governmental fund presented is the City's General Fund. The City's Gas Fund and Water and Sewer Fund are presented as major funds in the Statement of Net Assets - Proprietary Funds, the Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds, and the Statement of Cash Flows - Proprietary Funds.



Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds include Enterprise Funds and Internal Service Funds. Enterprise Funds are used for those activities which are financed, primarily, by charges to users and customers.

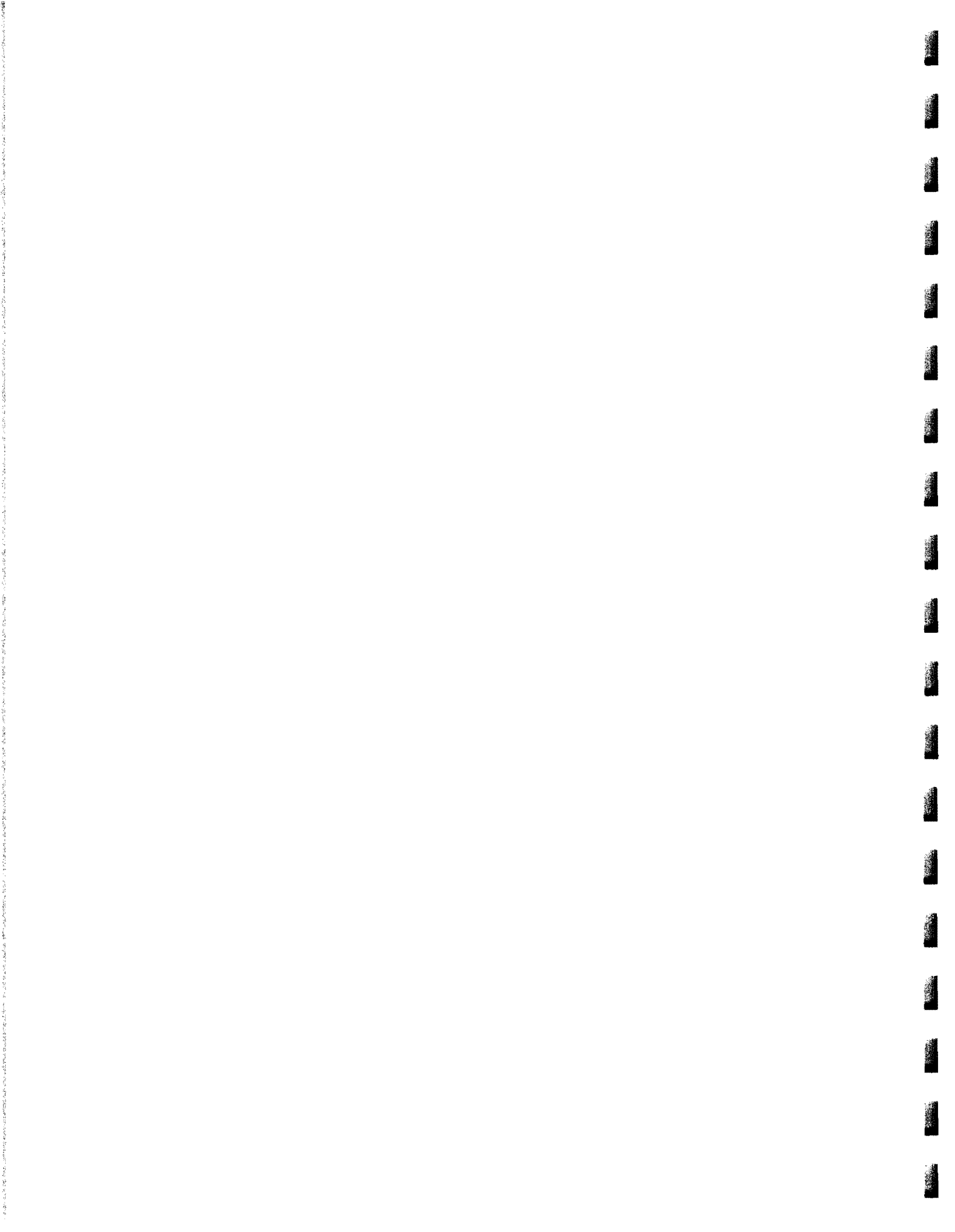
Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi				
Net Assets				
September 30, 2014				
	Governmental Activities	Business-type Activities	2014 Total	2013 Total
Current and Other Assets	\$ 1,380,703	\$ 6,211,643	\$ 7,592,346	\$ 5,414,923
Capital Assets, Net	8,654,469	11,984,100	20,638,569	20,865,734
Total Assets	10,035,172	18,195,743	28,230,915	26,280,657
Current and Other Liabilities	428,655	781,113	1,209,768	1,021,862
Long-term Liabilities	2,447,865	2,068,381	4,516,246	3,318,502
Total Liabilities	2,876,520	2,849,494	5,726,014	4,340,364
Invested in Capital Assets	6,341,190	9,658,301	15,999,491	16,956,203
Unrestricted	817,462	5,687,948	6,505,410	4,984,090
Total Net Assets	\$ 7,158,652	\$ 15,346,249	\$ 22,504,901	\$ 21,940,293

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 73% of the City's total net assets. The remaining, unrestricted net assets may be used by the governing authority to provide future services.



City of Ripley, Mississippi
Changes in Net Assets
For the Year Ended September 30, 2014

	Governmental Activities	Business-type Activities	2014 Total	2013 Total
Revenues:				
Program Revenues:				
Charges for Services	\$ 512,401	\$ 8,814,100	\$ 9,326,501	\$ 8,123,390
Operating Grants and Contr.	52,091		52,091	97,976
Capital Grants and Contr.	73,246	219,343	292,589	695,128
General Revenues:				
Property Taxes	325,345		325,345	312,314
Sales Tax	1,356,316		1,356,316	1,211,559
Tourism Tax	287,911		287,911	259,912
Franchise Taxes	191,985		191,985	193,513
Road Tax	151,071		151,071	150,716
Other Taxes	14,630		14,630	14,389
Interest	12,092	12,852	24,944	39,394
Transfer				
Other	184,419	35,364	219,783	799,030
Total Revenues	<u>3,161,507</u>	<u>9,081,659</u>	<u>12,243,166</u>	<u>11,897,321</u>
Expenses:				
General Government	528,326		528,326	926,532
Public Safety	994,602		994,602	945,289
Public Works	1,023,676		1,023,676	1,023,791
Parks and Recreation	738,596		738,596	384,428
Water and Sewer Service		1,807,454	1,807,454	1,665,776
Gas Service		6,585,904	6,585,904	5,481,654
Total Expenses	<u>3,285,200</u>	<u>8,393,358</u>	<u>11,678,558</u>	<u>10,427,470</u>
Increase in Net Assets	(123,693)	688,301	564,608	1,469,851
Net Assets - Beginning of Year	<u>7,282,345</u>	<u>14,657,948</u>	<u>21,940,293</u>	<u>20,470,442</u>
Net Assets - End of Year	<u>\$ 7,158,652</u>	<u>\$ 15,346,249</u>	<u>\$ 22,504,901</u>	<u>\$ 21,940,293</u>

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, is sales tax (43%), charges for services (16%), and property taxes (10%).

The largest expense categories for the City's governmental activities are public works (31%) and public safety (30%).



Table 1 presents the revenues of the City's governmental activities, and Table 2 presents the cost of each of the functions of the City's governmental activities. Table 3 presents the revenues of the City's business-type activities.

Table 1
Revenues by Source - Governmental Activities

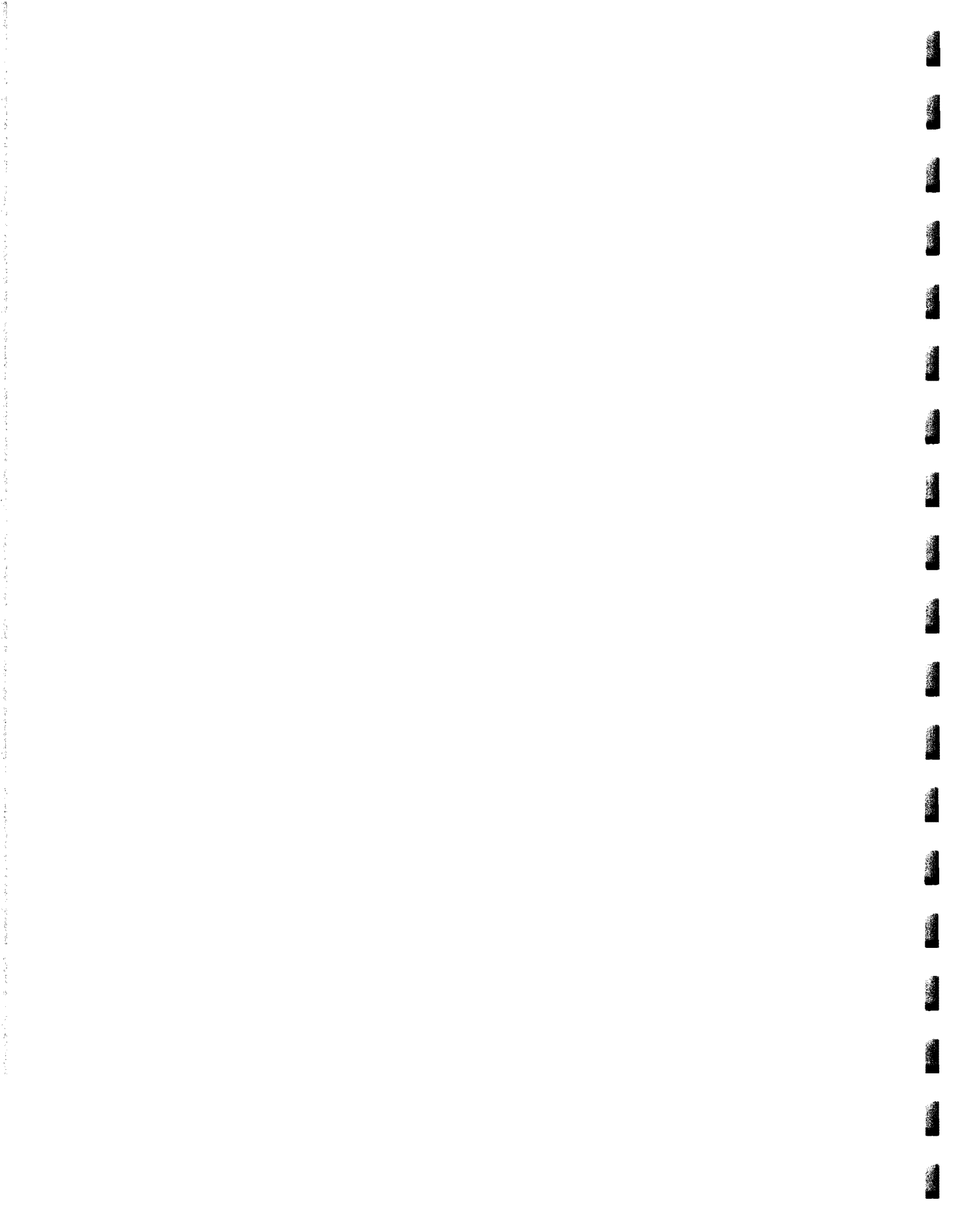
	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
Charges for Services	\$ 512,401	16.2%	\$ 505,287	14.3%
Grants and Contributions	125,337	3.9%	503,915	14.3%
Property Taxes	325,345	10.3%	312,314	8.9%
Road Tax	151,071	4.8%	150,716	4.3%
Sales Tax	1,356,316	42.9%	1,211,559	34.4%
Tourism Tax	287,911	9.1%	259,912	5.5%
Franchise Taxes	191,985	6.1%	193,513	7.2%
Other Taxes	14,630	0.5%	14,389	0.4%
Interest	12,092	0.4%	20,220	0.6%
Other	184,419	5.8%	355,244	10.1%
	<u>\$ 3,161,507</u>	<u>100.0%</u>	<u>\$ 3,527,069</u>	<u>100.0%</u>

Table 2
Expenses by Function - Governmental Activities

	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
General Government	\$ 528,326	16.1%	\$ 926,532	28.2%
Public Safety	994,602	30.3%	945,289	28.9%
Public Works	1,023,676	31.1%	1,023,791	31.2%
Parks and Recreation	738,596	22.5%	384,428	11.7%
	<u>\$ 3,285,200</u>	<u>100.0%</u>	<u>\$ 3,280,040</u>	<u>100.0%</u>

Table 3
Revenues by Source - Business-type Activities

	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
Gas Charges for Services	\$ 7,394,633	81.4%	\$ 6,285,742	75.1%
Water and Sewer Charges for Services	1,419,467	15.7%	1,332,361	15.9%
Grants and Contributions	219,343	2.4%	289,189	3.5%
Interest	12,852	0.1%	19,174	0.2%
Other	35,364	0.4%	443,786	5.3%
	<u>\$ 9,081,659</u>	<u>100.0%</u>	<u>\$ 8,370,252</u>	<u>100.0%</u>



Business-type Activities

Business-type activities increased the City's net assets by \$688,301. Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of \$1,419,467 (16%) for water and sewer and \$7,394,633 (81%) for gas.

Capital Asset and Debt Administration

Capital assets. In accordance with GASB Statement No. 34, the City has recorded depreciation expense associated with all of its capital assets. The Statement encourages, but does not require, phase three governments to report infrastructure retroactively. Therefore, due to costs constraints, the management of the City decided not to retroactively report infrastructure. Beginning with the fiscal year ended September 30, 2004, the City has reported newly acquired or constructed general infrastructure assets in the Statement of Net Assets.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amount to \$20,638,569, net of accumulated depreciation of \$11,565,393. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

Long-term debt. At year-end, the City had \$4,822,741 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2015 budget. The total budgeted appropriations for the City operations in the governmental activities is \$2,978,187.

Contact Information

This financial report is designed to provide a general overview of the City of Ripley, Mississippi's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Ripley, 500 South Main Street, Ripley, MS, 38663, telephone number (662) 837-0130.



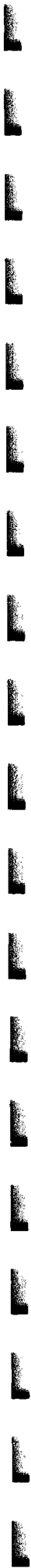
CITY OF RIPLEY, MISSISSIPPI

Statement of Net Assets

September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 462,741	\$ 2,401,051	\$ 2,863,792
Investments		372,212	372,212
Receivables:			
Accounts (Net)	54,646	918,040	972,686
Franchise Fees	1,362		1,362
Sales Tax	255,222		255,222
Taxes	37,544		37,544
Interest Receivable		913	913
Lease Receivable	320,218		320,218
Other Receivables		4,929	4,929
Internal Balances		77,170	77,170
Inventory of Supplies, at Cost		70,788	70,788
Inventory of Natural Gas, at Cost		429,726	429,726
Prepaid Expenses		24,067	24,067
Total Current Assets	1,131,733	4,298,896	5,430,629
<u>Restricted Assets</u>			
Cash and Cash Equivalents	248,970	1,912,747	2,161,717
Total Restricted Assets	248,970	1,912,747	2,161,717
<u>Capital Assets</u>			
Land	546,060	135,065	681,125
Buildings	1,200,076	42,238	1,242,314
Improvements other than Buildings	1,502,790		1,502,790
Utility Systems		18,357,416	18,357,416
Furniture, Vehicles and Equipment	2,288,927	1,156,885	3,445,812
Infrastructure	2,280,798		2,280,798
City Park	4,559,830		4,559,830
Construction in Progress		133,877	133,877
Accumulated Depreciation	(3,724,012)	(7,841,381)	(11,565,393)
Total Capital Assets	8,654,469	11,984,100	20,638,569
Total Assets	10,035,172	18,195,743	28,230,915
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	190,055	350,308	540,363
Accrued Payroll	34,372	26,169	60,541
Other Payables		2,500	2,500
Internal Balances	21,272	55,898	77,170
Current Portion of Long-term Debt	182,956	123,539	306,495
<u>Current Liabilities Payable from Restricted Assets</u>			
Customer Meter Deposits		222,699	222,699
Total Current Liabilities	428,655	781,113	1,209,768
<u>Long-term Liabilities, Net of Current Portion</u>			
Long-term Debt	2,447,865	2,068,381	4,516,246
Total Long-term Liabilities	2,447,865	2,068,381	4,516,246
Total Liabilities	2,876,520	2,849,494	5,726,014
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	6,341,190	9,658,301	15,999,491
Unrestricted	817,462	5,687,948	6,505,410
Total Net Assets	\$ 7,158,652	\$ 15,346,249	\$ 22,504,901





CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2014

<u>Functions/Programs</u>	Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 528,326	\$ 24,571	\$ 2,690	\$
Public Safety	994,602	97,866	49,401	73,246
Public Works	1,023,676	317,571		
Parks and Recreation	738,596	72,393		
Total Governmental Activities	<u>3,285,200</u>	<u>512,401</u>	<u>52,091</u>	<u>73,246</u>
Business-type Activities:				
Water and Sewer	1,807,454	1,419,467		159,084
Gas	6,585,904	7,394,633		60,259
Total Business-type Activities	<u>8,393,358</u>	<u>8,814,100</u>		<u>219,343</u>
Total Primary Government	<u>\$ 11,678,558</u>	<u>\$ 9,326,501</u>	<u>\$ 52,091</u>	<u>\$ 292,589</u>

Property Taxes
Sales Tax
Tourism Tax
Franchise Taxes
Road Tax
Other Taxes
Interest
Transfers
Other
Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

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

Net (Revenue) Expenses and Changes in
Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (501,065)	\$	\$ (501,065)
(774,089)		(774,089)
(706,105)		(706,105)
(666,203)		(666,203)
<u>(2,647,462)</u>		<u>(2,647,462)</u>
	(228,903)	(228,903)
	<u>868,988</u>	<u>868,988</u>
	<u>640,085</u>	<u>640,085</u>
<u>(2,647,462)</u>	<u>640,085</u>	<u>(2,007,377)</u>
325,345		325,345
1,356,316		1,356,316
287,911		287,911
191,985		191,985
151,071		151,071
14,630		14,630
12,092	12,852	24,944
<u>184,419</u>	<u>35,364</u>	<u>219,783</u>
<u>2,523,769</u>	<u>48,216</u>	<u>2,571,985</u>
(123,693)	688,301	564,608
<u>7,282,345</u>	<u>14,657,948</u>	<u>21,940,293</u>
<u>\$ 7,158,652</u>	<u>\$ 15,346,249</u>	<u>\$ 22,504,901</u>

CITY OF RIPLEY, MISSISSIPPI

Balance Sheet

Governmental Funds

September 30, 2014

	<u>General</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 462,741	\$ 462,741
Restricted Cash - Tourism Tax & Bond Account	248,970	248,970
Receivables (Net):		
Accounts	54,646	54,646
Franchise Fees	1,362	1,362
Sales Tax	255,222	255,222
Taxes	37,544	37,544
Lease	2,676	2,676
Total Assets	\$ 1,063,161	\$ 1,063,161
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 224,427	\$ 224,427
Due to Other Funds	21,272	21,272
Total Liabilities	245,699	245,699
Fund Balances:		
Unassigned	817,462	817,462
Total Fund Balances	817,462	817,462
Total Liabilities and Fund Balances	\$ 1,063,161	
Amounts reported for governmental activities in the statement of net assets are different due to:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.		8,654,469
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the government funds.		
Lease Receivable		317,542
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable		(2,315,000)
Notes Payable		(315,821)
Net assets of governmental activities		\$ 7,158,652

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



CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
General Property Taxes		
Current Ad Valorem	\$ 293,716	\$ 293,716
Prior Year Ad Valorem	1,886	1,886
Penalties and Interest on		
Delinquent Taxes	2,554	2,554
In Lieu of Taxes/Franchise Tax	175,212	175,212
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	29,742	29,742
Sales Tax	1,356,316	1,356,316
Tourism Tax	287,911	287,911
Fire Protection Refund	28,494	28,494
State Gasoline Tax	9,738	9,738
General Municipal Aid	2,690	2,690
Railcar Tax	215	215
Collection from County:		
Road Tax	151,071	151,071
Fire Protection Refund	20,000	20,000
Building Code Rebate	907	907
Fines and Forfeitures	64,427	64,427
Privilege Tax	22,763	22,763
Gross Receipts Tax - Cable	16,773	16,773
Building Fees, Permits and Inspections	6,484	6,484
Park Revenue	72,393	72,393
Charges for Services:		
Sanitation	317,571	317,571
Grant Revenue	73,246	73,246
Lease Revenue	22,279	22,279
Park Donations	5,000	5,000
Sale of Assets	110,000	110,000
Miscellaneous	100,306	100,306
Interest	12,092	12,092
Total Revenues	<u>3,183,786</u>	<u>3,183,786</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2014

	<u>General</u>	<u>Total Governmental Funds</u>
Expenditures:		
Current:		
General Government	423,403	423,403
Public Safety	920,677	920,677
Public Works	876,621	876,621
Parks and Recreation	354,247	354,247
Capital Outlay	135,208	135,208
Capital Projects	174,450	174,450
Principal Payments	172,279	172,279
Interest Expense	72,580	72,580
Total Expenditures	<u>3,129,465</u>	<u>3,129,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,321</u>	<u>54,321</u>
Net Change in Fund Balances	54,321	54,321
Fund Balances, October 1	<u>763,141</u>	
Fund Balances, September 30	<u><u>\$ 817,462</u></u>	

Amounts reported for governmental activities in the statement of activities are different due to:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period. (328,014)

Capital lease transactions are recorded as revenue in the governmental funds; however, in the statement of activities, it decreases net assets. (22,279)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 172,279

Change in net assets of governmental activities \$ (123,693)



CITY OF RIPLEY, MISSISSIPPI
Statement of Net Assets
Proprietary Funds
September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 171,579	\$ 2,229,472	\$ 2,401,051
Investments	11,589	360,623	372,212
Receivables:			
Trade Accounts	305,702	612,338	918,040
Interest Receivable	208	705	913
Grant Receivable	4,929		4,929
Due from Other Funds		77,170	77,170
Prepaid Expense	20,514	3,553	24,067
Inventory of Supplies, at Cost	33,234	37,554	70,788
Inventory of Natural Gas, at Cost		429,726	429,726
Total Current Assets	547,755	3,751,141	4,298,896
Non-current Assets:			
Restricted Assets:			
Cash	1,068,987	523,546	1,592,533
Investments	124,064	196,150	320,214
Total Restricted Assets	1,193,051	719,696	1,912,747
Capital Assets:			
Land	135,065		135,065
Buildings and Improvements	21,119	21,119	42,238
Physical System	14,577,643	3,779,773	18,357,416
Furniture, Vehicles & Equipment	588,933	567,952	1,156,885
Construction in Progress	75,349	58,528	133,877
Accumulated Depreciation	(5,937,592)	(1,903,789)	(7,841,381)
Total Capital Assets Net of Accumulated Depreciation	9,460,517	2,523,583	11,984,100
Total Non-current Assets	10,653,568	3,243,279	13,896,847
Total Assets	\$ 11,201,323	\$ 6,994,420	\$ 18,195,743

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Assets - Continued
Proprietary Funds
September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable & Accrued Liabilities	\$ 87,799	\$ 288,678	\$ 376,477
Grant Payable	2,500		2,500
Due to Other Funds	55,898		55,898
Current Portion of Revenue Bond	98,789	24,750	123,539
Total Current Liabilities	244,986	313,428	558,414
Current Liabilities Payable from Restricted Assets:			
Meter Deposits	67,414	155,285	222,699
Total Current Liabilities Payable from Restricted Assets	67,414	155,285	222,699
Non-current Liabilities:			
Revenue Bonds (Net Current Portion)	1,598,131	470,250	2,068,381
Total Non-current Liabilities	1,598,131	470,250	2,068,381
Total Liabilities	1,910,531	938,963	2,849,494
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	7,688,245	1,970,056	9,658,301
Unrestricted	1,602,547	4,085,401	5,687,948
Total Net Assets	\$ 9,290,792	\$ 6,055,457	\$ 15,346,249

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



CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Operating Revenues:			
Water Sales	\$ 950,339	\$	\$ 950,339
Sewer Services	438,137		438,137
Gas Sales		7,352,028	7,352,028
Cut-On/Cut-Off Charges	1,257	2,100	3,357
Building Connection Fees	9,524	15,201	24,725
Meter Fees	20,209	25,168	45,377
Refunds and Miscellaneous	4,659	30,844	35,503
Total Operating Revenues	1,424,125	7,425,341	8,849,466
Operating Expenses:			
Operating Salaries	460,256	489,300	949,556
Social Security and Retirement Benefits	54,480	60,673	115,153
Gas Purchases		4,892,514	4,892,514
Gas Transportation Fees		475,611	475,611
Depreciation Expense	404,006	115,625	519,631
Materials and Supplies	167,201	161,913	329,114
Utilities Purchased	195,366	9,932	205,298
Repairs and Maintenance	136,155	19,834	155,989
Travel and Miscellaneous	45,608	69,956	115,564
Dues and Publications	12,062	2,389	14,451
Gas and Oil	39,174	37,201	76,375
Telephone and Postage	17,210	34,601	51,811
Insurance	104,697	85,865	190,562
Professional Services	118,706	77,386	196,092
Sales Tax	12,865	53,105	65,970
Total Operating Expenses	1,767,786	6,585,905	8,353,691
Operating Income	(343,661)	839,436	495,775

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



CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Assets - Continued
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Nonoperating Revenues (Expenses):			
Interest Revenue	2,763	10,089	12,852
Interest Expense and Fiscal Charges	(39,669)		(39,669)
Total Nonoperating Revenues (Expenses)	(36,906)	10,089	(26,817)
Income Before Operating Transfers and Contributions	(380,567)	849,525	468,958
Contributions in Aid of Construction	159,084	60,259	219,343
Transfers In (Out)	198,878	(198,878)	
Change In Net Assets	(22,605)	710,906	688,301
Total Net Assets, October 1	9,313,397	5,344,551	14,657,948
Total Net Assets, September 30	\$ 9,290,792	\$ 6,055,457	\$ 15,346,249

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



CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 1,359,596	\$ 7,350,149	\$ 8,709,745
Cash Payments to Suppliers	(1,025,814)	(5,801,682)	(6,827,496)
Cash Payments to Employees	(459,216)	(488,471)	(947,687)
Net Cash Provided by (Used for) Operating Activities	(125,434)	1,059,996	934,562
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In (Out)	198,878	(198,878)	
Net Cash Provided by (Used for) Noncapital Financing Activities	198,878	(198,878)	
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(357,065)	(263,417)	(620,482)
Debt Proceeds	1,005,000	495,000	1,500,000
Contributions in Aid of Construction	159,084	60,259	219,343
Repayment of Long-term Debt	(60,248)		(60,248)
Interest Payment Long-term Debt	(39,669)		(39,669)
Net Cash Provided by (Used for) Capital and Related Financing Activities	707,102	291,842	998,944
Cash Flows from Investing Activities:			
Proceeds from Interest Earnings	2,763	10,089	12,852
Net Cash Provided by Investing Activities	2,763	10,089	12,852
Net Increase (Decrease) in Cash and Cash Equivalents	783,309	1,163,049	1,946,358
Cash and Cash Equivalents, October 1	592,910	2,146,742	2,739,652
Cash and Cash Equivalents, September 30	\$ 1,376,219	\$ 3,309,791	\$ 4,686,010

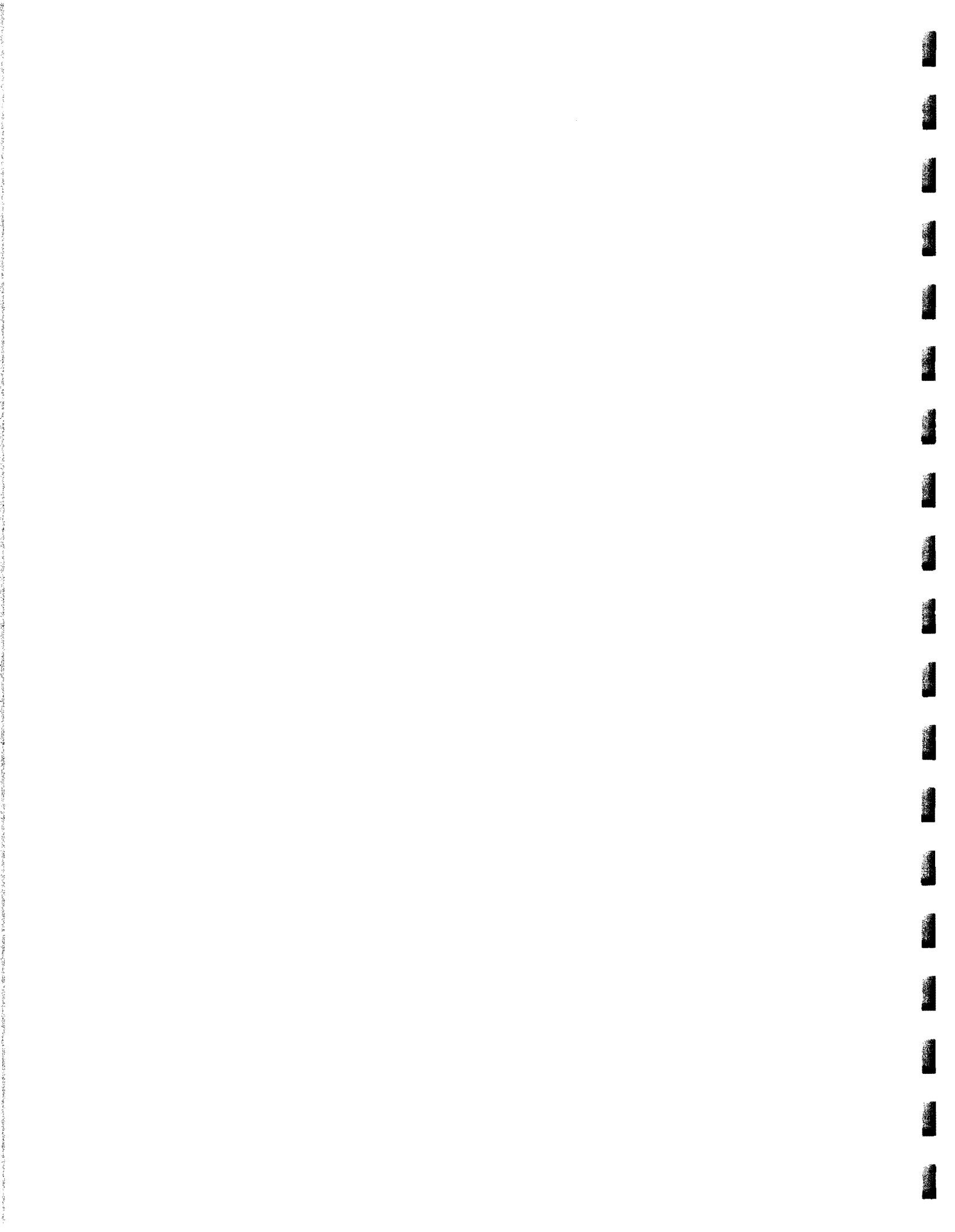
The notes to the financial statements are an integral part of this statement.



CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income	\$ (343,661)	\$ 839,436	\$ 495,775
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	404,006	115,625	519,631
(Increase) Decrease in Receivables	(64,394)	(74,906)	(139,300)
(Increase) Decrease in Prepaid Expense	(520)	(276)	(796)
(Increase) Decrease in Inventory of Supplies	25,258	4,517	29,775
(Increase) Decrease in Inventory of Natural Gas		(58,004)	(58,004)
Increase (Decrease) in Payables and Accrued Liabilities	(145,990)	233,889	87,899
Increase (Decrease) in Meter Deposits	(133)	(285)	(418)
Total Adjustments	218,227	220,560	438,787
Net Cash Provided by (Used for) Operating Activities	<u>\$ (125,434)</u>	<u>\$ 1,059,996</u>	<u>\$ 934,562</u>

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



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements
September 30, 2014

I. Summary of Significant Accounting Policies

The City of Ripley, Mississippi (the "City") was incorporated in 1837, under the provisions of the Mississippi State Legislature. The City operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, public welfare, parks and recreation, gas, water and sewer utilities, and general administrative services.

The Comprehensive Annual Financial Report (the "Report") of the City includes all funds. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is governed by an elected mayor and five-member board of aldermen. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

Based upon the application of the above criteria, there were no component units for the City.

B. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) issued Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. GASB Statement No. 34 includes:

Management's discussion and analysis (MD&A)-MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

Government-wide financial statements-The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements-Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison statements-These statements are presented to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets. The City revises the original budgets over the course of the year for various reasons. Under the new reporting model, budgetary information continues to be provided, and includes comparisons of the City's final budgets and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant Revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas, water and sewer funds are charges to customers for sales and services.

The following major funds are used by the City:

1. Governmental Funds:

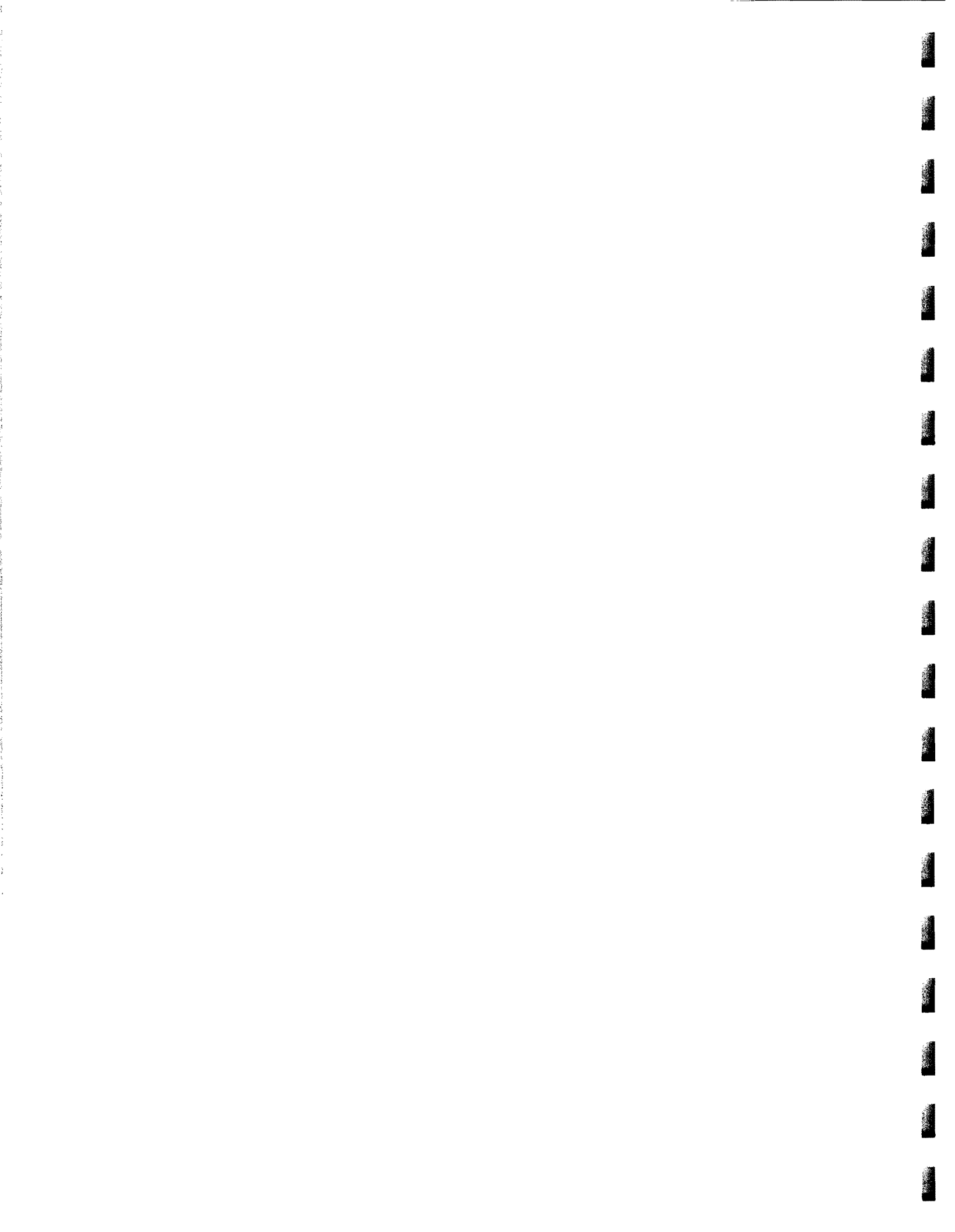
The following is a description of the Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Parks and Recreation, etc.) and is the primary operating unit of the City.

2. Proprietary Funds:

The following is a description of the major Proprietary Funds of the City:

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and other debt obligations when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
- b. Gas Fund accounts for the operation of the City's gas utility. Activities of the fund include administration, operation and maintenance of the gas system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

3. Non-current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

D. Assets, Liabilities, and Net Assets or Fund Balances

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, Mississippi counties, or the general obligations of Mississippi municipalities.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost.

2. Receivables and Payables:

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2014.

3. Inventories and Prepaid Items:

Inventories are valued at lower of cost or market. Inventory consists of expendable supplies held for consumption and stored natural gas purchased to hedge against price increases. The costs of Governmental Fund type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets:

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and side-walks, drainage systems and lighting systems are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Fund Balances - Continued

4. Capital Assets: - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer Equipment and Peripherals	3
Vehicles and Equipment	5
Heavy Equipment	10
Furniture and Fixtures	7
Improvements other than Buildings	20
Buildings	40
Infrastructure:	
Roads	20
Concrete Bridges	50
Timber Bridges	30

5. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

6. Compensated Absences:

Vacation rights and annual leave for all employees are specified in Section 25-3-93 of the Mississippi Code of 1972, as supplemented. The City makes specific reference to this statute for identification of vacation and annual leave time; however, generally vacation leave is as follows:

<u>Employment Service</u>	<u>Vacation Time</u>
After 1 Year to 5 Years	1 Week
After 5 Years to 10 Years	2 Weeks
After 10 Years	3 Weeks



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Fund Balances - Continued

6. Compensated Absences: - Continued

The City considers vacation time to be a benefit, which must be taken or it is lost. Vacation time does not accumulate from year to year. However, should an employee leave employment with the City before vacation time is taken, he shall be paid for time not taken.

The City's employees accumulate one day of sick leave per month for each month of continuous employment with the City. Employees may carry over a maximum of sixty (60) days of sick leave. All unused major medical leave shall be counted as creditable service for the purpose of the retirement system.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

E. Net Assets and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets displays three components - invested in capital assets, net of related debt; restricted; and unrestricted. Unrestricted net assets represent the net assets available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Board of Aldermen through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Board. Assigned fund balances is a limitation imposed by a designee of the City Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net assets are classified the same as in the government-wide statements.

When restricted and unrestricted resources are available, restricted resources will only be used when the imposed restrictions have been met. Therefore, spending will primarily occur from unrestricted resources.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

II. Details of the Reconciliation..... Continued

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and disposal of capital assets exceeded capital asset purchases in the current period." The details of this \$(328,014) are as follows:

Capital Outlay	\$ 309,657
Disposal of Capital Asset	(249,896)
Depreciation Expense	<u>(387,775)</u>
	<u>\$ (328,014)</u>

III. Stewardship, Compliance and Accountability

In accordance with the Code of Mississippi, the City annually adopts a budget on the cash basis following the required public notice and hearing for all funds and appropriates the amount deemed necessary for each of the different City activities. The budget may be amended during the year utilizing similar statutorily prescribed procedures and time limitations. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year-end.

IV. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2014 was \$5,397,721. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

Investments - The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Mississippi or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Mississippi or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Mississippi that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations that have a market value of not less than the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by subdivision (1) of this subsection, pledged with third parties selected or approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in the State of Mississippi. The market value of investments, all of which are Certificates of Deposit, is not materially different from the carrying value.

B. Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Tippah County Tax Assessor. Taxes on real and personal property are levied by

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

B. Property Taxes - Continued

the City Board of Aldermen at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City are collected by the Tippah County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis.

In accordance with the Mississippi Code of 1972, as amended, the City Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for any one year may not exceed one hundred and ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Board of Directors may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

The tax levies for the calendar years 2013, 2012 and 2011 (taxes collected in the fiscal years ending 9/30/14, 9/30/13 and 9/30/12) are as follows:

	<u>9/30/14</u> <u>Millage</u>	<u>9/30/13</u> <u>Millage</u>	<u>9/30/12</u> <u>Millage</u>
City Funds			
General Fund	7.50	7.50	7.50
Public Safety	0.25	0.25	0.25
Parks and Recreation	2.00	2.00	2.00
Total Levy	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>

C. Receivables

Receivables at September 30, 2014 for the government's individual major funds consist of the following:

	General	Water & Sewer	Gas	Total
Receivables:				
Trade Accounts (Net)	\$ 54,646	\$ 305,702	\$ 612,338	\$ 972,686
Franchise Fees	1,362			1,362
Sales Tax	255,222			255,222
Taxes	37,544			37,544
Interest Receivable		208	705	913
Grant Receivable		4,929		4,929
Lease Receivable	320,218			320,218
Total Receivables	<u>\$ 668,992</u>	<u>\$ 310,839</u>	<u>\$ 613,043</u>	<u>\$ 1,592,874</u>

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 85,443	GO Bond Fund

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Cash - Continued

	<u>Amount</u>	<u>Restriction</u>
General Fund	163,527	GO Bonds Building Fund
Gas Fund	457,827	AMR Construction Fund
Gas Fund	317	AMR GO Bond Fund
Water & Sewer Fund	929,528	AMR Construction Fund
Water & Sewer Fund	644	AMR GO Bond Fund
Gas Meter Fund Account	65,402	Refund of Customer Deposits
Water Meter Fund Account	37,794	Refund of Customer Deposits
Water & Sewer Cushion Fund	43,615	Requirement of Bonded Debt Retirements
Water & Sewer Contg. Fund	22,256	Requirement of Bonded Debt Retirements
Water & Sewer Int. Bond	11,328	Requirement of Bonded Debt Retirements
Water & Sewer Depr. Fund	22,291	Requirement of Bonded Debt Retirements
Water Tank Maintenance	1,531	Maintenance of Water Tank
Total Restricted Cash	<u>1,841,503</u>	

Restricted Investments

Water & Sewer Contg. Fund	11,405	Requirement of Bonded Debt Retirements
Water & Sewer Depr. Fund	11,405	Requirement of Bonded Debt Retirements
Water & Sewer Cushion Fund	25,811	Requirement of Bonded Debt Retirements
Water & Sewer - Murry Spur	10,800	Requirement of Bonded Debt Retirements
Water & Sewer - Palmer System	9,000	Requirement of Bonded Debt Retirements
Water Meter Fund Account	55,643	Refund of Customer Deposits
Gas Depreciation Fund	10,000	Requirement of Bonded Debt Retirements
Gas Contingent Fund	10,000	Requirement of Bonded Debt Retirements
Gas Cushion Fund	50,000	Requirement of Bonded Debt Retirements
Gas Meter Fund Account	126,150	Refund of Customer Deposits
Total Restricted Investments	<u>320,214</u>	
Total Restricted Assets	<u>\$ 2,161,717</u>	

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 795,956	\$	\$ (249,896)	\$ 546,060
Construction in Progress				
Total Capital Assets, not being Depreciated	795,956		(249,896)	546,060
Capital Assets, being Depreciated:				
Buildings	1,196,076	4,000		1,200,076
Improvements other than Buildings	1,502,790			1,502,790
Furniture, Vehicles and Equipment	2,251,934	36,993		2,288,927
Infrastructure	2,186,583	94,215		2,280,798
City Park	4,385,381	174,449		4,559,830
Total Capital Assets being Depreciated	11,522,764	309,657		11,832,421
Less Accumulated Depreciation For:				
Buildings	557,450	23,429		580,879
Improvements other than Buildings	623,439	57,393		680,832
Furniture, Vehicles and Equipment	1,629,082	90,189		1,719,271
Infrastructure	480,584	103,591		584,175
City Park	45,681	113,174		158,855
Total Accumulated Depreciation	3,336,236	387,776		3,724,012
Total Capital Assets, being Depreciated, Net	8,186,528	(78,119)		8,108,409
Governmental Activities Capital Assets, Net	\$ 8,982,484	\$ (78,119)	\$ (249,896)	\$ 8,654,469

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water and Sewer Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 135,065	\$	\$	\$ 135,065
Construction in Progress	692,359	75,349	(692,359)	75,349
Total Capital Assets, not being Depreciated	827,424	75,349	(692,359)	210,414
Capital Assets, being Depreciated:				
Buildings	21,119			21,119
Water and Sewer System	13,613,875	963,768		14,577,643
Furniture, Vehicles and Equipment	578,626	10,307		588,933
Total Capital Assets being Depreciated	14,213,620	974,075		15,187,695
Less Accumulated Depreciation For:				
Buildings	13,718	580		14,298
Water and Sewer System	4,941,146	352,896		5,294,042
Furniture, Vehicles and Equipment	578,722	50,530		629,252
Total Accumulated Depreciation	5,533,586	404,006		5,937,592
Total Capital Assets, being Depreciated, Net	8,680,034	570,069		9,250,103
Water and Sewer Activities Capital Assets, Net	\$ 9,507,458	\$ 645,418	\$	\$ 9,460,517
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$	\$ 58,528	\$	\$ 58,528
Total Capital Assets, not being Depreciated		58,528		58,528

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, being Depreciated:				
Buildings	\$ 21,119	\$	\$	\$ 21,119
Gas System	3,636,521	143,252		3,779,773
Furniture, Vehicles and Equipment	506,316	61,636		567,952
Total Capital Assets being Depreciated	4,163,956	204,888		4,368,844
Less Accumulated Depreciation For:				
Buildings	13,718	580		14,298
Gas System	1,340,743	95,551		1,436,294
Furniture, Vehicles and Equipment	433,703	19,494		453,197
Total Accumulated Depreciation	1,788,164	115,625		1,903,789
Total Capital Assets, being Depreciated, Net	2,375,792	89,263		2,465,055
Gas Activities Capital Assets, Net	\$ 2,375,792	\$ 147,791	\$	\$ 2,523,583

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

Governmental Activities:	
General Government	\$ 36,380
Public Safety	69,887
Public Works	147,055
Parks and Recreation	134,453
Total Depreciation Expense - Governmental Activities	<u>\$ 387,775</u>
Business-type Activities:	
Water and Sewer	\$ 404,006
Gas	115,625
Total Depreciation Expense - Business-type Activities	<u>\$ 519,631</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

<u>Class</u>	<u>Years</u>
Buildings	40
Improvements other than Buildings	20
Furniture, Vehicles and Equipment	3 - 10
Utility Systems	20 - 40
Infrastructure	20 - 50

F. Long-term Debt

Debt of the Governmental Funds

The general obligation (GO) bond and note payable of the Governmental Funds are payable from operations of the General Fund. Debt balance and transactions for the year ended September 30, 2014, are as follows:

	Balance, October 1, 2013	Additions	Retirements and Other	Balance September 30, 2014	Due Within One Year
Notes Payable	\$ 338,100	\$	\$ (22,279)	\$ 315,821	\$ 22,956
GO Bond	2,465,000		(150,000)	2,315,000	160,000
	<u>\$ 2,803,100</u>	<u>\$</u>	<u>\$ (172,279)</u>	<u>\$ 2,630,821</u>	<u>\$ 182,956</u>

The principal and interest requirements of the general obligation bond and note payable at September 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 182,956	\$ 68,752	\$ 251,708
2016	188,654	64,694	253,348
2017	194,374	60,262	254,636
2018	200,115	55,695	255,810
2019	205,879	50,994	256,873
Thereafter	1,658,843	188,228	1,847,071
	<u>\$ 2,630,821</u>	<u>\$ 488,625</u>	<u>\$ 3,119,446</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt - Continued

Debt of the Enterprise Funds

The revenue bonds of the Enterprise Funds are payable from operations of the Water and Sewer Fund. Debt balance and transactions for the year ended September 30, 2014 are as follows:

	Balance, October 1, 2013	Additions	Retirements and Other	Balance September 30, 2014	Due Within One Year
Revenue Bond	\$ 34,804	\$	\$ (21,778)	\$ 13,026	\$ 13,026
Revenue Bond	45,778		(6,583)	39,195	7,599
Revenue Bond	157,270		(6,133)	151,137	6,403
Revenue Bond	43,353		(9,508)	33,845	9,930
Revenue Bond	7,201		(6,785)	416	416
Revenue Bond	215,264		(4,796)	210,468	5,640
Revenue Bond	248,498		(4,665)	243,833	5,525
GO Bond		1,005,000		1,005,000	50,250
	<u>\$ 752,168</u>	<u>\$ 1,005,000</u>	<u>\$ (60,248)</u>	<u>\$ 1,696,920</u>	<u>\$ 98,789</u>

The revenue bonds of the Enterprise Funds are payable from operations of the Gas Fund. Debt balance and transactions for the year ended September 30, 2014 are as follows:

	Balance, October 1, 2013	Additions	Retirements and Other	Balance September 30, 2014	Due Within One Year
GO Bond	\$	\$ 495,000	\$	\$ 495,000	\$ 24,750
	<u>\$</u>	<u>\$ 495,000</u>	<u>\$</u>	<u>\$ 495,000</u>	<u>\$ 24,750</u>

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 123,539	\$ 71,882	\$ 195,421
2016	116,890	68,079	184,969
2017	121,318	64,493	185,811
2018	114,264	60,683	174,947
2019	117,103	57,290	174,393
Thereafter	1,598,806	421,670	2,020,476
	<u>\$ 2,191,920</u>	<u>\$ 744,097</u>	<u>\$ 2,936,017</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

V. Other Information

A. Defined Benefit Pension Plans

Plan Description

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy

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. As of July 2013 the current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2014 were \$242,407 which was equal to the required contributions. The City's contributions to PERS for 2013 and 2012 were \$220,314 and \$189,294, respectively.

B. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2014 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$	\$ 21,272
Water & Sewer		55,898
Gas	77,170	
	<u>\$ 77,170</u>	<u>\$ 77,170</u>

C. Commitments and Contingencies

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2014

V. Other Information - Continued

C. Commitments and Contingencies - Continued

Construction Commitments

The City had two active construction projects as of September 30, 2014. At the year end, the City's commitment with contractors were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
CECA Project	\$ 349,756	\$ 48,916
AMR Project	112,461	1,387,355
	<u>\$ 462,217</u>	<u>\$ 1,436,271</u>

Litigation

As of September 30, 2014, there was no pending litigation in which the City was involved.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR). There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years.

VI. Net Assets/Fund Balances

Net assets reported on the government-wide statement of net assets at September 30, 2014, includes the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in capital assets, net of related Debt		
Capital assets, net of accumulated depreciation	\$ 8,654,469	\$ 11,850,221
Less: Related long-term debt outstanding	(2,313,279)	(2,191,920)
Total Invested in Capital Assets, Net of Related Debt	<u>6,341,190</u>	<u>9,658,301</u>
Unrestricted	<u>817,462</u>	<u>5,687,948</u>
Total Net Assets	<u>\$ 7,158,652</u>	<u>\$ 15,346,249</u>

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
General Property Taxes			
Current Ad Valorem	\$ 325,000	\$ 309,898	\$ (15,102)
In Lieu of Taxes/Franchise Tax	191,100	185,930	(5,170)
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,542,360	1,511,692	(30,668)
Fire Protection Refund	27,841	28,494	653
State Gasoline Tax	9,750	9,738	(12)
General Municipal Aid	2,700	2,690	(10)
Railcar Tax	260	215	(45)
Collection from County:			
Road Tax	152,000	153,207	1,207
Fire Protection Refund	20,000	20,000	
Building Code Rebate	913	907	(6)
Fines and Forfeitures	112,500	97,866	(14,634)
Privilege Tax	19,500	22,763	3,263
Gross Receipts Tax - Cable	16,500	16,672	172
Building Fees, Permits and Inspections	9,500	6,484	(3,016)
Park Revenue	68,000	72,393	4,393
Charges for Services:			
Sanitation	304,000	303,666	(334)
Grant Revenue	144,028	144,028	
Donations		5,000	5,000
Miscellaneous	4,800	60,865	56,065
Interest	13,750	1,109	(12,641)
Total Revenues	<u>\$ 2,964,502</u>	<u>\$ 2,953,617</u>	<u>\$ (10,885)</u>

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures:			
Current:			
General Government	\$ 942,469	\$ 896,971	\$ 45,498
Public Safety	941,208	925,880	15,328
Public Works	984,189	983,893	296
Parks and Recreation	643,614	640,561	3,053
Total Expenditures	<u>3,511,480</u>	<u>3,447,305</u>	<u>64,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(546,978)</u>	<u>(493,688)</u>	<u>53,290</u>
Other Financing Sources (Uses):			
Transfer In	546,978	429,721	(117,257)
Total Other Financing Sources	<u>546,978</u>	<u>429,721</u>	<u>(117,257)</u>
Net Change in Fund Balances	<u>\$</u>	<u>(63,967)</u>	<u>\$ (63,967)</u>
Fund Balances, October 1		<u>965,754</u>	
Fund Balances, September 30		<u><u>\$ 901,787</u></u>	

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Notes to Required Supplementary Information
September 30, 2014

Budgetary Data

The City Board of Aldermen formally adopts an annual operating budget for the General Fund at the "category level." State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. The City Board of Aldermen may amend the budget during the fiscal year, by resolution, to reallocate resources.

The budgets for the General Fund are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year. Expenditures may not legally exceed budgeted appropriations and any existing fund balance at the various fund or fund type levels. Budget amounts are as originally adopted, or as amended by the City Board of Aldermen. Budget amendments are made throughout the year as reallocations of funds are necessary or as circumstances dictate.

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2014, is as follows:

Fund Balance - Budgetary Basis	\$ 901,786
Adjustment:	
Change in Revenue Accruals	<u>(84,324)</u>
Fund Balance - GAAP Basis	<u>\$ 817,462</u>

LINDSEY, DAVIS AND ASSOCIATES

CHARLES L. DAVIS, JR.
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STOCKHOLDER

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

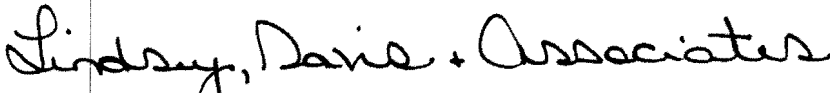
To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business activities of the City of Ripley, Mississippi as of and for the year ended September 30, 2014, which collectively comprise the City of Ripley, Mississippi's basic financial statements and have issued our report thereon dated June 25, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of those procedures and our audit of the financial statements disclosed no material instances on noncompliance with state laws and regulations.

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 25, 2015

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Reconciliation of Original Ad-Valorem
Tax Rolls to Fund Collections
Year Ended September 30, 2014

	<u>Assessed Value</u>	<u>Millage</u>	<u>Tax</u>
<u>Assessed Valuation and Millage</u>			
Realty	21,914,105	9.75 Mills	\$ 213,662
Personal	5,564,879	9.75 Mills	54,257
Auto	4,808,590	9.75 Mills	46,884
	<u>32,287,574</u>		<u>314,803</u>
Less: Homestead Exemption Allowed			(31,585)
Total			<u>283,218</u>
<u>Collection Adjustments</u>			
Add: Actual Homestead Reimbursement			29,742
Mobile Home Tax			635
Special Assessments			10,665
Other Privilege Tax			4,676
Prior Year Taxes			1,886
Penalties & Interest on Delinquent Taxes			2,554
Less: County Tax Collector's Collections			<u>(14,334)</u>
<u>Total to be Accounted For</u>			<u>\$ 319,042</u>
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Collection Credits Allocated to Funds:			
General Fund	\$ 288,488	\$ 29,742	\$ 318,230
Balance Represented by: Unpaid Property Taxes			<u>812</u>
<u>Total Accounted For</u>			<u>\$ 319,042</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax assessments were found to be within the limitations of Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972), as follows:

Actual Collections:		Actual Collections:	
Base Year 2012	\$ 305,825	Taxes collected 2013	\$ 288,488
10% Increase	30,583	Homestead Exemption Reimb.	29,742
Exemption	803	Under (Over) Limitation	18,981
Total	<u>\$ 337,211</u>	Total	<u>\$ 337,211</u>

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2014

The following is a schedule of investments at September 30, 2014:

Certificates of Deposit

<u>Fund Account Name</u>	<u>Balance</u> <u>9/30/14</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
Water Meter Fund Account	\$ 10,000	03/02/15	0.30%
Gas Meter Account	25,650	03/02/15	0.30%
Water & Sewer Meter	15,643	01/07/15	0.30%
Gas Meter Account	10,000	01/02/15	0.30%
Gas Depreciation Account	8,000	07/19/15	0.40%
Gas Contingent Account	8,000	07/19/15	0.40%
Gas Cushion Account	37,000	07/19/15	0.40%
Water & Sewer Contingent Account	4,500	07/19/15	0.40%
Water & Sewer Depreciation Account	4,500	07/19/15	0.40%
Water & Sewer Cushion Account	9,000	07/19/15	0.40%
Gas Meter Account	10,000	07/19/15	0.40%
Water Meter Fund Account	10,000	07/19/15	0.40%
Gas Meter Account	10,000	12/12/14	0.40%
Water & Sewer Cushion Account	3,000	05/29/15	0.30%
Water & Sewer Depreciation Account	1,500	05/29/15	0.30%
Water & Sewer Contingent Account	1,500	05/29/15	0.30%
Gas Operations	120,410	01/21/15	0.30%
Gas Operations	123,984	02/15/15	0.50%
Gas Meter	40,000	02/15/15	0.50%
Water Meter Fund Account	20,000	02/15/15	0.50%
Water & Sewer Cushion	8,000	02/15/15	0.50%
Water & Sewer Depreciation	2,500	02/15/15	0.50%
Water & Sewer Contingent	2,500	02/15/15	0.50%
Gas Operations	116,229	03/11/15	0.25%
Gas Contingent Account	2,000	01/03/15	0.25%
Gas Cushion Account	13,000	01/03/15	0.25%
Gas Depreciation Account	2,000	01/03/15	0.25%
Palmer Water System	9,000	08/23/15	0.40%
Murry Spur Water System	10,800	08/23/15	0.40%
Water & Sewer Depreciation Account	2,905	11/14/15	0.50%
Water & Sewer Contingent Account	2,905	11/14/15	0.50%
Water & Sewer Cushion Account	5,811	11/14/15	0.50%
Gas Meter	30,500	02/12/15	0.30%
Antioch Reserve	11,589	08/25/15	0.40%
Total	<u>\$ 692,426</u>		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2014

Elected and appointed officials of the City of Ripley are covered under various surety bonds, as described below:

	<u>Bonded Amount</u>	<u>Policy Expiration Date</u>
Mayor		
Chris Marsalis	\$ 50,000	6-30-2017
Aldermen		
Joey Bryant	50,000	7-01-2015
Homer Richardson	50,000	7-01-2015
Jon Grisham	50,000	7-01-2015
Stephen Freeman	50,000	7-01-2015
Jackie McKenzie	50,000	7-01-2015
City Clerk and Tax Collector		
Robin Vernor	50,000	1-29-2015
Police Chief		
Scott White	50,000	7-07-2015

LINDSEY, DAVIS AND ASSOCIATES

CHARLES L. DAVIS, JR.
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

DEAN CAVINESS
CERTIFIED PUBLIC ACCOUNTANT
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MEMBER:
MISSISSIPPI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

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 and the business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2014, which collectively comprise the City of Ripley's basic financial statements and have issued our report thereon dated June 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ripley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ripley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ripley'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 Ripley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Lindsey, Davis + Associates". The signature is written in a cursive, flowing style.

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 25, 2015

