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City of Booneville

**203 North Main Street
Booneville, Mississippi 38829
Phone (662) 728-6810
Fax (662) 728-1482**

**Derrick R. Blythe, Mayor
Jana Lindsey, City Clerk
Daniel K. Tucker, Attorney
George M. Via, Judge**

**Jeff Williams, Pro-Tem
David Bolen
Harold Eaton
Mark McCoy
Jason Michael**

September 19, 2016

**Office of the State Auditor
P O Box 956
Jackson MS 39205**

RE: Annual Municipal Audit

Accompanying this letter are two hard copies and one electronic copy of the annual audit of the City of Booneville, Mississippi for the fiscal year ended September 30, 2015. In connection with this audit, a separate management letter was written to the City. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely yours,


**Jana Lindsey
City Clerk**

JONES & JONES
CERTIFIED PUBLIC ACCOUNTANTS
OF BOONEVILLE, P.A.

Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.

Mayor and Board of Alderpersons
City of Booneville, Mississippi

In planning and performing our audit of the financial statements of the City of Booneville, Mississippi as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Booneville, Mississippi's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters.

1. The City needs to establish policies pertaining to cell phone use. The City should receive a detailed list of cell phone calls and review monthly to determine City use and personal use. The cell phones should be used for City business only.
2. The City presently allows certain employees (police and firemen and certain department heads) to accumulate personal leave for working during a holiday or unusual overtime. At present the City has no limit on the amount of personal leave that can be accumulated or a Board approved policy pertaining to accumulated personal leave for department heads. The City, if it wishes to continue this procedure, should consider setting maximum days that can be carried forward similar to maximum vacation days that can be carried forward and establishing when salaried department heads are eligible for accumulated personal leave. Future payments required when employees retire or quit could have a significant effect on the City's cash flows.
3. The City internal controls require the utility department to send a disconnect notice on all users who do not pay their utility bills by a specified date. The internal controls require the City to disconnect utility services if payment is not received by the disconnect date. At September 30, 2015 the City had accounts that were receiving current utilities and had balances owed in excess of 60 days. The City has customers in areas who are provided water by a local water association but receives sewer services and waste collection services from the City. The sewer services cannot be turned off. We recommend these customers be reviewed and discussed with the City attorney to determine enforcement action.

4. During the year ended September 30, 2015, the City pumped 457,576,000 gallons of water. During this same period, the City sold 277,641,000 gallons water, used 5,357,000 gallons of water in backwashing wells, used 48,005,100 for various city usage, and donated 22,900 gallons to the National Guard. The City had 126,550,000 gallons of unaccounted for water. Unaccounted for water was 27.66% of pumped water, compared to normal unaccounted for water of 20%.
5. Management, as part of their formal risk assessment and monitoring program, should periodically review the following steps to help prevent the occurrence of fraud.

Control the mail – In governments, management should either personally pick up the mail, or have the mail picked up by an employee who has no responsibilities related to the handling or recording of deposits, accounts receivable records or revenues. All remittances from customers should be directed to a post office box. Limiting access to the City's mail is essential in preventing the unauthorized negotiation of cash receipts.

Control the accounts receivable – Management should limit access to accounts receivable records, and in particular, the ability to issue credit memoranda, discounts and refunds. Accounts receivable detail ledgers should be balanced with the control account at regular intervals and any differences should be investigated promptly. Only the Board of Alderpersons should be authorized to charge off accounts deemed uncollectible. Any discrepancies reported by customers should be investigated promptly. Aged accounts should be reviewed monthly and past due accounts investigated.

Control the bank statements – Similarly, management should personally pick up the City's bank statements directly from the bank, or have them picked up by an employee who has no related responsibilities and delivered to the Mayor unopened. Management should review the contents of the statements before they are reconciled. Specific items that management should be alert to include:

1. Missing checks
2. Checks issued out of sequence
3. Unknown payees
4. Checks that appear to have been altered
5. Checks not signed by authorized signatories
6. Other unusual items

Control the inventory – Management should carefully monitor gross profit, and investigate any unexpected variances. Access to inventories should be limited as much as possible, and the use of surveillance equipment may deter inventory theft. If a perpetual inventory is used, periodic counts should be performed at regular intervals for comparison with the perpetual records.

Control the accounts payable – Establish and monitor approved vendor lists. Management should periodically review the list of approved vendors, being alert to:

1. Unknown vendors
2. Vendors with names similar to other known vendors
3. Vendors with no physical address or telephone number
4. Vendors whose addresses match employee addresses

Limit the number of authorized check signers – If possible, only the Mayor and City Clerk should be authorized to sign checks. If not possible, consider requiring two signatures on checks, at least those over a specified amount. The use of facsimile signatures should be avoided if at all possible. Never sign checks in the blank. Review supporting documentation when checks are signed and investigate any discrepancies.

Account for sequences – Whether it is checks, invoices, credit memoranda, receiving reports, shipping documents, or other prenumbered items, all sequences should be accounted for. Voided documents should be defaced to prevent unauthorized use and retained to complete sequences.

Control general journal entries – Management should either make or personally review and approve all general journal entries. Supporting documentation should be reviewed before approving general journal entries. In particular, the following items should be investigated:

1. Entries made to unrelated accounts
2. Entries made to receivables or revenues at or near the close of a period
3. Entries made by persons whose responsibilities are not consistent with the accounts being adjusted

Monitor exception reports – Unprocessed transactions should be carefully examined for propriety. This includes revenues, expenses, purchasing and payroll transactions.

Establish a budget – Management should establish an operating budget and monitor actual results monthly. Any significant variances should be investigated.

Establish reasonable performance targets – Setting incentive compensation arrangements at unrealistic performance levels may encourage misstatement of financial results.

Perform thorough background checks on all new employees – Call former employers and educational institutions for verification of previous employment and education. Beware of “gaps” in employment or educational history. Consider obtaining a credit report (if authorized by the candidate) before employment.

Require uninterrupted vacations for all employees and establish a schedule of rotation of employee responsibilities – More than just good management, rotation of duties provides a strong disincentive to commit fraud. In addition, it provides an opportunity to discover fraud that has already occurred.

Provide employees an opportunity to report the occurrence of fraud or other abuse anonymously – In a recent survey, one in five employees said they were personally aware of the occurrence of fraud in the workplace. Eighty percent said they would be willing to report fraud if they did not have to identify themselves. Management can establish hotlines, "suggestion boxes" or other means to enable employees to bring the occurrence of fraud to its attention without requiring employees to give their names.

Clearly communicate to employees the behavior that is expected of them – Believe it or not, ignorance has been cited as a common cause of fraud. Some employees have been trained to commit fraudulent acts without knowing what they were doing, just assuming that "that's the way it's done".

Be alert to changes in employee attitudes, behavior and lifestyle – Because of day-to-day contact, management is in the best position to observe the unusual – attitudes that are hostile or defensive toward management or the City in general, changes in behavior that are inconsistent with employees' normal disposition or lifestyles that are not reasonable based on the employees' level of compensation. Matters that may be of particular concern include:

1. Indications of dissatisfaction with compensation, lack of promotion
2. Indications of gambling
3. Indications of drug use or excessive use of alcohol
4. Indications of financial distress
5. Indications of infidelity
6. Indications of serious illness
7. Indications of excessive nervousness
8. Indications of severe stress

Take strong action against employees who commit fraud – Call the police or other law enforcement agency and press charges. Failing to do so sends a message to other employees that management doesn't take fraud seriously.

Conduct your own activities on a high ethical level – Employees will follow the lead of management, whether that lead is ethical or not. More than what is said or included in a policy manual, the actions of management establish behavioral norms.

• • • • • **Obtain reasonable fidelity bond coverage** – If the unthinkable occurs, insurance coverage is the most likely means of recovery of amounts misappropriated. The amount of coverage should be reviewed periodically for adequacy.

Separate reports dated September 6, 2016, contain our communication of significant deficiencies or material weaknesses in the City's internal control. This letter does not affect our report dated September 6, 2016, on the financial statements of the City of Booneville, Mississippi.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management and the Board of Alderpersons, and others within the City and is not intended to be, and should not be used by anyone other than those specified parties.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", written over the typed name.

JONES & JONES
Certified Public Accountants
of Booneville, P.A.
Booneville, Mississippi

September 6, 2016

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CITY OF BOONEVILLE, MISSISSIPPI

Basic Financial Statements

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September 30, 2015

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JONES & JONES
CERTIFIED PUBLIC ACCOUNTANTS
OF BOONEVILLE, P.A.

Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.

Independent Auditors' Report

To the Mayor and Board of Alderpersons
City of Booneville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of September 30, 2015, 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.

Emphasis of Matter - Changes in Accounting Guidance

As discussed in Note A part 1 and Note X to the financial statements, in 2015, the City adopted new accounting guidance *GASB Statement No. 68, Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date*. The transitional requirements resulted in a restatement to decrease the beginning net position by \$6,139,680 in governmental activities, \$1,571,118 in business-type activities, \$695,112 in the gas system fund and \$876,006 in the combined water and sewer system. Our opinion is not modified with respect to these matters.

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 4 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 81, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 82, and budgetary comparison information (Schedule 3) on pages 83 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Booneville, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements (Schedules 2 and 3) and the schedule of surety bonds for municipal officials and employees (Schedule 4) 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 (Schedules 2 and 3) and the schedule of surety bonds for municipal officials and employees (Schedule 4) 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 (Schedules 2 and 3) and the schedule of surety bonds for municipal officials and employees (Schedule 4) 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 September 6, 2016 on our consideration of the City of Booneville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Booneville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", is written over a horizontal line.

Jones & Jones
Certified Public Accountants
of Booneville, P.A.
Booneville Mississippi

September 6, 2016

CITY OF BOONEVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2015

As management of the City of Booneville, Mississippi, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,801,389 (net position).

The government's total net position increased by \$1,298,597 during the current fiscal year after the beginning balances were restated as a result of adoption of GASB Statements No. 68 and 71. See Note A part 1 and Note Y to the financial statements for additional information.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,539,890, an increase of \$686,165 during the current fiscal year. Approximately 90.2 percent of this total amount, or \$2,291,188, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,295,756 or 36.9 percent of total general fund expenditures.

The City had fixed asset net additions of \$1,525,615 during the current year. Of this amount \$439,607 occurred in the governmental activities and \$1,086,008 occurred in the business-type activities.

The City's total debt decreased by \$370,473 during the current fiscal year. This change resulted from new debt issued of \$200,077 and debt repayments net of amortization of \$570,550.

During the current fiscal year, the City's operating grants and contributions increased \$64,287 (151.02 percent) mainly due to receiving a grant to remodel or construct houses for eligible citizens in the year ended September 30, 2013; capital grants and contributions increased \$4,340 (5.10 percent) mainly due to additional fire department grants and an enterprise fund grant for handicapped accessibility; property taxes increased \$115,214 (6.81 percent) mainly due to an increase in property assessed valuation; charges for services decreased \$316,290 (3.42 percent) mainly due to a decrease in the cost of natural gas purchased for sale; and total expenses decreased \$105,331 (0.86 percent) mainly due to the prior year including rehabbing water and sewer fund existing lines and current year including additional cost of natural gas.

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Overview of the Financial Statements

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

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 government's net position changed during the most recent fiscal year. All changes in net position 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 only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include water and sewer operations, natural gas operations and solid waste collection operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also four legally separate authorities—the Booneville Planning Board, the Park Commission Board, the Booneville Historical Commission Board, and the Booneville Election Commission Board. These component units, although legally separate, do not have any financial statements. Any expenses of these boards are paid by the City and are included in the City's financial statements. The City has excluded Booneville Municipal Separate School District and Booneville Housing Authority from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from each of these entities.

The government-wide financial statements can be found on pages 19 – 21 of this report.



Overview of the Financial Statements – continued

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower 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. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison schedules for the general fund has been provided in the financial statements on pages 83 – 87 to demonstrate compliance with those budgets. The City had no major special revenue fund which required budget comparison schedules.

The basic governmental fund financial statements can be found on pages 22 – 26 of this report.

Proprietary funds

The City maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its natural gas operations, water and sewer operations, and its waste collection operations. The City also operates a repair shop as an internal service fund.



Overview of the Financial Statements – continued

Proprietary funds - continued

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the natural gas operations, the water and sewer operations, and the waste collection operations. The gas system fund and the water and sewer fund are considered to be major funds of the City. The waste collection fund is considered to be a nonmajor fund of the City. The revenues and expenditures reported in the internal service fund are not included in the government-wide financial statements since the related expense pertaining to each activity has already been included therein.

The basic proprietary fund financial statements can be found on pages 27 – 33 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 34 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 80 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the schedule of City's Proportionate share of the net pension liability, schedule of City's contributions to public employee retirement system of Mississippi, and budgetary comparison schedules for certain governmental funds referred to earlier. Required supplementary information can be found on pages 81 – 87 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 90 – 92 of this report.



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Booneville, Mississippi, assets and deferred outflows of resources less liabilities and deferred inflows of resources netted to \$11,801,389 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 106.6 percent or \$12,575,004) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of 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.

An additional portion of the City's net position (approximately 3.9 percent or \$458,303) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of (approximately 10.4 percent or \$1,231,918) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$8,694,676.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in both governmental activities and government as a whole of \$3,813,369 and \$1,231,918, while all other categories of net position reported positive balances both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position increased by \$1,298,597 during the current fiscal year, not counting the cumulative effect of the adoption of GASB Statements Nos. 68 and 71 adjustment. This increase was mainly due to the increase in net position from the governmental activities of \$651,694 and the business-type activities of \$646,903 as detailed on the City of Booneville, Mississippi's changes in net position presented on the following pages. See other detailed changes on the following pages.



Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Net position

	Governmental Activities				Business-Type Activities				Total			
	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change
Current and other assets	\$ 4,805,922	\$ 3,875,772	\$ 930,150	24.0%	\$ 5,580,164	\$ 5,976,416	\$ (396,252)	-6.6%	\$ 10,386,086	\$ 9,852,188	\$ 533,898	5.4%
Capital assets	4,901,553	4,805,249	96,304	2.0%	15,583,620	15,046,325	537,295	3.6%	20,485,173	19,851,574	633,599	3.2%
Total assets	9,707,475	8,681,021	1,026,454	11.8%	21,163,784	21,022,741	141,043	0.7%	30,871,259	29,703,762	1,167,497	3.9%
Deferred outflows of resources	843,629	-	843,629	0.0%	487,111	101,912	385,199	378.0%	1,330,740	101,912	1,228,828	1205.8%
Long-term liabilities outstanding	7,660,264	922,456	6,737,808	730.4%	9,222,990	7,627,936	1,595,054	20.9%	16,883,254	8,550,392	8,332,862	97.5%
Other liabilities	343,895	290,793	53,102	18.3%	1,033,636	1,232,770	(199,134)	-16.2%	1,377,531	1,523,563	(146,032)	-9.6%
Total liabilities	8,004,159	1,213,249	6,790,910	559.7%	10,256,626	8,860,706	1,395,920	15.8%	18,260,785	10,073,955	8,186,830	81.3%
Deferred inflows of resources	2,085,288	1,518,129	567,159	37.4%	54,537	-	54,537	0.0%	2,139,825	1,518,129	621,696	41.0%
Net position												
Net investment in capital assets	4,117,071	4,104,837	12,234	0.3%	8,457,933	7,565,126	892,807	11.8%	12,575,004	11,669,963	905,041	7.8%
Restricted	157,955	68,898	89,057	129.3%	300,348	273,828	26,520	9.7%	458,303	342,726	115,577	33.7%
Unrestricted	(3,813,369)	1,775,908	(5,589,277)	-314.7%	2,581,451	4,424,993	(1,843,542)	-41.7%	(1,231,918)	6,200,901	(7,432,819)	-119.9%
Total Net Position	\$ 461,657	\$ 5,949,643	\$ (5,487,986)	-92.2%	\$ 11,339,732	\$ 12,263,947	\$ (924,215)	-7.5%	\$ 11,801,389	\$ 18,213,590	\$ (6,412,201)	-35.2%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 659,040	\$ 645,437	\$ 13,603	2.1%	\$ 8,283,567	\$ 8,613,460	\$ (329,893)	-3.8%	\$ 8,942,607	\$ 9,258,897	\$ (316,290)	-3.4%
Operating grants and contributions	106,855	42,568	64,287	151.0%	-	-	-	0.0%	106,855	42,568	64,287	151.0%
Capital grants and contributions	89,494	65,154	24,340	37.4%	-	20,000	(20,000)	-100.0%	89,494	85,154	4,340	5.1%
General Revenues												
Taxes												
Property taxes	1,807,934	1,692,720	115,214	6.8%	-	-	-	0.0%	1,807,934	1,692,720	115,214	6.8%
Sales tax	1,862,940	1,814,327	48,613	2.7%	-	-	-	0.0%	1,862,940	1,814,327	48,613	2.7%
Franchise tax	199,457	202,441	(2,984)	-1.5%	-	-	-	0.0%	199,457	202,441	(2,984)	-1.5%
In lieu taxes	174,271	147,291	26,980	18.3%	-	-	-	0.0%	174,271	147,291	26,980	18.3%
Other taxes and state shared revenues	258,414	253,072	5,342	2.1%	-	-	-	0.0%	258,414	253,072	5,342	2.1%
Investment income	-	-	-	0.0%	905	-	905	0.0%	905	-	905	0.0%
Other	29,888	28,876	1,012	3.5%	-	-	-	0.0%	29,888	28,876	1,012	3.5%
Total revenue	\$ 5,188,293	\$ 4,891,886	\$ 296,407	6.1%	\$ 8,284,472	\$ 8,633,460	\$ (348,988)	-4.0%	\$ 13,472,765	\$ 13,525,346	\$ (52,581)	-0.4%



Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change	2015	2014	Increase (Decrease)	% Change
Expenses:												
General government	\$ 671,187	\$ 705,105	\$ (33,918)	-4.8%	\$ -	\$ -	\$ -	0.0%	\$ 671,187	\$ 705,105	\$ (33,918)	-4.8%
Public safety	3,343,940	3,330,586	13,354	0.4%	-	-	-	0.0%	3,343,940	3,330,586	13,354	0.4%
Public works	1,238,464	1,169,718	68,746	5.9%	-	-	-	0.0%	1,238,464	1,169,718	68,746	5.9%
Culture and recreation	652,113	600,342	51,771	8.6%	-	-	-	0.0%	652,113	600,342	51,771	8.6%
Economic development	78,611	76,922	1,689	2.2%	-	-	-	0.0%	78,611	76,922	1,689	2.2%
Community development	93,017	13,852	79,165	571.5%	-	-	-	0.0%	93,017	13,852	79,165	571.5%
Interest	30,990	35,403	(4,413)	-12.5%	-	-	-	0.0%	30,990	35,403	(4,413)	-12.5%
Water and Sewer	-	-	-	0.0%	2,361,245	2,334,146	27,099	1.2%	2,361,245	2,334,146	27,099	1.2%
Natural Gas	-	-	-	0.0%	3,401,030	3,712,564	(311,534)	-8.4%	3,401,030	3,712,564	(311,534)	-8.4%
Sanitation	-	-	-	0.0%	300,321	297,611	2,710	0.9%	300,321	297,611	2,710	0.9%
Total expenses	<u>6,108,322</u>	<u>5,931,928</u>	<u>176,394</u>	<u>3.0%</u>	<u>6,062,596</u>	<u>6,344,321</u>	<u>(281,725)</u>	<u>-4.4%</u>	<u>12,170,918</u>	<u>12,276,249</u>	<u>(105,331)</u>	<u>-0.9%</u>
Increase (decrease) in net assets before contributions and transfers	(920,029)	(1,040,042)	120,013	-11.5%	2,221,876	2,289,139	(67,263)	-2.9%	1,301,847	1,249,097	52,750	4.2%
Gain (loss) on disposition of capital assets	(3,250)	(19,016)	15,766	-82.9%	-	6,224	(6,224)	-100.0%	(3,250)	(12,792)	9,542	-74.6%
Transfers	<u>1,574,973</u>	<u>1,602,449</u>	<u>(27,476)</u>	<u>-1.7%</u>	<u>(1,574,973)</u>	<u>(1,602,449)</u>	<u>27,476</u>	<u>-1.7%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (decrease) in net position	651,694	543,391	108,303	19.9%	646,903	692,914	(46,011)	-6.6%	1,298,597	1,236,305	62,292	5.0%
Rounding	(1)	-	(1)	0.0%	-	-	-	0.0%	(1)	-	(1)	0.0%
Net position—beginning of year	5,949,643	5,406,252	543,391	10.1%	12,263,947	11,380,059	883,888	7.8%	18,213,590	16,786,311	1,427,279	8.5%
Cumulative effect change	(6,139,679)	-	(6,139,679)	0.0%	(1,571,118)	-	(1,571,118)	0.0%	(7,710,797)	-	(7,710,797)	0.0%
Prior period adjustment	-	-	-	0.0%	-	190,974	(190,974)	-100.0%	-	190,974	(190,974)	-100.0%
Net position—end of year	<u>\$ 461,657</u>	<u>\$ 5,949,643</u>	<u>\$ (5,487,986)</u>	<u>-92.2%</u>	<u>\$ 11,339,732</u>	<u>\$ 12,263,947</u>	<u>\$ (924,215)</u>	<u>-7.5%</u>	<u>\$ 11,801,389</u>	<u>\$ 18,213,590</u>	<u>\$ (6,412,201)</u>	<u>-35.2%</u>

The City implemented two new Governmental Accounting Standards Board (GASB) Statements in the current fiscal year that had restated the beginning net position. See Note A part 1 and Note Y to the financial statements for details.



Government-wide Financial Analysis - continued

Governmental activities

Governmental activities, including transfers from the business-type activities, increased the City's net position by \$651,694 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$543,391. Key elements of the changes are as follows:

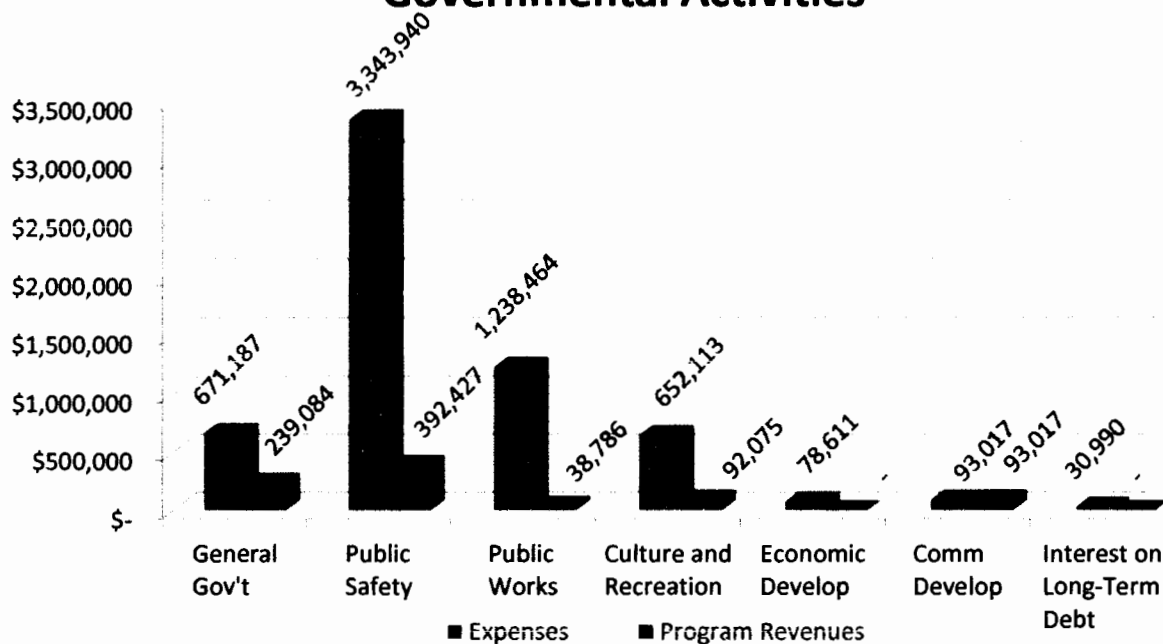
During the year charges for services increased by \$13,603 (approximately 2 percent), operating grants and contributions increased by \$64,287 (approximately 151 percent), capital grants and contributions increased by \$24,340 (approximately 37 percent), property taxes increased by \$115,214 (approximately 7 percent), sales tax increased by \$48,613 (approximately 3 percent), general government expenses decreased by \$33,918 (approximately 5 percent), public safety expenses increased by \$13,354 (approximately 0 percent), public works expenses increased by \$68,746 (approximately 6 percent), culture and recreation expenses increased by \$51,771 (approximately 9 percent), community development expenses increased by \$79,165 (approximately 572 percent), and economic development expenses increased by \$1,689 (approximately 2 percent).



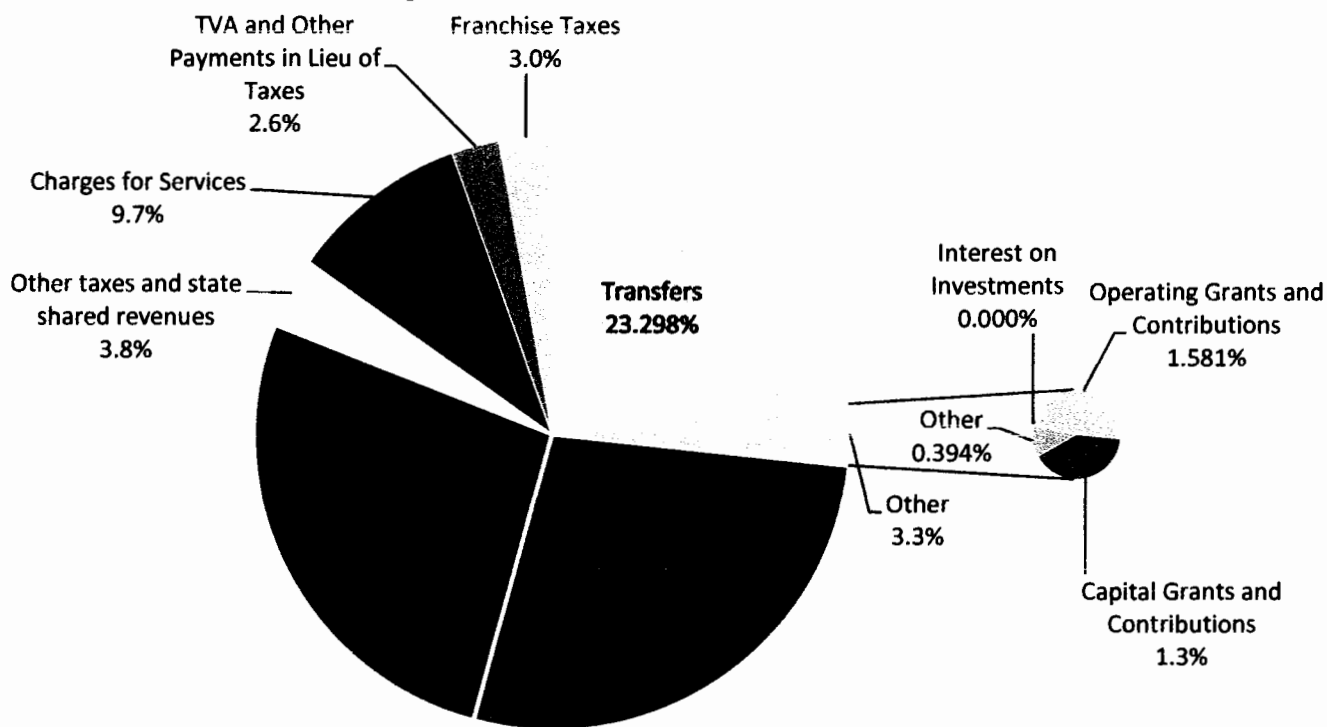
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Government-wide Financial Analysis - continued

Business-type activities

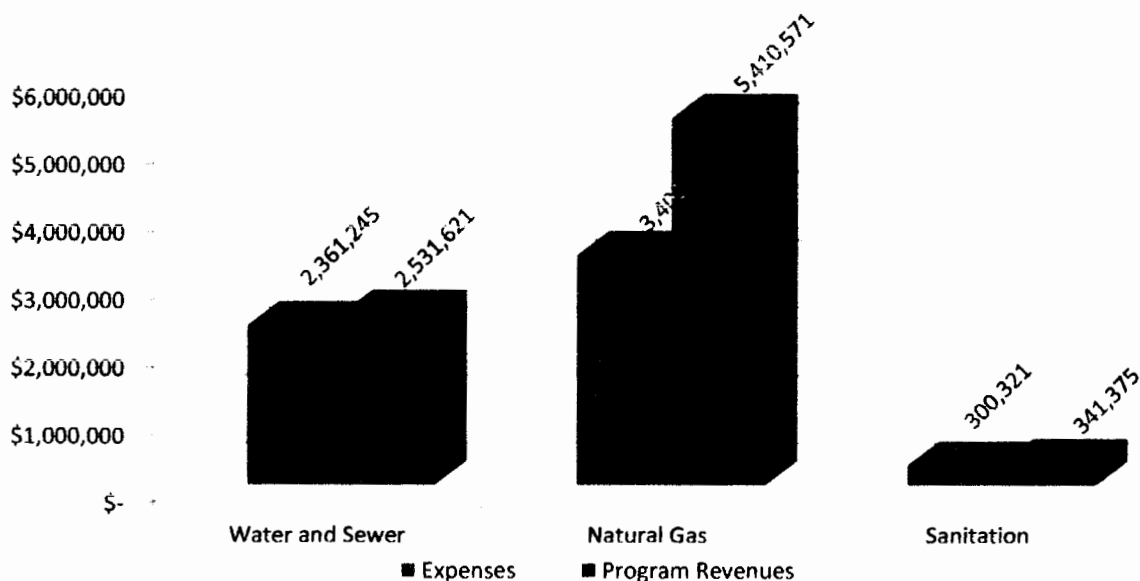
Business-type activities reported an increase in the City's net position by \$646,903 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$692,914. Key elements of this increase are as follows:

Charges for services for business-type activities decreased \$329,893, or 3.8 percent, compared to the prior year (as restated due to implementation of GASB Statements Nos. 68 and 71. See Note A part 1 and Note Y to the financial statements for additional details). This was the result of normal variation in natural gas sold and changes in the cost of natural gas.

Expenses decreased approximately 4.4 percent or \$281,725, primarily due to water and sewer fund expenditures increased \$27,099 (1.2 percent) and natural gas fund expenditures decreased \$311,534 (8.4 percent). This changed primarily due to the cost of natural gas sold.

Transfers out to other funds totaled \$1,574,973 while prior year transfers out to other funds totaled \$1,602,449. Transfers out decreased approximately 1.7 percent or \$27,476. Other changes are detailed in the financial analysis above.

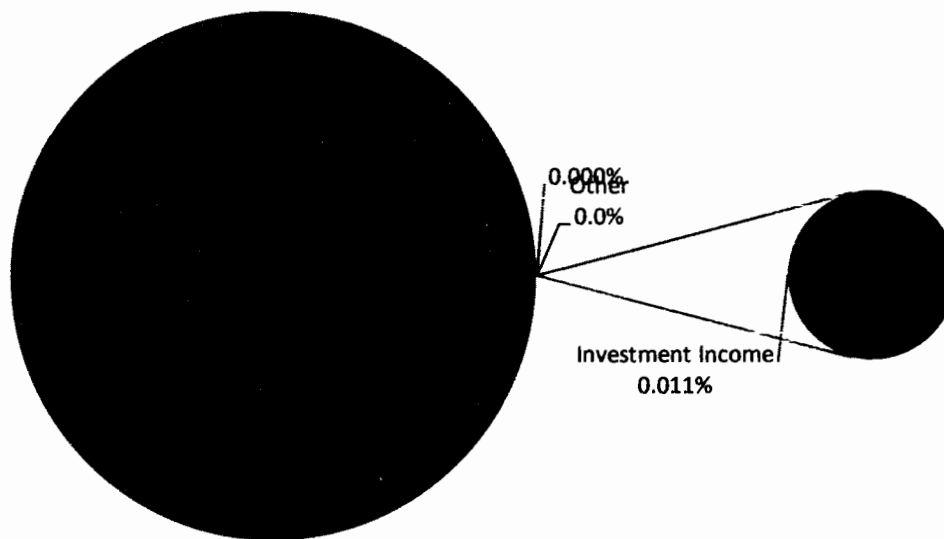
Expense and Program Revenues - Business-Type Activities



Government-wide Financial Analysis - continued

Business-type activities - continued

Revenues by Source - Business-Type Activities



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,539,890, an increase of \$686,165 compared to the prior year. Approximately 90.2 percent of this total amount, \$2,291,188 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$248,702 is either nonspendable, restricted by laws, regulations or by donor, committed by the Board of Alderpersons or assigned by the Mayor, to indicate that it is not available for new spending or it can be spent only for specific items.



Financial Analysis of the Government's Funds - continued

Governmental funds - continued

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 \$2,295,756 while total fund balance was \$2,386,503. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 36.9 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$597,107 during the current fiscal year. This is primarily attributable to transfers.

Proprietary funds

The City's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the gas system, combined water and sewer system, and solid waste collection system funds at the end of the year amounted to \$2,301,934, \$275,061, and \$4,457, respectively. The gas system fund (after the effect of the cumulative effect in the beginning net positions of implementation of GASB Statement Nos. 68 and 71 discussed in Note Y to the financial statements) had an increase in net position for the year of \$424,192, the combined water and sewer system fund had an increase in net position for the year of \$222,326, and the waste collection fund had an increase in net position for the year of \$385.

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City made the following amendments to its original budget: Revenues - proceeds from other debt \$166,667, Expenditures - general government - supplies \$6,000, public safety - police - capital outlays \$234,400, street - other services and charges \$(10,000), street - capital outlays \$10,000, park operations - personnel services \$33,000, and park maintenance - personnel services \$45,001.

During the year, general fund revenues were more than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$849,876.



Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to \$20,485,173 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges and other infrastructure acquired after October 1, 2003. The total increase in the City's investment in capital assets for the current fiscal year was approximately 3.2 percent (an approximate 2.0 percent increase for governmental activities and an approximate 3.6 percent increase for business-type activities).

Major capital asset additions are as follows:

Supervision and finance equipment	\$	1,411
Park equipment		23,519
Park buildings and improvements		2,542
Street equipment		76,629
Police automotive and equipment		293,735
Fire equipment		28,096
Buildings		13,675
Natural gas system land		176,310
Natural gas system buildings		66,647
Natural gas system automotive, equipment and office equipment		38,521
Natural gas system distribution system		172,870
Water and sewer system buildings		7,037
Water and sewer system automotive, equipment and office equipment		41,960
Water and sewer system distribution system		582,663

City of Booneville, Mississippi's Capital Assets - Net

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Infrastructure	1,227,365	-	1,227,365
Building and improvements	1,054,030	234,785	1,288,815
Natural gas system	-	3,057,350	3,057,350
Water and sewer system	-	11,566,917	11,566,917
Automotive, equipment and furnishings	1,577,114	479,206	2,056,320
Total	\$ 4,901,553	\$ 15,583,620	\$ 20,485,173

Additional information on the City's capital assets can be found in Note F on pages 53 - 56 of this report and in the long-term debt section on the next page.



Capital Asset and Debt Administration - continued

Long-term debt

At the end of the current fiscal year, the City had total debt outstanding of \$7,903,693. Of this amount, \$2,561,025 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

City of Booneville, Mississippi's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 766,025	\$ 1,795,000	\$ 2,561,025
Revenue bonds	-	5,342,668	5,342,668
Total	\$ 766,025	\$ 7,137,668	\$ 7,903,693

The City's total debt decreased by \$370,473 (approximately 4.5 percent) during the current fiscal year. There were new revenue bonds and other debt obligations totaling \$200,077 issued during the year.

Not included above but reported as long-term debt in the financial statements is the accumulated leave time that would be paid as employees take leave or retire. Under GAAP reporting, this liability must be reported as a compensated absence at year end, due to the contract language to the effect that the employee has "earned" this compensation. Also not included above is the City's proportionate share of the net pension liability of the Public Employee Retirement System of Mississippi (PERS) that is now required to be reported.

The City has not received a rating from Standard & Poor's.

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$5,773,044. Additional information on the City's long-term debt can be found in Note H on pages 61 – 65 of this report.



Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2016 fiscal year:

The City expects its tax base to remain level.

The City tax millage rate was 35.15 for the current year compared to 35.15 for the subsequent year.

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unassigned fund balance in the general fund was \$2,295,756.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 203 N. Main St., Booneville, Mississippi 38829.

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,456,418	\$ 3,614,129	\$ 6,070,547
Restricted cash and cash equivalents	-	993,142	993,142
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$177,516)	1,671,324	-	1,671,324
Police fines (net of allowances of \$845,067)	162,760	-	162,760
Accounts (net of allowances of \$80,938)	-	513,297	513,297
Franchise fees (net of allowances of \$0)	29,448	-	29,448
Accrued interest (net of allowances of \$102,903)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of allowances of \$0)	2,174	4,727	6,901
Prepaid items	38,451	16,833	55,284
Resale inventory	-	305,703	305,703
Supply inventory	-	132,333	132,333
Due from other governments	445,347	-	445,347
Land and construction in progress	1,043,044	245,362	1,288,406
Other capital assets (net of accumulated depreciation)	<u>3,858,509</u>	<u>15,338,258</u>	<u>19,196,767</u>
 Total Assets	 <u>9,707,475</u>	 <u>21,163,784</u>	 <u>30,871,259</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	843,629	398,188	1,241,817
Deferred outflow pertaining to loss on refunding	<u>-</u>	<u>88,923</u>	<u>88,923</u>
 Total Deferred Outflows of Resources	 <u>843,629</u>	 <u>487,111</u>	 <u>1,330,740</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 165,287	\$ 275,820	\$ 441,107
Accounts payable - capital assets	14,457	76,942	91,399
Credit balance in accounts receivable	-	10,798	10,798
Accrued interest	13,133	59,608	72,741
Accrued liabilities	146,450	33,627	180,077
Matured interest payable	568	-	568
Matured bonds payable	4,000	-	4,000
Customer deposits	-	576,841	576,841
Long-term debt and capital leases			
Bonds and notes payable due within one year	182,155	445,000	627,155
Compensated absence due within one year	37,206	1,921	39,127
Net pension liability due in more than one year	6,664,104	2,030,572	8,694,676
Bonds and notes payable due in more than one year	583,870	6,692,668	7,276,538
Compensated absense due in more than one year	192,929	52,829	245,758
Total Liabilities	8,004,159	10,256,626	18,260,785
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	433,279	54,537	487,816
Deferred inflows pertaining to unavailable revenue	1,652,009	-	1,652,009
Total Deferred Inflows of Resources	2,085,288	54,537	2,139,825
NET POSITION			
Net investment in capital assets	4,117,071	8,457,933	12,575,004
Restricted for:			
Debt service - expendable	-	261,228	261,228
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	862	-	862
Fire protection capital outlays	65,368	-	65,368
D.A.R.E. program	32,387	-	32,387
Technology	8,977	-	8,977
Rubbish	50,361	-	50,361
Unemployment	-	29,120	29,120
Unrestricted (deficit)	(3,813,369)	2,581,451	(1,231,918)
TOTAL NET POSITION	\$ 461,657	\$ 11,339,732	\$ 11,801,389

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Statement of Activities
For the fiscal year ended September 30, 2015

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets					
		Program Revenues			Primary Government		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 671,187	\$ 239,084	\$ -	\$ -	\$ (432,103)	\$ -	\$ (432,103)
Public safety	3,343,940	289,095	13,838	89,494	(2,951,513)	-	(2,951,513)
Public works	1,238,464	38,786	-	-	(1,199,678)	-	(1,199,678)
Culture and recreation	652,113	92,075	-	-	(560,038)	-	(560,038)
Economic development	78,611	-	-	-	(78,611)	-	(78,611)
Community development - housing	93,017	-	93,017	-	-	-	-
Interest	30,990	-	-	-	(30,990)	-	(30,990)
Total Governmental Activities	6,108,322	659,040	106,855	89,494	(5,252,933)	-	(5,252,933)
Business-Type Activities:							
Water and Sewer	2,361,245	2,531,621	-	-	-	170,376	170,376
Natural Gas	3,401,030	5,410,571	-	-	-	2,009,541	2,009,541
Sanitation	300,321	341,375	-	-	-	41,054	41,054
Total Business-Type Activities	6,062,596	8,283,567	-	-	-	2,220,971	2,220,971
TOTAL PRIMARY GOVERNMENT	\$ 12,170,918	\$ 8,942,607	\$ 106,855	\$ 89,494	(5,252,933)	2,220,971	(3,031,962)
General Revenues							
Taxes							
Property taxes and late fees					1,807,934	-	1,807,934
Sales tax					1,862,940	-	1,862,940
Homestead					161,931	-	161,931
Franchise tax					199,457	-	199,457
TVA and other payments in lieu of taxes					174,271	-	174,271
Road tax and advalorem privilege tax					83,439	-	83,439
Municipal aid and gasoline tax					13,044	-	13,044
Investment income					-	905	905
Other					29,888	-	29,888
Gain (loss) on sale or retirement of capital assets					(3,250)	-	(3,250)
Transfers					1,574,973	(1,574,973)	-
Total					5,904,627	(1,574,068)	4,330,559
Change in Net Position					651,694	646,903	1,298,597
RESTATED NET POSITIONS--BEGINNING					(190,037)	10,692,829	10,502,792
NET POSITION--ENDING					\$ 461,657	\$ 11,339,732	\$ 11,801,389

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2015

ASSETS	General	Nonmajor Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$2,298,243	\$ 158,177	\$ 2,456,420
Receivables (net of allowance for uncollectibles)			
Taxes	1,671,323	-	1,671,323
Police fines	162,760	-	162,760
Franchise fees	29,448	-	29,448
Other	2,174	-	2,174
Due from other funds	-	684	684
Due from other governments	445,347	-	445,347
Prepaid items	38,451	-	38,451
Total assets	\$4,647,746	\$ 158,861	\$ 4,806,607
LIABILITIES			
Accounts payable - operations	\$ 164,380	\$ 906	\$ 165,286
Accounts payable - fixed assets	14,457	-	14,457
Accrued liabilities	146,450	-	146,450
Compensated absence	37,206	-	37,206
Due to other funds	684	-	684
Matured interest payable	-	568	568
Matured revenue bonds payable	-	4,000	4,000
Total liabilities	363,177	5,474	368,651
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,898,066	-	1,898,066
Total deferred inflows of resources	1,898,066	-	1,898,066
FUND BALANCES			
Nonspendable	38,451	-	38,451
Restricted	-	150,866	150,866
Committed	52,296	-	52,296
Assigned	-	7,089	7,089
Unassigned	2,295,756	(4,568)	2,291,188
Total fund balance	2,386,503	153,387	2,539,890
Total liabilities, deferred inflows of resources, and fund balances	\$4,647,746	\$ 158,861	\$ 4,806,607

The accompanying notes are an integral part of this financial statement.

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
September 30, 2015

FUND BALANCES OF GOVERNMENTAL FUNDS	\$	2,539,890
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and; therefore, were not reported in the governmental funds. The capital assets were adjusted as follows:

Land improvements and construction in progress		1,043,044
Other capital assets		9,223,169
Less accumulated depreciation		(5,364,660)

Some of the City's revenues will be collected after year end but will not be available soon enough to pay for the current period's expenditures and; therefore, are deferred in the governmental funds. The deferred revenues were adjusted as follows:

Revenues - police fines		114,934
Revenues - payments in lieu of tax		81,821
Revenues - property taxes		17,752
Revenues - intergovernmental		13,742
Revenues - franchise fees		17,808

Interest payable on long-term debt did not require current financial resources; therefore, interest payable was not reported as a liability in the governmental funds.		(13,133)
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Long-term liabilities, including bonds payable, capital leases and compensated absences not due and payable in the current period and; therefore, are not reported in the governmental funds. The long-term liabilities were adjusted as follows:

General obligation bonds		(766,025)
Compensated absences		(192,931)

Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements.		(6,664,104)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the governmental fund financial statements.

Deferred outflows of resources related to pensions		843,629
Deferred inflows related to pensions		(433,279)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>461,657</u>
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The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2015

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Advalorem taxes, penalties and interest	\$ 1,813,724	\$ -	\$ 1,813,724
Franchise taxes	181,649	-	181,649
Municipal sales tax	1,862,940	-	1,862,940
Permits, fees and privilege tax	41,565	-	41,565
Municipal court fines and bond fees	215,286	14,441	229,727
Intergovernmental revenues	641,072	47,572	688,644
Charge for services	104,104	32,061	136,165
Collection fees	95,919	-	95,919
Administrative fees	101,126	-	101,126
Donations	-	(500)	(500)
Other	4,603	-	4,603
Total revenues	<u>5,061,988</u>	<u>93,574</u>	<u>5,155,562</u>
<u>EXPENDITURES</u>			
Current			
General government	654,961	-	654,961
Public safety	3,156,289	4,381	3,160,670
Public works	1,081,573	62	1,081,635
Culture and recreation	578,767	-	578,767
Economic development	78,611	-	78,611
Community development	93,017	-	93,017
Capital outlay	415,095	33,333	448,428
Debt Service			
Principal retirement - general obligation	128,886	-	128,886
Interest and paying agent	29,966	-	29,966
Total expenditures	<u>6,217,165</u>	<u>37,776</u>	<u>6,254,941</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (1,155,177)</u>	<u>\$ 55,798</u>	<u>\$ (1,099,379)</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2015

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from disposition of fixed assets	\$ 10,571	\$ -	\$ 10,571
Proceeds from other loans	166,744	33,333	200,077
Bond and loan issuance	(77)	-	(77)
Operating transfers in	1,575,046	5,956	1,581,002
Operating transfers out	<u>-</u>	<u>(6,029)</u>	<u>(6,029)</u>
Total other financing sources (uses)	<u>1,752,284</u>	<u>33,260</u>	<u>1,785,544</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	597,107	89,058	686,165
Fund balance - beginning of year	<u>1,789,396</u>	<u>64,329</u>	<u>1,853,725</u>
Fund balance - end of year	<u>\$ 2,386,503</u>	<u>\$ 153,387</u>	<u>\$ 2,539,890</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Governmental Activities in the Statement of Activities
For the fiscal year ended September 30, 2015

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ 686,165

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, assets with an individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	439,607
Basis of assets disposed of	(13,821)
Depreciation expense	(329,482)

The repayment of long-term debt is reported as an expenditure when due in governmental funds, but as a reduction of principal outstanding in the statement of activities.	128,887
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The proceeds from a capital lease is reported as revenue when issued in governmental funds, but as an increase in capital lease outstanding in the statement of activities.	(200,077)
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Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	(5,790)
Franchise fees	17,808
Municipal court fines	17,663
Advalorem privilege tax	(247)
Payment in lieu of taxes	1,308
Operating grants and contributions	1,989

Some items reported in the Statement of Activity relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(422,884)
Recording of contributions made prior to and subsequent to the measurement date	308,809

Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.

They are as follows:

(Increase) decrease in compensated absences	22,706
(Increase) decrease in accrued interest expense	(947)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 651,694

The accompanying notes are an integral part of this financial statement.

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2015

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 2,315,043	\$ 971,319	\$ -	\$ 3,286,362
Cash and cash equivalents - restricted	781,501	141,893	-	923,394
Receivables (net of allowance for uncollectibles)				
Accounts	140,166	333,423	39,708	513,297
Other	3,927	800	-	4,727
Resale inventory	305,703	-	-	305,703
Supply inventory	59,664	72,669	-	132,333
Prepaid items	4,898	11,935	-	16,833
Total current assets	3,610,902	1,532,039	39,708	5,182,649
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,384	384,131	-	397,515
Nondepreciable land, improvements and construction in progress	208,736	36,626	-	245,362
Depreciable capital assets, net of accumulated depreciation	3,468,256	11,870,002	-	15,338,258
Total noncurrent assets	3,690,376	12,290,759	-	15,981,135
Total assets	7,301,278	13,822,798	39,708	21,163,784
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pertaining to pensions	176,171	222,017	-	398,188
Deferred outflow pertaining to loss on refunding	-	88,923	-	88,923
Total Deferred Outflows of Resources	176,171	310,940	-	487,111

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2015

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
LIABILITIES				
Current Liabilities				
Accounts payable - operations	\$ 85,634	\$ 154,935	\$ 35,251	\$ 275,820
Accounts payable - fixed assets	2,160	74,782	-	76,942
Credit balance in accounts receivable	5,399	5,399	-	10,798
Accrued interest	8,606	51,002	-	59,608
Accrued liabilities	16,035	17,592	-	33,627
Customer deposits	432,761	144,080	-	576,841
Compensated absences	1,119	802	-	1,921
Current portion of revenue bonds payable	-	445,000	-	445,000
Total current liabilities	551,714	893,592	35,251	1,480,557
Noncurrent Liabilities				
Net pension liability	898,390	1,132,182	-	2,030,572
Lease obligations payable				
Compensated absences	13,068	39,761	-	52,829
Revenue bonds payable, less current maturities	-	6,692,668	-	6,692,668
Total noncurrent liabilities	911,458	7,864,611	-	8,776,069
Total liabilities	1,463,172	8,758,203	35,251	10,256,626
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pertaining to pensions	24,129	30,408	-	54,537
Total Deferred Inflows of Resources	24,129	30,408	-	54,537
NET POSITION				
Net investment in capital assets	3,674,832	4,783,101	-	8,457,933
Restricted for debt service - expendable	-	261,228	-	261,228
depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,384	15,736	-	29,120
Unrestricted	2,301,932	275,062	4,457	2,581,451
Total net position (deficit)	\$ 5,990,148	\$ 5,345,127	\$ 4,457	\$ 11,339,732

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The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the fiscal year ended September 30, 2015

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 5,282,723	\$ 2,471,014	\$ 341,374	\$ 8,095,111
Service charges and other	127,848	60,607	-	188,455
Total operating revenues	5,410,571	2,531,621	341,374	8,283,566
<u>OPERATING EXPENSES</u>				
Personnel services	570,508	727,512	-	1,298,020
Professional services	46,880	112,079	-	158,959
Supplies	179,698	101,930	-	281,628
Repairs	85,568	374,258	-	459,826
Operational	158,907	339,698	-	498,605
Administrative	50,563	50,563	-	101,126
Purchase of natural gas	2,161,361	-	-	2,161,361
Waste disposal	-	4,962	300,321	305,283
Depreciation and amortization	138,939	409,774	-	548,713
Total operating expenses	3,392,424	2,120,776	300,321	5,813,521
Operating income (loss)	2,018,147	410,845	41,053	2,470,045
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	790	116	-	906
Interest expense and fiscal charges	(8,606)	(240,469)	-	(249,075)
Total nonoperating revenues and expenses	(7,816)	(240,353)	-	(248,169)
Income (loss) before operating transfers and contributions	2,010,331	170,492	41,053	2,221,876
Operating transfers in	-	51,834	-	51,834
Operating transfers out	(1,586,139)	-	(40,668)	(1,626,807)
Changes in net position	424,192	222,326	385	646,903
Restated net position - beginning	5,565,956	5,122,801	4,072	10,692,829
Net position - ending	\$ 5,990,148	\$ 5,345,127	\$ 4,457	\$ 11,339,732

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2015

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,450,940	\$ 2,494,949	\$ 338,036	\$ 8,283,925
Other operating receipts	12,148	-	-	12,148
Payments to employees including fringe benefits	(459,424)	(581,708)	-	(1,041,132)
Payments to suppliers for goods and services	(2,709,072)	(964,279)	(297,368)	(3,970,719)
Payments for interfund services	(11,166)	-	-	(11,166)
Net cash provided by operating activities	<u>2,283,426</u>	<u>948,962</u>	<u>40,668</u>	<u>3,273,056</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	51,834	-	51,834
Operating transfers out	(1,586,139)	-	(40,668)	(1,626,807)
Net cash provided (used) by non-capital financing activities	<u>\$ (1,586,139)</u>	<u>\$ 51,834</u>	<u>\$ (40,668)</u>	<u>\$ (1,574,973)</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2015

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital grant	\$ 6,511	\$ 6,511	\$ -	\$ 13,022
Principal payments - revenue bonds	-	(425,000)	-	(425,000)
Principal payments - capital lease	-	(12,747)	-	(12,747)
Payment on payables used to acquire fixed assets	(107,442)	(140,946)	-	(248,388)
Acquisition and construction of capital assets	(452,188)	(556,878)	-	(1,009,066)
Interest and fiscal charges paid	-	(231,301)	-	(231,301)
Net cash provided (used) by capital and related financing activities	<u>(553,119)</u>	<u>(1,360,361)</u>	<u>-</u>	<u>(1,913,480)</u>
Interest income	<u>790</u>	<u>116</u>	<u>-</u>	<u>906</u>
Net cash provided (used) by investment activities	<u>\$ 790</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 906</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2015

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION				
Acquisition of fixed assets on account and capital lease	\$ (2,160)	\$ (74,782)	\$ -	\$ (76,942)
Borrowing from suppliers on account	<u>2,160</u>	<u>74,782</u>	<u>-</u>	<u>76,942</u>
Net effect of non cash transactions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	144,958	(359,449)	-	(214,491)
Cash and cash equivalents, beginning of year	<u>2,964,970</u>	<u>1,856,792</u>	<u>-</u>	<u>4,821,762</u>
Cash and cash equivalents, end of year	<u>\$ 3,109,928</u>	<u>\$ 1,497,343</u>	<u>\$ -</u>	<u>\$ 4,607,271</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2015

	<u>Business-Type Activities--Enterprise Fund</u>			
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	<u>Total Business-Type Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,018,147	\$ 410,845	\$ 41,053	\$ 2,470,045
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	138,939	409,774	-	548,713
Non-cash pension expense	51,235	64,568	-	115,803
(Increase) decrease in accounts receivable	65,083	(25,367)	(3,338)	36,378
(Increase) decrease in other receivables	15,602	(258)	-	15,344
(Increase) decrease in resale inventory	102,617	-	-	102,617
(Increase) decrease in supply inventory	6,961	1,389	-	8,350
(Increase) decrease in prepaid items	830	5,220	-	6,050
Increase (decrease) in accounts payable - operations	(104,164)	83,911	2,953	(17,300)
Increase (decrease) in accrued liabilities - payroll and benefits	4,592	3,822	-	8,414
Increase (decrease) in credit balance in accounts receivable	(1,464)	(1,464)	-	(2,928)
Increase (decrease) in customer deposits	(14,993)	(9,583)	-	(24,576)
Increase (decrease) in compensated absences	41	6,105	-	6,146
Total adjustments	<u>265,279</u>	<u>538,117</u>	<u>(385)</u>	<u>803,011</u>
Net cash provided (used) by operating activities	<u>\$ 2,283,426</u>	<u>\$ 948,962</u>	<u>\$ 40,668</u>	<u>\$ 3,273,056</u>

The accompanying notes are an integral part of this financial statement.



CITY OF BOONEVILLE, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 91,590
Taxes receivable (net of allowances of \$178,713)	<u>1,964,195</u>
Total Assets	<u>2,055,785</u>
LIABILITIES	
Due to others	17,985
Due to other governments	69,083
Payroll taxes and other payroll withholdings due to others	1,462
Accounts payable due to investors	<u>5,475</u>
Total Liabilities	<u>94,005</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>1,961,780</u>
NET POSITION	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Booneville, Mississippi, ("the City") was incorporated December 21, 1861 and reincorporated February 23, 1882 under the provisions of the State of Mississippi. The City operates under a Mayor - Board of Alderman form of government and provides the following services to the citizens of the City as authorized by its charter--public safety (police and fire), public works, health and social services, culture, recreation, public improvements, public health, planning and zoning, natural gas utilities, water and sewer utilities, waste collection, and general administrative services.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. For the government-wide financial statements and proprietary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting and reporting policies and practices used by the City are described below.

1. New Accounting Standards Adopted

In the fiscal year 2015, the City was required to adopt new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB). They are as follows:

Statement No. 68, Accounting and Financial Reporting of Pensions issued in June, 2012, and became effective for the fiscal year ended September 30, 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government's employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. See Note Y Retroactive Application of a Change in Accounting Principles for additional information.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. New Accounting Standards Adopted - continued

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date issued in November, 2013 and became effective for the fiscal year ended September 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. See Note Y Retroactive Application of a Change in Accounting Principles for additional information.

2. Reporting Entity

The City is governed by an elected mayor and five-member board of alderpersons. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable.

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 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 these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Blended Component Unit

The Booneville Planning Board and the Booneville Election Commission meet the criteria listed for inclusion as a component unit. However, these boards do not have any financial activity; therefore, there are no separate financial statements for these component units. Any expenses of these boards are paid by the City and are blended in the City's financial statements. The Booneville Planning Board is 100 percent appointed by the City Board and provides planning commission services to the City. The Booneville Election Commission is 100 percent appointed by the City Board and handles all municipal elections.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable. On the reporting model, as defined by GASB Statement No. 34, the focus is either the City as a whole or major individual funds (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc) 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 or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, and franchise taxes, intergovernmental revenues, interest income, etc.). When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental fund is the general fund. The major business type funds are the gas system fund and the combined water and sewer system fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Government-Wide and Fund Financial Statements - continued

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statement. The costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc. of the governmental activities and Water and Sewer, Natural Gas and Sanitation of the business-type activities).

The City's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The government-wide focus is more of the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and business-type categories as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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 (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level 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 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. 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 BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Measurement Focus and Basis of Accounting - continued

Ad valorem taxes, franchise taxes, licenses, fines, interest revenues and charges for services are recognized under the susceptible to accrual concept. Fines prior to October 1, 2002 are not susceptible to accrual because the City cannot measure them until received in cash. Net fines receivable for the periods prior to October 1, 2002 are not expected to be material. 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. All other revenue items are considered to be measurable and available only when cash is received by the City. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is 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 fund, combined water and sewer fund, and waste collection fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the City:

Governmental Funds:

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

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

The City additionally reports other governmental funds which is a summary of all the nonmajor governmental funds.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Measurement Focus and Basis of Accounting - continued

Proprietary Funds:

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

- a. Gas System Fund accounts for the operation of the City's natural gas utility. Activities of the fund include administration, operation and maintenance of the natural gas system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and payment of, long term debt principal and interest on revenue bonds and obligations under capital leases when due during the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.
- b. Combined Water and Sewer System 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 payment of, long term debt principal and interest on revenue bonds and obligations under capital leases when due during the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the fund.
- c. The City additionally reports nonmajor funds consisting of the Waste Collection Fund, which accounts for the operation of the City's waste collection. Customers are billed monthly at a rate to cover the cost of providing such service.

Other Fund Types:

The City additionally reports for the following fund types:

- a. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis.
- b. Agency Funds are used to account for assets held by the City in an agency capacity for other governments, individuals or companies.

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 Position.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased to be cash equivalents. Certificates of deposit with a maturity of more than 90 days when purchased are not considered to be cash equivalents. All investments are in certificates of deposit that are valued at cost, which approximates fair value.

Cash and cash equivalents, as shown on Statement 7, include the following Proprietary Fund cash balances as shown on Statement 5:

	Gas System	Combined Water and Sewer System	Waste Collection	Total
Cash and cash equivalents	\$ 2,315,043	\$ 971,319	\$ -	\$ 3,286,362
Restricted cash and cash equivalents	794,885	526,024	-	1,320,909
	<u>\$ 3,109,928</u>	<u>\$ 1,497,343</u>	<u>\$ -</u>	<u>\$ 4,607,271</u>

6. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other 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.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Inventories and Prepaid Items

Inventories of the enterprise funds are maintained on the consumption method and are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of enterprise fund expendable supplies held for consumption and natural gas held for resale. The governmental funds record inventories under the purchase method; therefore, items are recorded as expenses when purchased. The City governmental funds do not maintain material inventories; therefore, the accompanying fund and government-wide financial statements do not reflect governmental fund or governmental activities inventory.

Prepaid items record payments to vendors that benefit future reporting periods and are reported on the consumption basis for both fund and government-wide financial statements.

8. Capital Assets

Property, plant and equipment purchased or acquired is recorded at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. As permitted by GASB Statement No. 34, the City has elected not to report public domain (infrastructure) fixed assets acquired prior to October 1, 2003. Capital assets are defined by the government as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year.

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 capitalized phase of capital assets constructed.

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

<u>Assets</u>	<u>Years</u>
Computer equipment and peripherals	3
Vehicles and equipment	5
Furniture and fixtures	7
Heavy equipment	10
Infrastructure – streets and roads	20
Improvements other than buildings	40
Buildings	40 - 50
Utility plant	10 - 100

It is at least reasonably possible that management's estimate of useful lives could change in the near term.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Capitalization of Interest

In conformity with Financial Accounting Standards No. 34, Capitalization of Interest Cost, the City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. Total interest, fiscal charges, and amortization of loan discount and deferred amount of refunding incurred in the enterprise funds was \$249,075. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$249,075 were charged to expense. Interest costs, net of interest earned of \$0 were capitalized as fixed assets in the enterprise funds.

10. Compensated Absences

The City's employees earn vacation leave for each month of work performed. The accrual rate increases with years of service up to a maximum of 15 days per year for over 5 years of service. On specified anniversary dates, additional days are credited, up to certain amounts, according to length of service. Accrued vacation is paid to the employees upon termination of employment for employees who have completed at least 12 months of continuous service.

Certain City employees accumulate personal leave days when required to work on holidays or other nonworking periods. Personal leave is paid to the employees upon termination of employment.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

11. Long-Term Obligations

The City has issued debt under Section 17-21-51 and 17-21-53 of the Mississippi Code. These code sections provide for the prompt payment of notes or certificates of indebtedness at maturity, both principal and interest, of which the full faith credit and resources of the City are pledged. If the City does not have available funds in an amount sufficient to provide for the payment of principal and interest according to the terms of such notes or certificates of indebtedness, then the City is required to annually levy a special tax upon all of its taxable property at a rate, the avails of which will be, sufficient to provide such payments. Funds derived from any such tax shall be paid into a sinking fund and used exclusively for the payment of principal and interest on the notes or certificates of indebtedness.

The City has not and does not expect to be required to levy such tax.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Long-Term Obligations - continued

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 financial statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are chargeable to the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Payable from Restricted Assets

Certain assets of the business-type activities have been restricted for debt service, construction, and customer deposits. These assets consist of cash and short-term investments and accrued interest restricted as follows:

	<u>Gas System</u>	<u>Combined Water and Sewer System</u>
Customer deposits	\$ 432,761	\$ 144,080
Accrued interest payable	8,606	51,002
Revenue bonds payable	-	445,000
	<u>\$ 441,367</u>	<u>\$ 640,082</u>

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that meet this criterion, (1) pensions which includes contributions made to the pension plan after the pension liability measurement date, its proportionate share of Mississippi Public Employee Retirement System (PERS) changes in actuarial assumptions, and the City's change in pension proportion from the prior year and (2) a deferred loss on refunding of enterprise fund bonds.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report separate inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items for reporting in this category. They are pensions which consist of (1) the difference between projected and actual earnings on pension plan investments, the City's change in pension proportion from the prior year and (2) the unavailable revenue reported in the government-wide statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

14. Fund Equity/Net Position

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderpersons, the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderpersons removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Fund Equity/Net Position - continued

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for a specific purpose, but are neither restricted nor committed. The Board of Alderpersons and Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

The constraints on fund balances as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balance are detailed according to balance classification and fund.

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balances:		
Nonspendable:		
Prepaid Items	\$ 38,451	\$ -
Total - Nonspendable	<u>\$ 38,451</u>	<u>\$ -</u>
Fund Balances:		
Restricted:		
Fire protection	\$ -	\$ 65,368
Drug abuse resistance education	-	30,298
Fire code	-	862
Technology	-	8,977
Rubbish	-	45,361
Total Restricted	<u>\$ -</u>	<u>\$ 150,866</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Fund Equity/Net Position - continued

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Committed:		
Special Police Assessment	\$ 52,296	\$ -
Total Committed	<u>\$ 52,296</u>	<u>\$ -</u>
Assigned:		
Subsequent year budget shortfall	\$ -	\$ 7,089
Total Assigned	<u>\$ -</u>	<u>\$ 7,089</u>

When restricted, committed, assigned and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then committed, assigned, and unassigned in that order as needed.

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.

Restricted net position—Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted net position—All other assets that do not meet the definition of "restricted" or "net investment in capital assets."

15. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

16. Sales Tax

The City follows the procedure of including payments for sales taxes collected on utilities in expenditures.

17. Original Issue Discount/Premium on Bonds

Original issue discounts and premiums on bonds are netted against the bond payable account and amortized over the lives of respective bond issues using the interest method which does not vary materially from the interest method.

18. Pensions

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

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

The Debt Service Fund deficit balance of \$4,568 is a result of matured bonds and interest that have not been redeemed. This deficit will be funded by the General Fund when these matured bonds and interest are redeemed.

Budgets

Encumbrance accounting is employed for the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments are reappropriated and honored during the subsequent year. The original General Fund budget expenditures were amended by increasing other financing sources (uses) by \$166,667, increasing certain expense categories by \$328,401 and decreasing other categories by \$10,000 during the year ended September 30, 2015.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

Budgets - continued

A comparison of the General Fund budget with statements of budgetary basis revenues and expenditures is included in required supplementary information as Schedule 1. This budgetary comparison schedule reflects General Fund expenditures exceeding budgets. See Schedule 1 for General Fund expenditures exceeding budgeted amounts.

The notes to required supplementary information budgetary reporting on pages 88 - 89 also provides additional budgetary information.

NOTE C - DEPOSITS AND INVESTMENTS

At September 30, 2015, the cash and investments included the following:

<u>Account Balances</u>		<u>Ownership of Funds</u>	
Petty cash/cash on hand	\$ 2,675	Governmental Funds	\$ 2,456,418
Demand deposits	7,152,605	Enterprise Funds	4,607,271
Cash at paying agent	<u>-</u>	Fiduciary Fund	<u>91,591</u>
	<u>\$ 7,155,280</u>		<u>\$ 7,155,280</u>

Deposits

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 entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these 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. The pooled collateral is held in the pooled participant's name by The First American National Bank (Category 2 - Collateralized with securities held by the pledging financial institution's agent in the State Treasurer's name). The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the pooling method, the potential exists for undercollateralization, and the risk may increase in periods of high cash flows. However, the State Treasurer for Mississippi enforces strict standards of financial stability for each depository that collateralizes under the Statewide Collateral Pool Program.

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits - continued

At September 30, 2015, the demand deposits held with various local financial institutions had carrying amounts totaling \$7,152,605 and bank balances totaling \$7,275,593 of which \$250,000 was covered by federal depository insurance and \$7,025,593 was covered by the Statewide Collateral Pool Program.

The City has designated BancorpSouth Bank as its official depository.

Investments

Mississippi laws address the investment of surplus money by municipalities and the investment of proceeds separately. The investment of surplus money is limited to bonds or other direct obligations of the United States of America or the State of Mississippi or any county or municipality of the state or any school district or obligation issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository or time certificate of deposits in qualified depositories. The City of Booneville's policy is to advertise for the qualified depository that will offer the highest interest rate on all of its deposits.

The City had no investments as of or during the year ended September 30, 2015.

Interest Rate Risk

The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for increasing interest rates. The City had no investments during the year and limited its demand deposits during the year to federal depository insured accounts with BancorpSouth Bank.

Credit Risk

State law limits investments to 1) financial institutions insured by FDIC that are members of the Statewide Collateral Pool Program, 2) bonds or other direct obligations of the United States of America or the State of Mississippi or any county or municipality of this State or any school district or obligation issued or guaranteed in full as to principal and interest by the United States of America. The City has no investment policy that would limit its investment choices.

The City's depositories have the following ratings by Moodys: BancorpSouth Bank (not rated).



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2015.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2015, but had demand deposits with more than 5% of the total in BancorpSouth Bank. These demand deposits represented approximately 100% of total demand deposits.

NOTE D - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 of the following year and are due and payable at that time. All unpaid taxes levied January 1 become delinquent February 1. Property taxes for automotive and mobile homes are collected and remitted to the City by Prentiss County, Mississippi.

Appraised values are established by Prentiss County, Mississippi at 100 percent of estimated market values. The City is required to adopt county tax rolls. The 2014 taxes are collected in December, 2014 and January, 2015. The 2014 taxes are levied to fund the 2014-2015 budget year. The assessed value upon which the 2014 taxes were based was \$55,560,463.

City property tax revenue is recorded in governmental funds as receivables and unavailable revenues at the time the tax attaches as an enforceable lien which includes the 2015 taxes intended to fund the 2015-2016 budget year of \$1,652,009. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

The 2015 taxes of \$1,652,009 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2015-2016 budget year.

The City assessed a tax rate of 35.15 mills for both the 2014 and 2015 taxes.

NOTE E - RECEIVABLES

Receivables at September 30, 2015 for the government's individual major funds and nonmajor funds, internal service, business-type funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE E - RECEIVABLES - CONTINUED

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 1,848,839	\$ -	\$ -	\$ -	\$ 2,142,910	\$ 3,991,749
Police fines	1,007,827	-	-	-	-	1,007,827
Accounts	-	178,963	372,139	43,133	-	594,235
Franchise fees	29,448	-	-	-	-	29,448
Accrued interest	-	-	-	102,903	-	102,903
Notes receivable	-	-	-	743,000	-	743,000
Other	2,174	3,927	800	-	-	6,901
Gross receivables	2,888,288	182,890	372,939	889,036	2,142,910	6,476,063
Less: Allowance for uncollectables	(1,022,583)	(38,797)	(38,716)	(849,328)	(178,713)	(2,128,137)
Net receivables	<u>\$ 1,865,705</u>	<u>\$ 144,093</u>	<u>\$ 334,223</u>	<u>\$ 39,708</u>	<u>\$ 1,964,197</u>	<u>\$ 4,347,926</u>

It is at least reasonably possible that management's estimate of allowance for uncollectables could change in the near term.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance September 30, 2014	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2015
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 1,043,044	\$ -	\$ -	\$ -	\$ 1,043,044
Total capital assets not being depreciated	<u>1,043,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,044</u>
Capital assets being depreciated					
Building and improvements	2,712,120	16,216	-	-	2,728,336
Automotive and equipment	4,239,166	423,391	(155,019)	-	4,507,538
Infrastructure	1,987,295	-	-	-	1,987,295
Total capital assets being depreciated	<u>8,938,581</u>	<u>439,607</u>	<u>(155,019)</u>	<u>-</u>	<u>9,223,169</u>
Less accumulated depreciation for					
Buildings	1,611,059	63,247	-	-	1,674,306
Automotive and equipment	2,876,236	195,386	(141,198)	-	2,930,424
Infrastructure	689,081	70,849	-	-	759,930
Total accumulated depreciation	<u>5,176,376</u>	<u>329,482</u>	<u>(141,198)</u>	<u>-</u>	<u>5,364,660</u>
Total capital assets being depreciated, net	<u>3,762,205</u>	<u>110,125</u>	<u>(13,821)</u>	<u>-</u>	<u>3,858,509</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 4,805,249</u>	<u>\$ 110,125</u>	<u>\$ (13,821)</u>	<u>\$ -</u>	<u>\$ 4,901,553</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2014	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2015
BUSINESS-TYPE ACTIVITIES					
GAS SYSTEM					
Capital assets not being depreciated					
Land	\$ 32,426	\$ 176,310	\$ -	\$ -	\$ 208,736
Total capital assets not being depreciated	<u>32,426</u>	<u>176,310</u>	<u>-</u>	<u>-</u>	<u>208,736</u>
Capital assets being depreciated					
Building	187,493	66,647	-	-	254,140
Automotive and equipment	680,205	38,521	-	-	718,726
Furniture and office equipment	67,787	-	-	-	67,787
Natural gas system	4,915,200	172,870	-	-	5,088,070
Total capital assets being depreciated	<u>5,850,685</u>	<u>278,038</u>	<u>-</u>	<u>-</u>	<u>6,128,723</u>
Less accumulated depreciation for					
Buildings	80,810	5,545	-	-	86,355
Automotive and equipment	440,758	44,004	-	-	484,762
Furniture and office equipment	56,529	2,101	-	-	58,630
Natural gas system	1,943,431	87,289	-	-	2,030,720
Total accumulated depreciation	<u>2,521,528</u>	<u>138,939</u>	<u>-</u>	<u>-</u>	<u>2,660,467</u>
Total capital assets being depreciated, net	<u>3,329,157</u>	<u>139,099</u>	<u>-</u>	<u>-</u>	<u>3,468,256</u>
 GAS SYSTEM CAPITAL ASSETS, NET	 <u>\$ 3,361,583</u>	 <u>\$ 315,409</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 3,676,992</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2014	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2015
BUSINESS-TYPE ACTIVITIES - CONTINUED					
COMBINED WATER AND SEWER					
Capital assets not being depreciated					
Land	\$ 36,626	\$ -	\$ -	\$ -	\$ 36,626
Total capital assets not being depreciated	<u>36,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,626</u>
Capital assets being depreciated					
Building	82,270	7,037	-	-	89,307
Automotive and equipment	507,539	41,960	-	-	549,499
Furniture and office equipment	75,033	-	-	-	75,033
Water and sewer system	23,910,617	582,663	-	-	24,493,280
Total capital assets being depreciated	<u>24,575,459</u>	<u>631,660</u>	<u>-</u>	<u>-</u>	<u>25,207,119</u>
Less accumulated depreciation for					
Buildings	19,487	2,820	-	-	22,307
Automotive and equipment	284,206	40,983	-	-	325,189
Furniture and office equipment	60,986	2,272	-	-	63,258
Water and sewer system	12,562,664	363,699	-	-	12,926,363
Total accumulated depreciation	<u>12,927,343</u>	<u>409,774</u>	<u>-</u>	<u>-</u>	<u>13,337,117</u>
Total capital assets being depreciated, net	<u>11,648,116</u>	<u>221,886</u>	<u>-</u>	<u>-</u>	<u>11,870,002</u>
Combined Water and Sewer Capital Asset, Net	<u>11,684,742</u>	<u>221,886</u>	<u>-</u>	<u>-</u>	<u>11,906,628</u>
BUSINESS-TYPE CAPITAL ASSETS – NET	<u>\$ 15,046,325</u>	<u>\$ 537,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,583,620</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 1,067
Public safety	135,768
Public works	136,338
Culture and recreation	<u>56,309</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 329,482</u>
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Business-Type Activities

Natural gas	\$ 138,939
Water and sewer	<u>409,774</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 548,713</u>
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NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND 125 CAFETERIA PLAN

Other Postemployment Benefits

The City allows its retired employees under COBRA to continue on the City's health care insurance coverage for a period of 18 months (36 months if on medicare). This continuation of coverage is paid entirely by the retired employee. At September 30, 2015, the City had no retired employees participating in their health care insurance coverage.

Due to the history of very few retired employees taking advantage of this benefit, and the limited period of coverage, there would be no material cost increase to working employee's insurance. The future effect of this other postemployment benefit on the cost of health care insurance cost has not been estimated; therefore, the City has not accrued postemployment benefits in the accompanying financial statements. The City does not expect this liability to be material. It is at least reasonably possible that the City's estimate of no material other postemployment benefits liability could change in the near term.

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Employees of the City of Booneville, Mississippi are provided a pension through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

General Information about the Pension Plan - continued

That information may be obtained by writing the Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges and teachers and employees of the public cities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in OERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership services (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. A COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The rate prior to June 30, 2015 was 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. City of Booneville, Mississippi contributions (employer share only) to PERS for the years ended September 30, 2015, 2014, and 2013 were \$586,163, \$546,411, and \$517,736, respectively, equal 100% of the required contributions for each year.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

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

At September 30, 2015, the City reported a liability of \$8,694,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participation entities actuarially determined. At June 30, 2015, the City's proportion was 0.056247%, which was a decrease of 0.001040%, from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$819,685. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 202,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	233,525
Changes of Assumptions	749,016	-
Changes in proportion and differences between City contributions and proportionate share of contributions	150,048	254,291
City contributions subsequent to the measurement date	<u>140,753</u>	<u>-</u>
	<u>\$ 1,241,817</u>	<u>\$ 487,816</u>

\$140,753 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	
2016	\$ 204,317
2017	195,896
2018	85,855
2019	<u>127,180</u>
	<u>\$ 613,248</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred
Inflows of Resources Related to Pensions - continued**

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75-19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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 weighing 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 are summarized in the following table

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	<u>1.00%</u>	-0.50%
Total	<u>100.00%</u>	



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred
Inflows of Resources Related to Pensions - continued**

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). 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 projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
City's proportionate share of the net pension liability	\$ 8,607,729	\$ 8,694,676	\$ 8,781,623

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued 2015 PERS Comprehensive Annual Report on the PERS website, www.pers.ms.gov for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

Changes of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2015 Healthy Annuitant Blue Collar Table projected to 2016 Using scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3.00% and 8.00% to 7.75%, respectively.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND
125 CAFETERIA PLAN - CONTINUED**

Defined Benefit Pension Plan - continued

Payables to the Pension Plan

At September 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the required amount due for the month ended September 30, 2015.

Section 125 Cafeteria Reduction Plan

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$89,867.

NOTE H - LONG-TERM AND SHORT-TERM DEBT

General Long-Term Debt

General obligation debt consists of debt issued that is backed by the full faith and credit of the City.

Revenue bonds consist of debt issued by the Combined Water and Sewer System. The gross revenues of the Combined Water and Sewer System Fund and Waste Collection Fund, after deduction of reasonable expenses for operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the Reserve Funds.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE H - LONG-TERM AND SHORT-TERM DEBT- CONTINUED

General long-term debt balances and transactions for the year ended September 30, 2015 are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance 10/1/2014</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance 9/30/2015</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds							
General Obligation Public							
Improvement Bonds – Series 2004	5/19/2019	4.25%	\$ 675,000	\$ -	\$ 125,000	\$ 550,000	\$ 130,000
Total general obligation bonds			<u>675,000</u>	<u>-</u>	<u>125,000</u>	<u>550,000</u>	<u>130,000</u>
Other Debt							
Northeast Mississippi Planning and							
Development District	3/1/2019	2.00%	19,834	-	3,886	15,948	3,889
BancorpSouth Bank	1/20/2019	2.26%	-	100,047	-	100,047	24,168
Renasant Bank	1/26/2016	2.44%	-	100,030	-	100,030	24,098
Total other debt			<u>19,834</u>	<u>200,077</u>	<u>3,886</u>	<u>216,025</u>	<u>52,155</u>
Net Pension Liability	---	---	<u>-</u>	<u>7,720,430</u>	<u>1,056,326</u>	<u>6,664,104</u>	<u>37,206</u>
Compensated Absences	---	---	<u>227,622</u>	<u>2,513</u>	<u>-</u>	<u>230,135</u>	<u>37,206</u>
TOTAL GOVERNMENTAL ACTIVITIES			<u>\$ 922,456</u>	<u>\$ 7,923,020</u>	<u>\$ 1,185,212</u>	<u>\$ 7,660,264</u>	<u>\$ 256,567</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED

GOVERNMENTAL ACTIVITIES - continued

The principal and interest requirements of the above general obligation debt and other debt payable at September 30, 2015 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 130,000	\$ 23,375	\$ 153,375	\$ 52,155	\$ 319	\$ 52,474
2017	135,000	17,850	152,850	53,383	241	53,624
2018	140,000	12,113	152,113	54,640	162	54,802
2019	145,000	6,163	151,163	55,847	81	55,928
2020	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-
Total	<u>\$ 550,000</u>	<u>\$ 59,501</u>	<u>\$ 609,501</u>	<u>\$ 216,025</u>	<u>\$ 803</u>	<u>\$ 216,828</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2016	\$ 182,155	\$ 23,694	\$ 205,849
2017	188,383	18,091	206,474
2018	194,640	12,275	206,915
2019	200,847	6,244	207,091
2020	-	-	-
2021 - 2025	-	-	-
Total	<u>\$ 766,025</u>	<u>\$ 60,304</u>	<u>\$ 826,329</u>

Specific years for payment of compensated absences and net pension liabilities are not determinable and are not included in the table above.

The ordinances authorizing the issuance of general obligation bonds creates an interest and sinking fund (General Debt Service Fund). If funds are not available from other sources, the ordinances require the City to ascertain a rate and amount of ad valorem tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City does not levy taxes for debt service. All governmental activity debt is paid by the General Fund except one third of the BancorpSouth debt and Renasant Bank debt is paid by the DARE Fund.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2014	Additions	Repayments	Ending Balance 9/30/2015	Amounts Due Within One Year
<u>Combined Water and Sewer System Fund:</u>							
General Obligation Bonds							
General Obligation Utility Bonds, Series 2012	9/30/2032	2.4% - 3.40%	\$ 1,865,000	\$ -	\$ 70,000	\$ 1,795,000	\$ 75,000
Total general obligation bonds			1,865,000	-	70,000	1,795,000	75,000
Revenue Bonds							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013	8/1/2027	2.5%- 4.00%	5,670,000	-	355,000	5,315,000	370,000
Total revenue bonds			5,670,000	-	355,000	5,315,000	370,000
Plus unamortized premium			31,585	-	3,917	27,668	-
Net revenue bonds			5,701,585	-	358,917	5,342,668	370,000
Lease Obligations Payable							
BancorpSouth Equipment Finance - John Deere 310SK backhoe	9/25/2015	2.14%	12,747	-	12,747	-	-
Total lease obligations payable			12,747	-	12,747	-	-
Net Pension Liability			-	1,250,887	118,705	1,132,182	-
Compensated absences	--	--	34,458	6,105	-	40,563	802
Total combined water and sewer system fund			7,613,790	1,256,992	560,369	8,310,413	445,802
<u>Gas System Fund</u>							
Net Pension Liability			-	988,843	90,453	898,390	-
Compensated Absences	--	--	14,146	41	-	14,187	1,119
Total gas system fund			14,146	988,884	90,453	912,577	1,119
TOTAL BUSINESS TYPE ACTIVITIES			\$ 7,627,936	\$ 2,245,876	\$ 650,822	\$ 9,222,990	\$ 446,921



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE H - LONG-TERM AND SHORT-TERM DEBT - CONTINUED

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above revenue bonds and lease obligations payable at September 30, 2015 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 75,000	\$ 50,784	\$ 125,784	\$ 370,000	\$ 167,187	\$ 537,187
2017	75,000	48,234	123,234	380,000	157,938	537,938
2018	80,000	45,684	125,684	395,000	148,438	543,438
2019	85,000	42,964	127,964	405,000	138,562	543,562
2020	90,000	40,074	130,074	415,000	128,438	543,438
2021 - 2025	500,000	155,818	655,818	2,300,000	448,200	2,748,200
2026 - 2030	605,000	87,697	692,697	1,050,000	63,400	1,113,400
2031 - 2035	285,000	11,825	296,825	-	-	-
Total	<u>\$ 1,795,000</u>	<u>\$ 483,080</u>	<u>\$ 2,278,080</u>	<u>\$ 5,315,000</u>	<u>\$ 1,252,163</u>	<u>\$ 6,567,163</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
2016	\$ 445,000	\$ 217,971	\$ 662,971
2017	455,000	206,172	661,172
2018	475,000	194,122	669,122
2019	490,000	181,526	671,526
2020	505,000	168,512	673,512
2021 - 2025	2,800,000	604,018	3,404,018
2026 - 2030	1,655,000	151,097	1,806,097
2031 - 2035	285,000	11,825	296,825
Total	<u>\$ 7,110,000</u>	<u>\$ 1,735,243</u>	<u>\$ 8,845,243</u>

Specific years for payment of compensated absences and net pension liability are not determinable and are not included in the table above. All Enterprise Fund debt is paid by the fund incurring the debt.

The unamortized deferred loss on refundings relates to Water and Sewer Revenue Refunding Bonds for business-type activities. The deferred loss on refundings totaling \$88,923 resulted from refunding the 2002 bond issue in 2013.



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE I - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund

	Gas System Fund Cash	Combined Water and Sewer System Fund Cash	Total
Current Debt Service	\$ -	\$ 261,228	\$ 261,228
Contingency Reserve	23,881	5,000	28,881
Depreciation Reserve	-	5,000	5,000
Customer Deposits	453,734	141,893	595,627
Unemployment	13,384	15,736	29,120
Construction	303,886	97,167	401,053
Total	<u>\$ 794,885</u>	<u>\$ 526,024</u>	<u>\$ 1,320,909</u>

The ordinances authorizing the Combined Water, Sewer and Solid Waste Disposal System Revenue Bonds require that the City establish the above revenue bond reserves. At September 30, 2015, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

NOTE J - INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2015 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 684
Nonmajor Funds - Other Governmental Funds	684	-
	<u>\$ 684</u>	<u>\$ 684</u>

The General Fund payable of \$684 represents \$684 due to Drug Abuse Resistance Education Fund for funds collected but not transferred as of September 30, 2015. These payables will be reimbursed in 2016.



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

Transfers between funds during the year were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds:		
General Fund	\$ 1,575,046	\$ -
Total Major Governmental Funds	\$ 1,575,046	\$ -
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,586,139
Combined Water and Sewer System Fund	51,834	-
Total Major Enterprise Funds	\$ 51,834	\$ 1,586,139
Nonmajor Governmental Funds	\$ 5,956	\$ 6,029
Nonmajor Enterprise Funds	-	40,668
Total Nonmajor Funds	\$ 5,956	\$ 46,697
Total all funds	\$ 1,632,836	\$ 1,632,836

The General Fund received transfers of \$1,575,046 from the Gas System Fund and the Downtown Development Fund. The \$1,574,973 transfer from the Gas System Fund consisted of a \$1,539,915 authorized surplus fund transfer and \$35,131 General Fund portion of the Internal Service Fund expenditures paid by the Gas System Fund. The \$73 transfer from the Downtown Development Fund was made to close a fund no longer needed.

The Combined Water and Sewer System Fund received transfers of \$51,834 from the Waste Collection Fund and the Gas System Fund. The \$40,668 transfer from the Waste Collection Fund resulted from revenues exceeding expenditures and all collections being deposited into the Combined Water and Sewer System Fund. The \$11,166 transfer from the Gas System Fund resulted from the Combined Water and Sewer System Fund portion of the Internal Service Fund expenditures being paid by the Natural Gas System.

As required by the conditions of the Fire Code Fund the funds not expended within one year of \$5,956 was transferred to the Fire Protection Fund.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE K - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues include the following:

Major Governmental Funds

General Fund

Fire protection – Prentiss County	\$ 36,500
Municipal aid – revolving fund and gasoline tax – State of Mississippi	13,044
Homestead exemption – State of Mississippi	161,931
TVA and other payments in lieu of taxes	172,963
Road tax – Prentiss County	61,424
Solid waste – District	25,660
Police academy – State of Mississippi	1,282
Advalorem privilege tax – Prentiss County	22,262
Police department grant – federal	9,599
Home grant – federal	93,017
Homeland Security – federal	<u>43,390</u>

Total General Fund	<u>\$ 641,072</u>
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Nonmajor Governmental Funds

Special Revenue Funds

Fire Code Fund	
Fire Code – State of Mississippi	\$ 1,468
Fire Protection Fund	
Fire Protection – State of Mississippi	<u>46,104</u>

Total Nonmajor Governmental Funds	<u>47,572</u>
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Total Governmental Funds	<u>\$ 688,644</u>
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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE L - LEASES

Capital Leases

The City had no outstanding capital lease agreements for capital assets under which they will become the property of the City when all terms of the lease agreement are met.

Operating Lease

During the year ended September 30, 2015, the City General Fund paid rent for office equipment and park equipment totaling \$11,693. At September 30, 2015, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2016 \$6,887, 2017 \$4,711, 2018 \$3,821, 2019 \$956, and 2020 \$0.

During the year ended September 30, 2015, the City Enterprise Fund paid rent for office equipment totaling \$1,781. At September 30, 2015, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2016 \$764, 2017 \$764, 2018 \$764, 2019 \$191, and 2020 \$0.

NOTE M - AD VALOREM TAXES LEVIED FOR THE BENEFIT OF OTHER GOVERNING AUTHORITIES

State law requires the municipality to exercise its taxing authority for the benefit of other governing authorities, which are not a part of the reporting entity. As provided, the municipality must levy specified ad valorem taxes as directed by the other governing authority and turn all proceeds over to it.

Ad valorem taxes collected and settled in accordance with this legal requirement are not recognized as revenues and expenditures of the City. They are accounted for as an agency fund. For the reported fiscal year the following ad valorem tax levies were established for the Booneville Separate School District in accordance with this legal requirement.

<u>Purpose of Levy</u>	<u>Mills</u>
General district expense	43.987
Bonded indebtedness	5.829
Other debt	3.271
Shortfall	2.433
	<u>55.520</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE N - NON COMPLIANCE WITH STATE LAW REVENUE BOND REQUIREMENTS AND GRANT REQUIREMENTS

The City did not comply with all the requirements of the State Department of Audit or grant and loan requirements as set forth in the Municipal Compliance Questionnaire and grant and loan contracts. The results of our tests disclosed the instances of noncompliance listed in the schedule of findings and responses on pages 98 - 102. The ultimate resolution of these findings cannot presently be determined. Accordingly, no provision for any liability, if any, that may result has been recognized in the accompanying financial statements.

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Certain segmented information for the individual Enterprise Funds is included on Statement 5, Statement 6, and Statement 7. The capital asset activity for each individual Enterprise Fund is included in Note F. The Schedule of Changes in Long - Term Debt for each individual Enterprise Fund is included in Note H.

The individual Enterprise Funds have the following types of goods or services:

Gas System - Provide natural gas to its citizens and surrounding areas.

Combined Water and Sewer System - Provide water and sewer services to its citizens.

Waste Collection System - Provide waste collection services to its citizens.

The individual Enterprise Funds have the following net working capital (deficit) (current assets less current liabilities) at September 30, 2015:

Gas System	\$ 3,059,188
Combined Water and Sewer System	638,447
Waste Collection System	<u>4,457</u>
 Total	 <u>\$ 3,702,092</u>



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

Enterprise Funds operate in the City of Booneville, Mississippi geographic area. Their revenues are subject to the economic conditions of Booneville, Mississippi. At September 30, 2015, the Gas System Fund had extended credit to customers totaling \$140,166 and to others totaling \$3,927. Gas System Fund receivables are secured by customer deposits totaling \$432,761. No other collateral has been obtained.

At September 30, 2015, the Combined Water and Sewer System Fund had extended credit to customers totaling \$333,423 and to others totaling \$800. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$144,080. No other collateral has been obtained.

At September 30, 2015, the Nonmajor Enterprise Fund had extended credit to customers totaling \$39,708. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$57,858 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$105,734 for repairs and supplies and \$21,725 for electricity. The Nonmajor Enterprise Fund accounts payable - operations consist of \$35,251 for contract waste collection and dumping fees.

NOTE P - RELATED PARTY TRANSACTIONS

The City had no material related party transactions during the current year.

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

The City has one outstanding lawsuit, three claims against its liability insurance and two claims against its workers' compensation policy. The amount of liability, if any, associated with these claims is covered by insurance of \$500,000 each but the liability to the City, if any, is presently unknown; therefore, the accompanying financial statements do not include any liabilities associated with these claims. Management does not expect any claims to exceed its insurance coverage. It is at least reasonably possible that the City's estimate of claims liability could change in the near term.



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Loan Agreements

The loan agreement requires the City to produce cash flows that exceed 120% of the debt service payments. The cash flows for the water and sewer fund and the waste collection fund exceeded this requirement.

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal or state agencies for expenditures disallowed under the terms and conditions of the appropriate agency.

The amount of any disallowance of grant expenditures, if any, is unknown; therefore, the accompanying financial statements do not include any liability for such disallowances. In the opinion of City management, such disallowances, if any, will not be significant.

Natural Gas Purchase Contract

The City has entered into various contracts to purchase natural gas at specified quantities and specified rates. They are as follows:

<u>Date Committed</u>	<u>MMBTU</u>	<u>Price per MMBTU</u>
October, 2015	10,000	\$ 2.9500
November, 2015	10,000	2.9500
December, 2015	10,000	2.9500
January, 2016	10,000	2.9500
February, 2016	10,000	2.9500
March, 2016	10,000	2.9500

These natural gas purchase commitments were entered into through Municipal Gas Authority of Mississippi to lock in fixed prices for natural gas to be delivered to the City for sale to customers at future dates. As of September 30, 2015, the fair value of the transactions was a liability of \$14,250 for the City, which is not recorded in the financial statements.

The City plans to set future natural gas rates at a rate that will cover the cost of natural gas, distribution thereof, and other operating costs; therefore, the City will not experience a gain or loss on this contract due to a change in market value. The City has the following risks associated with these natural gas purchase commitments:

Credit Risk - The City is exposed to the risk that the counterparty is unable to fulfill its obligation to the City resulting in the City having to purchase natural gas at market prices instead of at a fixed price.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE R - DONATED SERVICES

During the year ended September 30, 2015, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 41,838	\$ 238,697
National Guard Armory	1,717	825
Booneville Municipal Separate School System	<u>30,000</u>	<u>-</u>
Total	<u>\$ 73,555</u>	<u>\$ 239,522</u>

NOTE S - JOINT VENTURE

Booneville/Baldwyn Airport operates a local airport in Prentiss County, Mississippi. Its board of directors is comprised of one director appointed by the City of Booneville, Mississippi, one director appointed by the City of Baldwin, Mississippi, and one director appointed by Prentiss County, Mississippi. The Booneville/Baldwyn Airport does not issue a separate financial statement. All financial transactions are handled as a part of Prentiss County, Mississippi's transactions. City of Booneville paid Prentiss County, Mississippi \$8,500 during the year for its share of the Booneville/Baldwyn Airport expenditures. The City's equity interest in the Booneville/Baldwyn Airport approximates zero; therefore, the investment in this joint venture is not reflected in the government-wide financial statements.

Northeast Mississippi Solid Waste Management Authority owns a landfill and contracts out operations and receives royalties from the contractor based on tonnage dumped. This is a joint venture comprising the Mississippi cities of Booneville and Ripley and the Mississippi counties of Benton, Prentiss, and Tippah. Each member appoints one director. The Northeast Mississippi Solid Waste Management Authority's financial statements are available by request from the Authority at P. O. Box 320, Booneville, MS 38829. The City received rebates from the Authority totaling \$25,660 during the year ended September 30, 2015.

Due to the landfill development being financed by federal grants and royalties received being disbursed frequently, the City's equity interest would not be material; therefore, the investment in this joint venture is not reflected in the government-wide financial statements.

NOTE T - ECONOMIC DEPENDENCE

The City purchases natural gas and stores this natural gas at Tenneco, Inc. for use when prices are higher. If the City were unable to store this natural gas at Tenneco, Inc., gas purchased during the winter months could cost considerably more, which would substantially decrease profits. The City is subject to variance in the cost of natural gas. If the City does not increase natural gas rates comparable to increases in the cost of natural gas, there would be a substantial reduction in Proprietary Fund revenues.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Natural Gas Purchase Contract - continued

Basis Risk - The City pays fixed prices for the purchase of natural gas.

Termination Risk - These natural gas purchase commitments do not contain any extraordinary termination events or triggers that would expose the City to termination risk.

The City had no risks associated with interest rate risk, rollover risk, market access risk or foreign currency risk.

Maintenance Contracts

The City has entered into contracts to provide long-term water tank repainting and maintenance for a 200,000 gallon elevated water tank and three 500,000 gallon elevated water tanks.

The 200,000 gallon elevated water tank contract requires a monthly payment of \$568 beginning December 15, 2013. The fee will remain constant for 5 years of the agreement and adjusted to reflect the current cost of service each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$6,816 for the year ending September 30, 2016.

The two 500,000 gallon elevated water tank contract requires a monthly payment of \$1,602 until October 15, 2019. The fee will be adjusted to reflect the current cost of service on October 15, 2019 and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$19,223 for the year ending September 30, 2016.

The 500,000 gallon elevated water tank contract requires a monthly payment of \$733 until December 15, 2015. The fee will be adjusted to reflect the current cost of service on December 15, 2015 (of \$879.53 per month) and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$10,261 for the year ending September 30, 2016.

Joint Ventures

The City is a member of the Northeast Mississippi Solid Waste Management Authority and could be liable for future landfill post closure costs if the contractor does not comply with his contract. Northeast Mississippi Solid Waste Management Authority has informed the City that the contractor has provided a liability policy to ensure all future landfill post closure costs are provided. City management expects the contractor to provide all future post closure costs; therefore, no solid waste post closure liability is included on the accompanying financial statements. It is at least reasonably possible that management's estimate of future post closure costs could change in the near term.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE U - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

Significant losses are covered by commercial insurance for all major programs except unemployment for the Enterprise Funds. The City has segregated cash and reserved \$13,384 for the Gas System Fund net position and \$15,736 for the Combined Water and Sewer System Fund net position for future unemployment charges. There were no material unemployment charges to these funds during the current year or the three previous years.

The City is a member of the Mississippi Municipal Service Company which provides general liability and worker's compensation. The City pays insurance premiums based on experience ratios. Settlement amounts have not exceeded insurance coverage for the current or three prior years. There were five outstanding open claims at September 30, 2015. No liability has been recognized for the open claims due to these claims being covered by the plan. It is at least reasonably possible that management's estimate of no liability in excess of insurance coverage could change in the near term.

NOTE V - NET POSITION

The government-wide statement of net position reports \$458,303 of restricted net position, of which \$0 is restricted by enabling legislation.

NOTE W - NET INVESTMENT IN CAPITAL ASSETS

Net investments in capital assets in the net position section of the accompanying statement of net position for the government-wide financial statements consist of the following:

	Governmental Activities	Business-Type Activities
Land and construction in progress	\$ 1,043,044	\$ 245,362
Other capital assets (net of accumulated depreciation)	3,858,509	15,338,258
Deferred loss on refunding	-	88,923
Less accounts payable - capital assets	(14,457)	(76,942)
Less matured bonds payable	(4,000)	-
Less bonds and notes payable	<u>(766,025)</u>	<u>(7,137,668)</u>
Net investment in capital asset	<u>\$ 4,117,071</u>	<u>\$ 8,457,933</u>



**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

**NOTE X - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS -
CONTINUED**

Statement No. 77 Tax Abatement Disclosures issued in August 2015 and will become effective for the year ending September 30, 2017. The requirement of this statement improve financial reporting by giving users of financial statements essential information that is not consistent or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE X - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 72 Fair Value Measurement and Application issued in February 2015 and will become effective for the year ending September 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68 issued in June 2015 and will become effective for the year ending September 30, 2016. The requirement of this statement will improve financial reporting by establishing a single framework for the presentation of information about pensions and will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities.

Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans issued in June 2015 and will become effective for the year ending September 30, 2017. The requirement of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPED plans that are administered through trusts that meet specified criteria.

Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions issued in June 2015 and will become effective for the year ending September 30, 2018. The requirement of this statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance the value of assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments issued in June 2015 and will become effective for the year ending September 30, 2016. The objective of this statement is to identify--in the context of the current governmental financial reporting environment--the hierarchy of generally accepted accounting principles (GAAP).

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE Y - RETROSPECTIVE APPLICATION OF A CHANGE IN ACCOUNTING PRINCIPLES

The Governmental Accounting Standards Board issued Statement No. 68 Accounting and Financial Reporting for Pensions and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date resulting in the recognition of assets, liabilities, expense, and deferred inflows and outflows related to pensions. Prior to this statement, most of this information was either disclosed in the notes to the financial statements or was available in a separate report issued by the Public Employees' Retirement System of Mississippi.

The following table summarizes the effects of the implementation of GASB Nos. 68 and 71 in the government-wide statement of net position as of September 30, 2014.

	Governmental Activities			Business Type Activities			Total		
	Establishment			Establishment			Establishment		
	As Previously Reported 9/30/2014	of Net Pension Liability	As Adjusted 9/30/2014	As Previously Reported 9/30/2014	of Net Pension Liability	As Adjusted 9/30/2014	As Previously Reported 9/30/2014	of Net Pension Liability	As Adjusted 9/30/2014
Total Assets	\$ 8,681,021	\$ -	\$ 8,681,021	\$ 21,022,741	\$ -	\$ 21,022,741	\$ 29,703,762	\$ -	\$ 29,703,762
Deferred outflows of resources	-	199,263	199,263	101,912	51,507	153,419	101,912	250,770	352,682
Total Liabilities	1,213,249	5,536,401	6,749,650	8,860,706	1,417,193	10,277,899	10,073,955	6,953,594	17,027,549
Deferred inflows of resources	1,518,129	802,542	2,320,671	-	205,432	205,432	1,518,129	1,007,974	2,526,103
Net Position									
Net investment in capital assets	4,104,837	-	4,104,837	7,565,126	-	7,565,126	11,669,963	-	11,669,963
Restricted	68,898	-	68,898	273,828	-	273,828	342,726	-	342,726
Unrestricted	1,775,908	(6,139,680)	(4,363,772)	4,424,993	(1,571,118)	2,853,875	6,200,901	(7,710,798)	(1,509,897)
Total net position	\$ 5,949,643	\$ (6,139,680)	\$ (190,037)	\$ 12,263,947	\$ (1,571,118)	\$ 10,692,829	\$ 18,213,590	\$ (7,710,798)	\$ 10,502,792

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE Y - RETROSPECTIVE APPLICATION OF A CHANGE IN ACCOUNTING PRINCIPLES - CONTINUED

The following table summarizes the effects of the implementation of GASB Nos. 68 and 71 in the proprietary fund statement of net position as of September 30, 2014:

	Gas System			Combined Water and Sewer Syhstem			Nonmajor Fund Waste Collection		
	As Previously Reported 9/30/2014	Establishment of Net Pension Liability	As Adjusted 9/30/2014	As Previously Reported 9/30/2014	Establishment of Net Pension Liability	As Adjusted 9/30/2014	As Previously Reported 9/30/2014	Establishment of Net Pension Liability	As Adjusted 9/30/2014
Total Assets	\$ 7,038,514	\$ -	\$ 7,038,514	\$ 13,947,857	\$ -	\$ 13,947,857	\$ 36,370	\$ -	\$ 36,370
Deferred outflows of resources	-	22,788	22,788	101,912	28,719	130,631	-	-	-
Total Liabilities	777,446	627,011	1,404,457	8,050,962	790,182	8,841,144	32,298	-	32,298
Deferred inflows of resources	-	90,889	90,889	-	114,543	114,543	-	-	-
Net Position									
Net investment in capital assets	3,254,347	-	3,254,347	4,310,779	-	4,310,779	-	-	-
Restricted	13,384	-	13,384	260,444	-	260,444	-	-	-
Unrestricted	2,993,337	(695,112)	2,298,225	1,427,584	(876,006)	551,578	4,072	-	4,072
Total net position	\$ 6,261,068	\$ (695,112)	\$ 5,565,956	\$ 5,998,807	\$ (876,006)	\$ 5,122,801	\$ 4,072	\$ -	\$ 4,072



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE Y - RETROSPECTIVE APPLICATION OF A CHANGE IN ACCOUNTING PRINCIPLES - CONTINUED

	Total Business-Type Funds		
	As Previously Reported <u>9/30/2014</u>	Establishment of Net Pension Liability	As Adjusted <u>9/30/2014</u>
Total Assets	\$ 21,022,741	\$ -	\$ 21,022,741
Deferred outflows of resources	101,912	51,507	153,419
Total Liabilities	8,860,706	1,417,193	10,277,899
Deferred inflows of resources	-	205,432	205,432
Net Position			
Net investment in capital assets	7,565,126	-	7,565,126
Restricted	273,828	-	273,828
Unrestricted	4,424,993	(1,571,118)	2,853,875
Total net position	<u>\$ 12,263,947</u>	<u>\$ (1,571,118)</u>	<u>\$ 10,692,829</u>

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Public Employee Retirement System of Mississippi
Last 10 Fiscal Years*
For the fiscal year ended September 30, 2015

	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%
City's proportionate share of the net pension liability (asset)	\$ 6,953,593	\$ 8,694,676
City's covered-employee payroll	\$ 3,462,408	\$ 3,502,243
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.83%	248.26%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30, prior to the fiscal year presented. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

**Schedule of City's Contributions to
Public Employee Retirement System of Mississippi**

Last 10 Fiscal Years*
For the fiscal year ended September 30, 2015

	<u>2014</u>	<u>2015</u>
Statutorily required contribution	\$ 545,329	\$ 551,603
Contributions in relation to the statutorily required contribution	<u>(545,329)</u>	<u>(551,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,462,408	\$ 3,502,343
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>						
Ad valorem taxes, penalties and interest	\$ 1,878,000	\$ 1,878,000	\$ 1,813,724	\$ (3,122)	\$ 1,810,602	\$ 67,398
Franchise taxes	189,259	189,259	181,649	17,158	198,807	(9,548)
Municipal sales tax	1,800,000	1,800,000	1,862,940	(22,310)	1,840,630	(40,630)
Permits, fees, and privilege tax	30,000	30,000	41,565	-	41,565	(11,565)
Municipal court fines and bond fees	400,000	400,000	215,286	13,534	228,820	171,180
Intergovernmental revenues	391,517	391,517	641,072	26,330	667,402	(275,885)
Charge for services	81,800	81,800	104,104	175	104,279	(22,479)
Collection fees	80,000	80,000	95,919	-	95,919	(15,919)
Administrative fees	101,126	101,126	101,126	-	101,126	-
Other	10,000	10,000	4,603	2,000	6,603	3,397
Total revenues	<u>4,961,702</u>	<u>4,961,702</u>	<u>5,061,988</u>	<u>33,765</u>	<u>5,095,753</u>	<u>(134,051)</u>
<u>EXPENDITURES</u>						
General Government						
Personnel services	507,700	507,700	493,740	4,075	497,815	9,885
Supplies	21,750	27,750	23,053	(357)	22,696	5,054
Other services and charges	248,900	248,900	138,168	70,941	209,109	39,791
Capital outlay	6,500	6,500	6,136	-	6,136	364
Total	<u>\$ 784,850</u>	<u>\$ 790,850</u>	<u>\$ 661,097</u>	<u>\$ 74,659</u>	<u>\$ 735,756</u>	<u>\$ 55,094</u>

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>EXPENDITURES - continued</u>						
Public Safety - Fire						
Personnel services	\$ 1,443,746	\$ 1,443,746	\$ 1,403,633	\$ (1,302)	\$ 1,402,331	\$ 41,415
Supplies	72,700	72,700	67,872	(52)	67,820	4,880
Other services and charges	88,450	88,450	60,624	(2,621)	58,003	30,447
Debt service	-	-	4,208	(4,208)	-	-
Capital outlay	71,770	71,770	29,097	4,208	33,305	38,465
Total	1,676,666	1,676,666	1,565,434	(3,975)	1,561,459	115,207
Public Safety - Police						
Personnel services	1,332,585	1,332,585	1,222,498	(24,956)	1,197,542	135,043
Supplies	143,000	143,000	103,819	(153)	103,666	39,334
Other services and charges	277,300	277,300	297,843	(9,314)	288,529	(11,229)
Debt service	-	-	77	(77)	-	-
Capital outlay	26,042	260,442	260,402	77	260,479	(37)
Total	1,778,927	2,013,327	1,884,639	(34,423)	1,850,216	163,111
Public Property						
Personnel services	131,952	131,952	123,445	113	123,558	8,394
Supplies	28,700	28,700	22,528	4,994	27,522	1,178
Other services and charges	138,000	138,000	124,557	(7,574)	116,983	21,017
Capital outlay	32,000	32,000	8,950	-	8,950	23,050
Total	\$ 330,652	\$ 330,652	\$ 279,480	\$ (2,467)	\$ 277,013	\$ 53,639

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2015

	Budgeted Amounts		Actual Amounts			Variance with
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	Final Budget Positive (Negative)
EXPENDITURES - continued						
Street						
Personnel services	\$ 492,030	\$ 492,030	\$ 431,131	\$ (1,321)	\$ 429,810	\$ 62,220
Supplies	140,000	140,000	111,134	115	111,249	28,751
Other services and charges	289,150	279,150	268,778	(20,324)	248,454	30,696
Debt service	161,000	161,000	154,644	-	154,644	6,356
Capital outlay	68,500	78,500	77,141	-	77,141	1,359
Total	1,150,680	1,150,680	1,042,828	(21,530)	1,021,298	129,382
Park Operations						
Personnel services	151,976	184,976	173,853	3,332	177,185	7,791
Supplies	44,500	44,500	34,853	(161)	34,692	9,808
Other services and charges	18,600	18,600	13,745	82	13,827	4,773
Total	215,076	248,076	222,451	3,253	225,704	22,372
Park Maintenance						
Personnel services	213,216	258,217	249,897	336	250,233	7,984
Supplies	58,600	58,600	60,045	(1,092)	58,953	(353)
Other services and charges	48,900	48,900	46,374	(1,094)	45,280	3,620
Capital outlay	48,500	48,500	33,369	-	33,369	15,131
Total	\$ 369,216	\$ 414,217	\$ 389,685	\$ (1,850)	\$ 387,835	\$ 26,382

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>
<u>EXPENDITURES - continued</u>					
Economic Development					
Other services and charges	\$ -	\$ -	\$ 78,611	\$ (78,611)	\$ -
Total	-	-	78,611	(78,611)	-
Community Development					
Other services and charges	93,017	93,017	93,017	-	93,017
Total	93,017	93,017	93,017	-	93,017
Total expenditures	6,399,084	6,717,485	6,217,242	(64,944)	6,152,298
Excess (deficit) of revenues over (under) expenditures	(1,437,382)	(1,755,783)	(1,155,254)	98,709	(1,056,545)
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from other loans	-	166,667	166,744	-	166,744
Non-revenue receipts	-	-	10,571	-	10,571
Operating transfers in	1,400,000	1,400,000	1,575,046	(35,058)	1,539,988
Total other financing sources (uses)	\$ 1,400,000	\$ 1,566,667	\$ 1,752,361	\$ (35,058)	\$ 1,717,303

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with</u>
				<u>Adjustments</u>	<u>Actual on</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>to Budgetary</u>	<u>Budgetary</u>	<u>Positive</u>
				<u>Basis</u>	<u>Total</u>	<u>(Negative)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and sources over (under) expenditures and other uses	\$ (37,382)	\$ (189,116)	\$ 597,107	\$ 63,651	\$ 660,758	\$ (849,874)
Fund balances - beginning of year	<u>1,789,396</u>	<u>1,789,396</u>	<u>1,789,396</u>	<u>-</u>	<u>1,789,396</u>	<u>-</u>
Fund balances - end of year	\$ 1,752,014	\$ 1,600,280	\$ 2,386,503	\$ 63,651	\$ 2,450,154	\$ (849,874)

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2015

NOTE 1 - PENSION SCHEDULES

- A. *Changes of benefit terms.* None identified during periods presented in the required supplementary information.
- B. *Changes in assumptions.* In 2015 and later, the expectation of retired life mortality was changed to the RP-2015 Healthy Annuitant Blue Collar Table projected to 2016 Using scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3.00% and 8.00% to 7.75%, respectively.
- C. *Changes in size or composition of the population covered by the benefit terms.* None identified during periods presented in the required supplementary information.

NOTE 2 - BUDGETARY INFORMATION

- A. *Budgetary Information.* The City is legally subject to the budgetary control requirements of the State of Mississippi. The City follows the following procedures in establishing the budgetary comparison schedule:
- 1 Prior to September 1, the City Clerk submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The State of Mississippi requires at a minimum expenditures be adopted in four categories (personnel services, supplies, other services and charges, and capital outlays).
 - 2 Public hearings are conducted to obtain taxpayer comments.
 - 3 Prior to September 15, the budget is legally enacted through passage of an ordinance.
 - 4 The budget must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
 - 5 The budget must be amended when necessary.
 - 6 Debt cannot be entered into unless permitted by law.
 - 7 Expenditures, except for capital outlays, cannot exceed budget appropriations.
 - 8 Expenditures cannot be made unless authorized in the budget.
 - 9 Appropriations lapse at the end of each fiscal year.
- B. *Basis of Presentation.* Budgets are adopted on a modified cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires the budgetary comparison schedule be prepared according to budgetary laws, which is the modified cash basis (GAAP).

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2015

NOTE 2 - BUDGETARY INFORMATION - CONTINUED

C. The following provides details for General Fund adjustments to budgetary basis from actual:

Revenues

Deferred revenues	\$ 166,611
Receivables	(143,330)
Payables	<u>10,484</u>
 Total	 <u>33,765</u>

Expenditures

Accounts payable paid after 30 days	(1,245)
Accrued liabilities paid after 30 days	5,496
Prepaid expenses	(8,918)
Vacation accrual paid after 30 days	(25,219)
Reclassification of \$78,611 economic development other services and charges budgeted in general government other services and charges	-
Internal Service Fund expenses budgeted on Gas System Fund included in expense on actual	<u>(35,058)</u>
 Total	 <u>(64,944)</u>

Other Financing Sources (Uses)

Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual	<u>(35,058)</u>
 Total	 <u>(35,058)</u>

Net difference in budgetary basis and actual

\$ 63,651

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2015

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09/17/2015

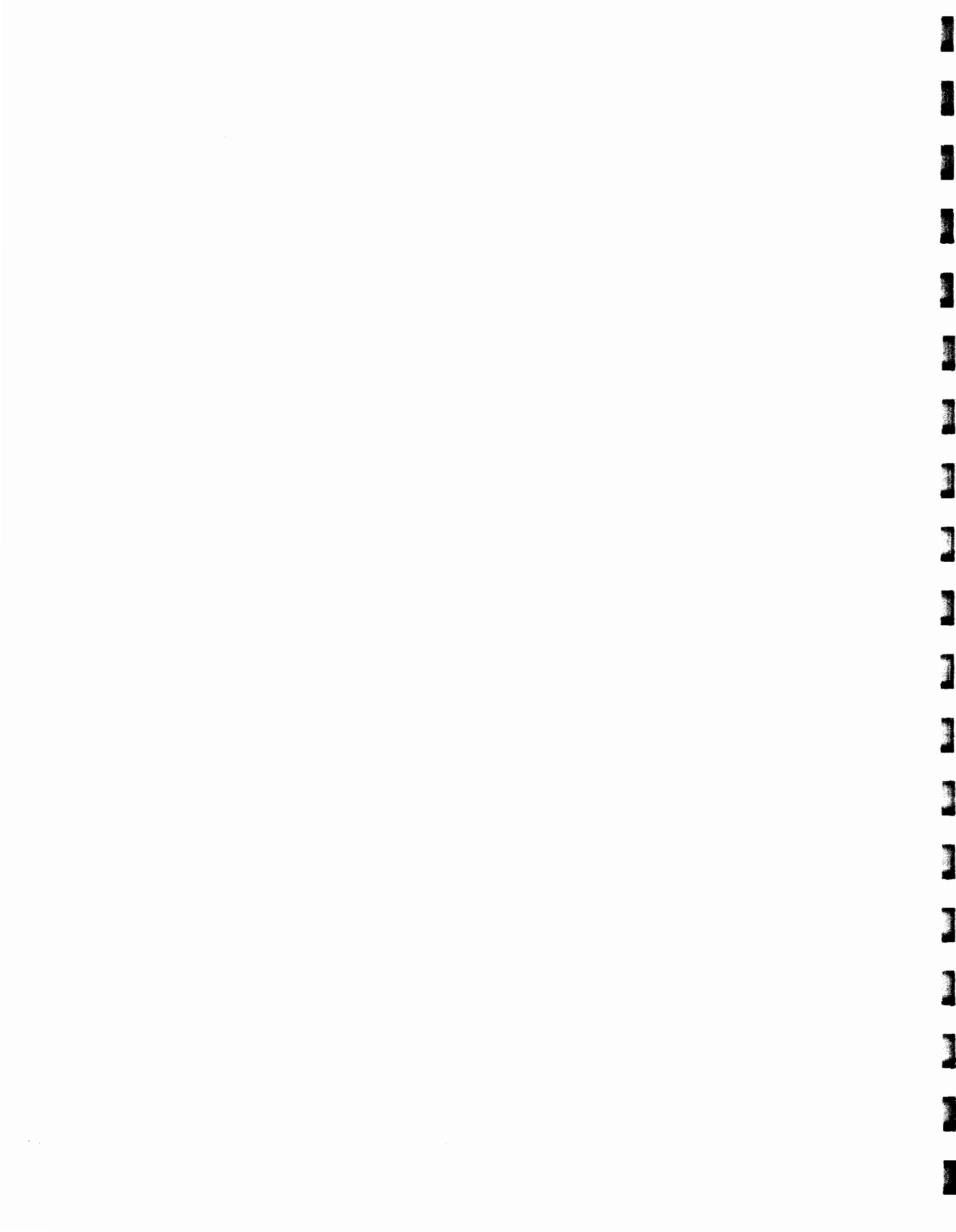
ASSETS	Fire Protection	Downtown Development	Drug Abuse Resistance Education	Home Loan Program	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 65,368	\$ -	\$ 32,395	\$ -	\$ 862	\$ 9,191	\$ 50,361	\$ -	\$ 158,177
Due from other funds	-	-	684	-	-	-	-	-	684
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-	-
Total assets and other debits	\$ 65,368	\$ -	\$ 33,079	\$ -	\$ 862	\$ 9,191	\$ 50,361	\$ -	\$ 158,861
LIABILITIES									
Accounts payable - operations	\$ -	\$ -	\$ 692	\$ -	\$ -	\$ 214	\$ -	\$ -	\$ 906
Matured interest payable	-	-	-	-	-	-	-	568	568
Matured revenue bonds payable	-	-	-	-	-	-	-	4,000	4,000
Total liabilities	-	-	692	-	-	214	-	4,568	5,474
FUND BALANCES									
Restricted	65,368	-	30,298	-	862	8,977	45,361	-	150,866
Assigned	-	-	2,089	-	-	-	5,000	-	7,089
Unassigned	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	65,368	-	32,387	-	862	8,977	50,361	(4,568)	153,387
Total liabilities and fund balances	\$ 65,368	\$ -	\$ 33,079	\$ -	\$ 862	\$ 9,191	\$ 50,361	\$ -	\$ 158,861

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2015

	Fire Protection	Downtown Development	Drug Abuse Resistance Education	Home Loan Program	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>									
Municipal court fines and bond fees	\$ -	\$ -	\$ 10,754	\$ -	\$ -	\$ 3,687	\$ -	\$ -	\$ 14,441
Intergovernmental revenues	46,104	-	-	-	1,468	-	-	-	47,572
Charge for services	-	-	-	-	-	-	32,061	-	32,061
Donations	-	-	(500)	-	-	-	-	-	(500)
Total revenues	<u>46,104</u>	<u>-</u>	<u>10,254</u>	<u>-</u>	<u>1,468</u>	<u>3,687</u>	<u>32,061</u>	<u>-</u>	<u>93,574</u>
<u>EXPENDITURES</u>									
Current									
Public safety	-	-	1,943	-	1,441	997	-	-	4,381
Public works	-	-	-	-	-	-	62	-	62
Capital outlay	-	-	33,333	-	-	-	-	-	33,333
Total expenditures	<u>-</u>	<u>-</u>	<u>35,276</u>	<u>-</u>	<u>1,441</u>	<u>997</u>	<u>62</u>	<u>-</u>	<u>37,776</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 46,104</u>	<u>\$ -</u>	<u>\$ (25,022)</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 2,690</u>	<u>\$ 31,999</u>	<u>\$ -</u>	<u>\$ 55,798</u>

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2015

	Fire Protection	Downtown Development	Drug Abuse Resistance Education	Home Loan Program	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Proceeds from other loans	\$ -	\$ -	\$ 33,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,333
Operating transfers in	5,956	-	-	-	-	-	-	-	5,956
Operating transfers out	-	(73)	-	-	(5,956)	-	-	-	(6,029)
Total other financing sources (uses)	5,956	(73)	33,333	-	(5,956)	-	-	-	33,260
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	52,060	(73)	8,311	-	(5,929)	2,690	31,999	-	89,058
Fund balance - beginning of year	13,308	73	24,076	-	6,791	6,287	18,362	(4,568)	64,329
Fund balance - end of year	\$ 65,368	\$ -	\$ 32,387	\$ -	\$ 862	\$ 8,977	\$ 50,361	\$ (4,568)	\$ 153,387



CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Derrick Blythe	Mayor	\$ 100,000	MS Muni Bond Program	7/7/2016
David Bolen	Aldersperson	100,000	MS Muni Bond Program	7/7/2016
Harold Eaton	Aldersperson	100,000	MS Muni Bond Program	7/7/2016
Mark McCoy	Aldersperson	100,000	MS Muni Bond Program	7/7/2016
Jason Michael	Aldersperson	100,000	MS Muni Bond Program	7/7/2016
Jeff Williams	Aldersperson	100,000	MS Muni Bond Program	7/7/2016
Jana Lindsey	City Clerk	100,000	Brierfield Ins. Co.	1/2/2016
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2016
Janet Boren	Department Head	50,000	Brierfield Ins. Co.	3/10/2016
Wendell Yates	Department Head	50,000	Travelers Casualty	2/28/2016
Billy Joe Spencer	Department Head	50,000	Travelers Casualty	2/28/2016
Valeria Colette Gardner	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Amanda Bland	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2016
Melissa Harris	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Blair Moore	Administrative Assistant	50,000	Travelers Casualty	12/5/2015
Ronell Moore	Animal Control Officer	50,000	Brierfield Ins. Co.	3/10/2015
Jennifer Catlin	Administrative Assistant	50,000	Travelers Casualty	5/20/2016
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2016
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2016
Sharon Windham	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2016
Lacinda Steward	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Micki Breedlove	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Mitzi Stennett	Clerk	50,000	Brierfield Ins. Co.	3/10/2016
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2016
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2016
Oscar Joshlin, Jr	Customer Service	50,000	Brierfield Ins. Co.	3/10/2016
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2016
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2016
Eric Knight	Animal Control Officer	50,000	Brierfield Ins. Co.	3/10/2016
Robbie Clark	Clerk	50,000	Brierfield Ins. Co.	3/10/2016

JONES & JONES
CERTIFIED PUBLIC ACCOUNTANTS
OF BOONEVILLE, P.A.

Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.

**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 Alderpersons
City of Booneville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 6, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are labeled as items 2015-001, 2015-002, and 2015-003.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. They are labeled as items 2015-004, 2015-005, and 2015-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Booneville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-007 and 2015-008.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated September 6, 2016.

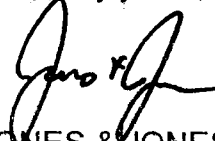
City of Booneville, Mississippi's Response to Findings

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

Purpose of this Report

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

Sincerely yours,



JONES & JONES
Certified Public Accountants
of Booneville, PA
Booneville, Mississippi

September 6, 2016

JONES & JONES
*CERTIFIED PUBLIC ACCOUNTANTS
OF BOONEVILLE, P.A.*

Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.

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

Honorable Mayor and Board of Alderpersons
City of Booneville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 6, 2016.

Compliance

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 material instances of noncompliance with state laws and regulations and which is described in the accompanying schedule of findings and responses as items 2015-007 and 2015-008.

The instances of noncompliance of the prior year have been corrected by management as discussed in the accompanying schedule of results of prior year findings or otherwise included in the above noted findings and responses.

City of Booneville, Mississippi's Response to Findings

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

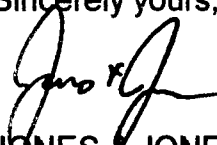
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with state laws and regulations, and not to express an opinion on the entity's compliance.

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

This report is intended for the information of the City's management, Board of Alderpersons, 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.

Sincerely yours,



JONES & JONES
Certified Public Accountants
of Booneville, P.A.
Booneville, Mississippi

September 6, 2016

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CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENT

MATERIAL WEAKNESSES

2015-001. Segregation of Duties

Condition: The City does not have an adequate segregation of duties among accounting functions.

Criteria: Internal controls should be in place to require a segregation of duties among accounting functions.

Effect: The City has four bookkeepers who maintain general ledgers, collect cash, write and/or sign checks. The City has two court clerks who handle court fine billings, receivables and collections. This lack of segregation of duties could result in misappropriation of funds that would not be timely discovered.

Cause: The City does not have enough personnel to have an adequate segregation of duties.

Recommendation: The City should have a segregation of duties among accounting functions; however, we recognize the expense of acquiring the additional employees might be prohibitive. The Mayor and Board of Alderpersons should periodically review accounting functions to compensate for a lack of segregation of duties.

Response: We concur with the recommendation.

2015-002. Property Tax Collection

Condition: The City is not enforcing collection on citizens who do not pay their personal property taxes.

Criteria: Procedures should be in place to follow up on delinquent personal property taxes.

Effect: At September 30, 2015 the City had outstanding taxes of \$2,548 from the 2003 tax year, \$5,329 from the 2004 tax year, \$7,491 from the 2005 tax year, \$5,857 from the 2006 tax year, \$6,461 from the 2007 tax year, \$22,254 from the 2008 tax year, \$20,648 from the 2009 tax year, \$13,698 from the 2010 tax year, \$16,715 from the 2011 tax year, \$20,368 from the 2012 tax year, \$10,397 from the 2013 tax year, and \$9,335 from the 2014 tax year.

Cause: The City sends notices of delinquent taxes twice a year and publishes these delinquent taxes in the newspaper, but has not attempted to seize property to cover personal property taxes.

Recommendation: The City should contact its attorney and determine what legal course of action can be taken to collect delinquent personal property taxes.

Response: We concur with the recommendation.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2015-003. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

Condition: Management outsources financial statements and related notes, and supplementary information preparation.

Criteria: Part of effective internal control over financial reporting is the ability to adequately produce financial statements in accordance with generally accepted accounting principles.

Effect: The City must incur the expense of outsourcing the preparation of the financial statements and related notes, and supplementary information.

Cause: As is normal for governments of this type and size, the City's staff and management do not have the required technical expertise to meet the above criteria.

Recommendation: Due to the size of the City and the cost of hiring additional staff, no change is recommended.

Response: We agree with the finding, but feel the City is best served by continuing to outsource the preparation of the financial statements and related notes, and supplementary information. This is less costly than hiring additional staff to perform these tasks.

SIGNIFICANT DEFICIENCIES

2015-004. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2015-007 and 2018-008, there were violations of State of Mississippi laws and regulations.

Criteria: Controls should be in effect and functioning to detect and prevent violations of State of Mississippi laws and regulations.

Effect: The City did not comply with budget laws and regulations and purchase laws. See additional information in finding numbers 2015-007 and 2015-008.

Cause: See cause in finding numbers 2015-007 and 2015-008.

Recommendation: See recommendation in finding numbers 2015-007 and 2015-008. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES - CONTINUED

2015-005. Police Fine Collection Efforts

Condition: The delinquent police fine receivables are increasing.

Criteria: Effective internal controls include establishing procedures to have someone review delinquent police fines monthly and perform the necessary procedures to collect delinquent police fines.

Effect: The police fine receivables increased by \$56,523 during the year ended September 30, 2015.

Cause: The City did not have anyone reviewing the police fine receivables or instructing someone to enforce the collection of police fines.

Recommendation: The City should designate a person to be responsible for reviewing delinquent police fines and getting the correct court order to enforce collection.

Response: We have consulted with our attorney and we will install procedures to increase collection efforts.

2015-006. Home Loan Notes Receivable

Condition: The City has not obtained documentation from its two Home Loan recipients to determine that loan repayments have been made in compliance with the contract.

Criteria: The loan agreements require monthly payments of one half of cash flow generated by the rental projects financed by the loan agreement. Controls should be in place to require the Home Loan recipient to provide monthly financial statements to determine if loan payments are required.

Effect: The City has not received any loan payments on the outstanding Home Loans made. The City has not requested documents to determine if the required payments are being made.

Cause: The City has not been requesting these documents.

Recommendation: We recommend the City request monthly financial statements including cash flow analysis from the two Home Loan recipients monthly.

Response: We will instruct our employees to obtain and monitor monthly financial statements from our two Home Loan recipients.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2015-007. Budget

Condition: Expenditures exceeded the budget in various categories.

Criteria: Section 21-35-185, Miss. Code Ann (1972) states expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlays, election expenses and payment of emergency warrants. Sections 21-35-5 and 21-35-9, Miss. Code Ann. (1972) provide for Special Revenue Funds.

Effect: The City's expenditures exceeded its budget estimates in the following categories:

General Fund - public safety – police – other services and charges	\$11,229
General Fund – park maintenance – supplies	353

Cause: The general ledger is maintained on the cash receipts and disbursements basis for comparison to budgets. Expenditures for September that are paid within 30 days of year end are chargeable to the budget and have to be estimated.

Recommendation: We recommend the City take greater care in reviewing the budget vs actual comparison and amend the budget as circumstances require.

Response: We concur, and will take greater care in our budget amendment procedures.

2015-008. Purchase Law Violations

Condition: The City did not always obtain the required two quotes or advertised bids for all procurements.

Criteria: Section 31-7-13(b) and (c) of the Mississippi Code requires the City to obtain advertised bids when the purchase order exceeds \$50,000 and quotes when the purchase order exceeds \$5,000 but less than \$50,000.

Effect: The City did not obtain the required quotes for two purchase orders totaling \$19,714 in the General Fund and one purchase order totaling \$18,700 in the Natural Gas System.

Cause: The City continued operating under the existing contract instead of advertising for a new request for proposal for sanitation services. The missing quotes and advertised bids were the results of certain personnel not understanding purchase law requirements. The omission of the reason the low bid was not accepted was an apparent oversight.

Recommendation: We recommend the City instruct all City employees of the purchase law requirements and abide by these requirements.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2015-008. Purchase Law Violations - continued

Response: We concur with the recommendation.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Audit Findings
For the fiscal year ended September 30, 2015

PRIOR YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENT

PRIOR YEAR MATERIAL WEAKNESSES

2014-001. Segregation of Duties

Condition: The City does not have an adequate segregation of duties among accounting functions.

Recommendation: The City should have a segregation of duties among accounting functions; however, we recognize the expense of acquiring the additional employees might be prohibitive. The Mayor and Board of Alderpersons should periodically review accounting functions to compensate for a lack of segregation of duties.

Status: This is still a finding in this report. See finding number 2015-001 on page 98.

2014-002. Property Tax Collection

Condition: The City is not enforcing collection on citizens who do not pay their personal property taxes.

Recommendation: The City should contact its attorney and determine what legal course of action can be taken to collect delinquent personal property taxes.

Status: This is still a finding in this report. See finding number 2015-002 on page 98.

2014-003. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

Condition: Management outsources financial statements and related notes, and supplementary information preparation.

Recommendation: Due to the size of the City and the cost of hiring additional staff, no change is recommended.

Status: This is still a finding in this report. See finding number 2015-003 on page 99.

2014-004. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2014-009, 2014-010, 2014-011, 2014-012, 2014-013, and 2014-014, there were violations of State of Mississippi laws and regulations.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Audit Findings
For the fiscal year ended September 30, 2015

PRIOR YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

PRIOR YEAR MATERIAL WEAKNESSES – CONTINUED

2014-004. Violation of Laws and Regulations - continued

Recommendation: See recommendation in finding numbers 2014-009, 2014-010, 2014-011, 2014-012, 2014-013, and 2014-014. Controls should be put in place to prevent noncompliance.

Status: This is still a finding in this report. See finding number 2015-004 on page 99.

2014-005. Police Fine Collection Efforts

Condition: The delinquent police fine receivables are increasing.

Recommendation: The City should designate a person to be responsible for reviewing delinquent police fines and getting the correct court order to enforce collection.

Status: This is still a finding in this report. See finding number 2015-005 on page 100.

PRIOR YEAR SIGNIFICANT DEFICIENCIES

2014-006. Home Loan Notes Receivable

Condition: The City has not obtained documentation from its two Home Loan recipients to determine that loan repayments have been made in compliance with the contract.

Recommendation: We recommend the City request monthly financial statements including cash flow analysis from the two Home Loan recipients monthly.

Status: This is still a finding in this report. See finding number 2015-006 on page 100.

2014-007. Unaccounted for Water

Condition: The City had unaccounted for water of approximately 28.81%.

Recommendation: The City should search for unmetered water usage and water leaks.

Status: This reduced some and is now not reported as a significant deficiency.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Audit Findings
For the fiscal year ended September 30, 2015

PRIOR YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

PRIOR YEAR SIGNIFICANT DEFICIENCIES – CONTINUED

2014-008. Utility Department Cutoff Procedures

Condition: The City Enterprise Funds are not always following its prescribed cutoff procedures.

Recommendation: We recommend these customers be reviewed and discussed with the City attorney to determine enforcement action.

Status: The amount over 60 days reduced and is not considered a significant deficiency.

PRIOR YEAR COMPLIANCE AND OTHER MATTERS

2014-009. 2012 Bond Issue Requirements

Condition: 100% of bond proceeds were not expended by May 15, 2013.

Recommendation: The City should immediately contact its bond counsel and follow their recommendation.

Status: All 2012 bond proceeds were expended during the current year.

2014-010. Free Natural Gas Provided to the Booneville School District exceeds Authorization

Condition: Free natural gas provided to the Booneville School District exceeds the amount authorized by the Board of Alderpersons.

Recommendation: The City should either collect \$5,802 for the natural gas provided in excess of authorized amount or have the Board of Alderperson forgive the amount owed by Booneville School District.

Status: The City's Board of Alderpersons did not require reimbursement for the overpaid amount. The free natural gas provided to the Booneville School District did not exceed the authorized amount during the current year.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Audit Findings
For the fiscal year ended September 30, 2015

PRIOR YEAR COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2014-011. Budget

Condition: Expenditures exceeded the budget in various categories.

Recommendation: We recommend the City take greater care in reviewing the budget vs actual comparison and amend the budget as circumstances require.

Status: This is still a finding in this report. See finding number 2015-007 on page 101.

2014-012. Contracting with a Company that Employs an Alderman

Condition: The City has contracted with a telephone company that employs an Alderman.

Recommendation: The City should advertise for telephone services with companies that do not employ an Alderman.

Status: This was corrected on October 1, 2014.

2014-013. Purchase Law Violations

Condition: The City did not comply with the purchase laws.

Recommendation: We recommend the City instruct all City employees of the purchase law requirements and abide by these requirements.

Status: This is still a finding in this report. See finding number 2015-008 on pages 101-102.

2014-014. Sick Leave Accumulation

Condition: The City computed sick leave based on one day of sick leave equaling one day of work.

Recommendation: We recommend the City contact its attorney and determine the appropriate course of action. We recommend the City follow its employee handbook concerning sick leave.

Status: The City corrected its records to reflect the amounts authorized by the Board of Alderpersons.

SEP 23 2015

