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CITY OF EUPORA

390 CLARK AVENUE
EUPORA, MISSISSIPPI 39744
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MAYOR
Dan Burchfield
ATTORNEY
Jacqueline Meek
CITY CLERK
Gail Newton
POLICE CHIEF
Gregg Hunter

BOARD OF ALDERMEN
Gerald Gary
Robert Gibbs
Hugh Gibson
Howard Rumore
James Shaw



"We are an equal opportunity provider"

November 17, 2016

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

Re: Annual Municipal Audit

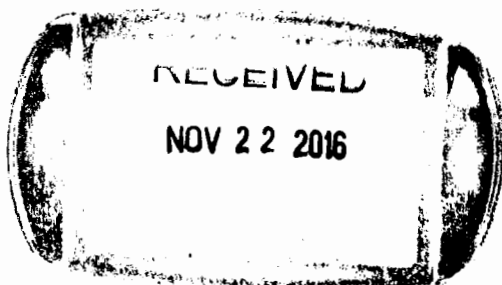
Accompanying this letter is a copy of the annual audit of the City of Eupora, Mississippi in both hard copy and on a Flash Drive, for the fiscal year ended September 30, 2015. A separate management letter was not written to the city of Eupora in connection with this audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Burchfield", is written over a large, stylized circular mark.

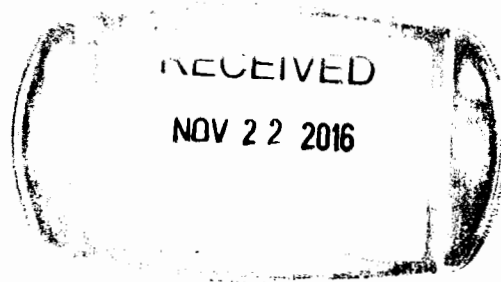
Dan Burchfield
Mayor, City of Eupora, MS

Enclosure



**CITY OF EUPORA, MISSISSIPPI
EUPORA, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**



**WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS**

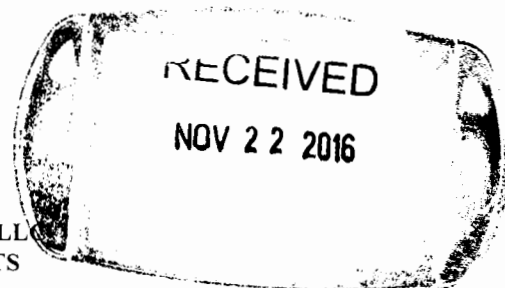




CITY OF EUPORA, MISSISSIPPI
Audited Financial Statements
September 30, 2015

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WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

Independent Auditors' Report

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, Mississippi

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Eupora, Mississippi, as of September 30, 2015 and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 19 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Eupora, Mississippi's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds 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



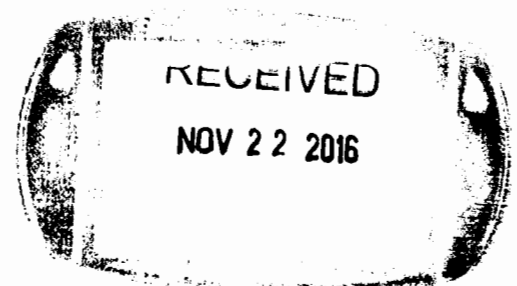
directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of investments, schedule of fixed assets, schedule of long-term debt, and schedule of surety bonds 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 October 31, 2016 on our consideration of the City of Eupora, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this 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 Eupora, Mississippi's internal control over financial reporting and compliance.

Eupora, Mississippi
October 31, 2016

Watkins Ward and Stafford, PLLC





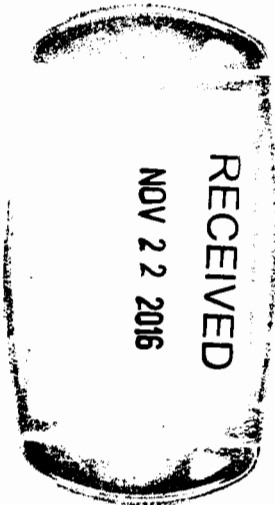
BASIC FINANCIAL STATEMENTS



CITY OF EUPORA, MISSISSIPPI
Statement of Activities and Net Position – Cash Basis
As of and For the Year Ended September 30, 2015

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 269,970	-	6,728	-	(263,242)	-	\$ (263,242)
Public safety	738,573	185	33,710	164,518	(540,160)	-	(540,160)
Public works	420,769	141,213	-	86,772	(192,784)	-	(192,784)
Culture and recreation	67,339	12,790	-	-	(54,549)	-	(54,549)
Debt service - principal	19,997	-	-	-	(19,997)	-	(19,997)
Debt service - interest	9,738	-	-	-	(9,738)	-	(9,738)
Total Governmental Activities	1,526,386	154,188	40,438	251,290	(1,080,470)		(1,080,470)
Business-Type Activities:							
Water and sewer	1,100,376	799,225	-	416,028	-	114,877	114,877
Total Primary Government	2,626,763	953,413	40,438	667,318	(1,080,470)	114,877	(965,594)
General Receipts:							
Taxes:							
Property taxes					366,260	-	366,260
Sales and use taxes					427,632	-	427,632
Franchise taxes					75,878	-	75,878
Other taxes/special assessments					83,422	20,694	104,115
Court fines and fees					27,486	-	27,486
Unrestricted investment income					205	551	756
Miscellaneous					101,482	33,079	134,561
Transfers					(3,892)	3,892	-
Total General Receipts					1,078,472	58,216	1,136,688
Changes in Net Assets					(1,998)	173,092	171,094
Net Position - Beginning					635,399	457,551	1,092,950
Net Position - Ending					\$ 633,401	630,643	\$ 1,264,044

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





CITY OF EUPORA, MISSISSIPPI
Statement of Activities and Net Position – Cash Basis
As of and For the Year Ended September 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 633,401	630,643	\$ 1,264,044
Total assets	<u>633,401</u>	<u>630,643</u>	<u>1,264,044</u>
Net Position:			
Restricted:			
Restricted for public safety	29,554	-	29,554
Restricted for economic development	53	-	53
Restricted for meter deposits	-	88,568	88,568
Unrestricted	<u>603,794</u>	<u>542,075</u>	<u>1,145,869</u>
Total net position	<u>\$ 633,401</u>	<u>630,643</u>	<u>\$ 1,264,044</u>

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

CITY OF EUPORA, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
As of and For the Year Ended September 30, 2015

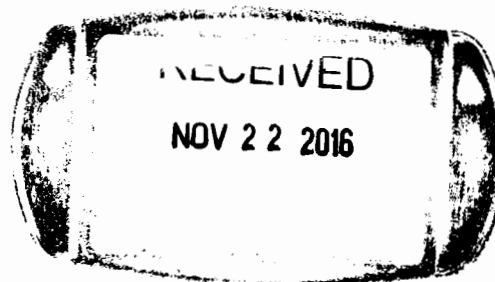
	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES
	General Fund	Other Nonmajor Funds	Total	Water Fund
RECEIPTS				
Property taxes	\$ 366,260	-	366,260	\$ -
Penalties and interest	4,216	-	4,216	31,630
Licenses and permits	81,659	-	81,659	-
Intergovernmental revenues				
Federal receipts	176,036	-	176,036	416,028
General municipal aid	6,728	-	6,728	-
State shared revenues:				
Sales taxes	427,632	-	427,632	-
Gasoline tax	1,096	-	1,096	-
Motor vehicle tax	76,545	-	76,545	-
Fire protection	14,146	-	14,146	-
Grant	94,818	-	94,818	-
Charges for Governmental Services:				
Sanitation	141,213	-	141,213	-
Water and sewer	-	-	-	799,225
Police	185	-	185	-
Recreation	12,790	-	12,790	-
Fines and forfeitures	27,486	-	27,486	-
Special assessments	-	-	-	20,693
Miscellaneous receipts	97,469	-	97,469	2,000
Total Receipts	<u>1,528,280</u>	<u>-</u>	<u>1,528,280</u>	<u>1,269,576</u>
DISBURSEMENTS				
General government	269,970	-	269,970	-
Public safety	738,573	-	738,573	-
Public works	420,769	-	420,769	-
Culture and recreation	67,339	-	67,339	-
Water and sewer	-	-	-	991,180
Redemption of principal	19,997	-	19,997	54,822
Interest on debt service	9,738	-	9,738	54,375
Total Disbursements	<u>1,526,386</u>	<u>-</u>	<u>1,526,386</u>	<u>1,100,376</u>
Excess of receipts over (under) disbursements	1,894	-	1,894	169,200
OTHER CASH SOURCES (USES)				
Interfund loans and transfers	(3,892)	-	(3,892)	3,892
Net changes in fund balances	(1,998)	-	(1,998)	173,092
CASH BASIS FUND BALANCE - Beginning of Year	<u>635,346</u>	<u>53</u>	<u>635,399</u>	<u>457,551</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 633,348</u>	<u>53</u>	<u>633,401</u>	<u>\$ 630,643</u>

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



CITY OF EUPORA, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
As of and For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES
	General Fund	MDA HOME Grant Fund	Total	Water Fund
CASH BASIS ASSETS				
Cash and cash equivalents	\$ 633,348	53	633,401	\$ 630,643
Total cash basis assets	<u>633,348</u>	<u>53</u>	<u>633,401</u>	<u>630,643</u>
CASH BASIS FUND BALANCES				
Restricted:				
Restricted for public safety	29,554	-	29,554	-
Restricted for economic development	-	53	53	-
Restricted for meter deposits	-	-	-	88,568
Unassigned	<u>603,794</u>	<u>-</u>	<u>603,794</u>	<u>542,075</u>
Total cash basis fund balances	\$ <u>633,348</u>	<u>53</u>	<u>633,401</u>	\$ <u>630,643</u>



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



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The City of Eupora, Mississippi, was formed in 1889 and now operates under a special charter issued by the State Legislature in 1893. The City operates under a Mayor-Board of Aldermen form of government and provides services authorized by its charter.

Government-wide and Fund Financial Statements

Basic financial statements consist of the following:

- Statement of activities and net position – cash basis
- Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, 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. The City combines the statement of activities and statement of net position.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are reported when cash is spent.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major proprietary fund:

The Water and Sewer Fund accounts for the activities of providing water and sewer services to citizens of the City.

Amounts reported as *program receipts* include 1) receipts from customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as *general receipts* rather than as program receipts.

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

Assets and Net Position or Fund Balance

Cash and Investments - The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

Net Position - The City's government-wide and proprietary net position is divided into the following components:

Restricted net position – consist of net position that is restricted by the City's creditors (for example through debt covenants), by state enabling legislation (through restrictions or shared revenues), by grantors (both Federal and state), and by contributors.

Unrestricted net position – all other net position is reported in this category.

Fund Balances – In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Assets and Net Position or Fund Balance (Continued)

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the City.

Unassigned – Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

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

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the City Clerk submits to the Mayor and Board of Aldermen 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 General and Proprietary Funds.
2. Public notice is given of the City's budget meetings being open to the public, so that a public hearing is conducted on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made. Then the budget is approved prior to September 30.
4. The budget is formally revised during July of each year or anytime a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for both the General and Proprietary Fund.
6. Appropriations lapse at the end of each fiscal year.

Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 2: Property Taxes

The City uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year and the tax levy is set in September of each year. Property taxes attach as an enforceable lien on property as of January of the next year and are delinquent after February 1. The millage rate for the City for the fiscal year ended September 30, 2015 was 24 mills for general purposes.

Note 3: Cash and Cash Equivalents

At the end of the year, the City's carrying amount of deposits was \$1,264,044 and the bank balance was \$1,398,068. 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 those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

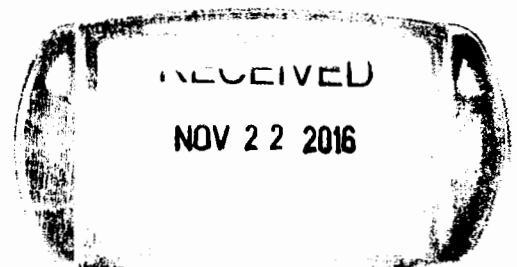
Custodial Credit Risk – Deposits. Custodial credit risk is a risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2015, none of the City's bank balance of \$1,398,068 was exposed to custodial risk.

Note 4: Interfund Transfers

Interfund transfers during the year were as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Transfers In	\$ -	\$ 3,892
Transfers Out	(3,892)	-
	<u>\$ (3,892)</u>	<u>\$ 3,892</u>

The above interfund transfers resulted from the payment of a general fund note by the water fund.





CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 5: Capital Assets

General Fund:

Capital asset additions, retirements, and balances for the General Fund, for the year ended September 30, 2015 were as follows:

	Balance 09/30/14	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/15
Land	\$ 585,005	-	-	\$ 585,005
Buildings	2,010,350	-	-	2,010,350
Equipment	1,020,233	291,439	36,285	1,347,956
Infrastructure	2,022,621	-	-	2,022,621
Construction in Progress	-	99,203	(36,285)	62,918
	<u>\$ 5,638,209</u>	<u>390,641</u>	<u>-</u>	<u>\$ 6,028,850</u>

Proprietary Fund:

Capital asset additions, retirements, and balances for the Proprietary Fund, for the year ended September 30, 2015 were as follows:

	Balance 09/30/14	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/15
Land	\$ 106,399	-	-	\$ 106,399
Machinery and equipment	10,060,009	6,142	-	10,066,151
Construction in Progress	33,972	416,028	-	450,000
	<u>\$ 10,200,380</u>	<u>422,170</u>	<u>-</u>	<u>\$ 10,622,550</u>

Note 6: Bonds Payable

General Fund:

The following is a summary of bond payable transactions of the General Fund for the year ended September 30, 2015:

	Balance 09/30/14	Issued	Retired	Balance 09/30/15
USDA G.O. Street Bond	\$ 236,469	-	(10,514)	\$ 225,955

The repayment terms are as follows:

	Interest Rate	Payment	Final Maturity
USDA G.O. Street Bond	4%	Varied annual amounts	2030



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 6: Bonds Payable (Continued)

Future maturities of General Fund bonds payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2016	\$ 10,972
2017	11,448
2018	11,955
2019	12,478
2020	13,024
Thereafter	166,078
Total	<u>\$ 225,955</u>

Proprietary Fund:

The following is a summary of bond payable transactions of the Proprietary Fund for the year ended September 30, 2015:

	<u>Balance</u> <u>09/30/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>09/30/15</u>
USDA Revenue Bond #9202	\$ 8,689	-	(8,689)	\$ -
USDA Revenue Bond #9104	155,645	-	(9,594)	146,051
USDA Revenue Bond #9106	154,252	-	(7,396)	146,856
USDA Revenue Bond #9205	158,034	-	(8,775)	149,259
USDA Revenue Bond #9212	448,591	-	(8,314)	440,277
USDA Revenue Bond #9118	432,596	-	(8,752)	423,844
	<u>\$ 1,357,807</u>	<u>-</u>	<u>(51,520)</u>	<u>\$ 1,306,287</u>

The repayment terms are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Payment</u>	<u>Final</u> <u>Maturity</u>
USDA Revenue Bond #9202	5.000%	\$1,204 per month	2016
USDA Revenue Bond #9104	5.125%	\$1,380 per month	2029
USDA Revenue Bond #9106	5.000%	\$1,245 per month	2031
USDA Revenue Bond #9205	5.000%	\$1,373 per month	2030
USDA Revenue Bond #9212	4.125%	\$26,661 per year	2043
USDA Revenue Bond #9118	3.000%	\$1,780 per month	2046

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 6: Bonds Payable (Continued)

Future maturities of bonds payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2016	\$ 43,140
2017	45,096
2018	45,262
2019	49,287
2020	49,828
Thereafter	1,073,674
Total	<u>\$ 1,306,287</u>

Note 7: Notes Payable

General Fund:

The following is a summary of notes payable transactions of the General Fund for the year ended September 30, 2015:

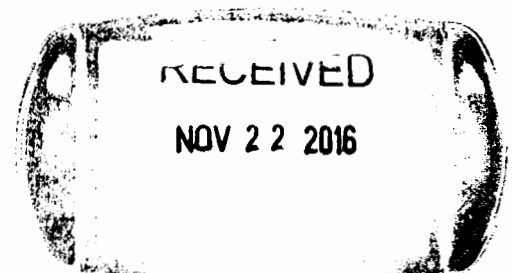
	<u>Balance</u> <u>09/30/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/2015</u>
Regions Bank - Boom Mower	\$ 5,113	-	(5,113)	\$ -
Regions Bank - Mower	1,071	-	(1,071)	-
Kansas State Bank - Police Car	6,718	-	(3,299)	3,419
	<u>\$ 12,902</u>	<u>-</u>	<u>(9,483)</u>	<u>\$ 3,419</u>

The repayment terms are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Payment</u>	<u>Final</u> <u>Maturity</u>
Regions Bank - Boom Mower	1.940%	\$873 per month	2016
Regions Bank - Mower	2.140%	\$215 per month	2015
Kansas State Bank - Police Car	3.595%	\$3,544 per year	2016

Future maturities are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2016	\$ 3,419
Total	<u>\$ 3,419</u>





CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 7: Notes Payable (Continued)

Proprietary Fund:

The following is a summary of notes payable transactions of the Proprietary Fund for the year ended September 30, 2015:

	Interest Rate	Payment	Final Maturity
Regions Bank - Truck	2.14%	\$664 per month	2015

The repayment terms are as follows:

	Balance 09/30/14	Issued	Retired	Balance 09/30/15
Regions Bank - Truck	\$ 3,302	-	(3,302)	\$ -

Note 8: Economic Dependency

The City is a rural community located in North Mississippi. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

Note 9: Defined Benefit Pension Plan

Plan Description – The City of Eupora, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201, or by calling (601) 349-3589 or 1-800-PERS.

Funding Policy – 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 rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City of Eupora, Mississippi's contributions to PERS for the fiscal years ended September 30, 2015, 2014, and 2013 were \$88,770, \$93,471, and \$84,508, respectively, which equaled the required contribution.

Pension Liability – At September 30, 2015, the City had a liability of \$1,400,188 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 net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.009058 percent.



CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statements

Note 10: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases coverage of risks of loss related to theft of, damage to and destruction of assets from commercial insurance carriers.

Risk of loss related to workers' compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims but for which none have been reported are considered. For insured programs, there have been no significant reductions in insurance coverage.

Note 11: Subsequent Events

Events that occur after the Statement of Activities and Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Activities and Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities and Net Position date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through October 31, 2016, the date the financial statements were approved by the City's management and thereby available to be released, and were aware of no subsequent events have occurred requiring disclosure in the notes to the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF EUPORA, MISSISSIPPI
 Budgetary Comparison Schedule – Budget and Actual
 General Fund
 For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive Negative
	Original	Final		
RECEIPTS				
Property taxes	\$ 340,100	340,100	366,260	\$ 26,160
Penalties and interest	-	-	4,216	4,216
Licenses and permits	95,100	95,100	81,659	(13,441)
Intergovernmental revenues	498,500	552,512	797,001	244,489
Charges for Governmental Services	138,000	138,000	154,188	16,188
Fines and forfeitures	22,700	43,574	27,486	(16,089)
Miscellaneous revenues	37,600	38,100	97,470	59,370
Total Receipts	<u>1,132,000</u>	<u>1,207,386</u>	<u>1,528,280</u>	<u>320,894</u>
DISBURSEMENTS				
General government	209,196	297,845	269,970	27,875
Public safety	454,850	772,184	742,117	30,067
Public works	390,215	453,377	446,960	6,417
Culture and recreation	66,530	74,078	67,339	6,739
Total Disbursements	<u>1,120,791</u>	<u>1,597,484</u>	<u>1,526,386</u>	<u>71,098</u>
Excess of receipts over (under) disbursements	11,209	(390,098)	1,894	391,992
OTHER CASH SOURCES (USES)				
Interfund loans and transfers	2,000	39,722	(3,892)	(43,614)
Total other cash sources (uses)	<u>2,000</u>	<u>39,722</u>	<u>(3,892)</u>	<u>(43,614)</u>
Net changes in fund balances	13,209	(350,376)	(1,998)	348,378
CASH BASIS FUND BALANCE - Beginning of Year	<u>635,346</u>	<u>635,346</u>	<u>635,346</u>	<u>-</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 648,555</u>	<u>284,970</u>	<u>633,348</u>	<u>\$ 348,378</u>

See accompanying notes to required supplementary information.



CITY OF EUPORA, MISSISSIPPI
Notes to Required Supplementary Information

Note 1: Budgetary Information

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data and proposed budgets submitted by the various departments, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the encumbered cash and investment balances. During the fiscal year when it appears to the Board of Aldermen that budgetary estimates will not be met, the Board may make revisions to the budget.

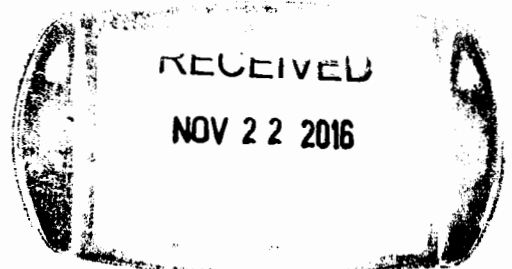
The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

Note 2: Basis of Presentation

The Budgetary Comparison Schedule – Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund. The Budgetary Comparison Schedule – Budget and Actual is a part of required supplementary information.

Note 3: Budget Reconciliation

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.





SUPPLEMENTARY INFORMATION

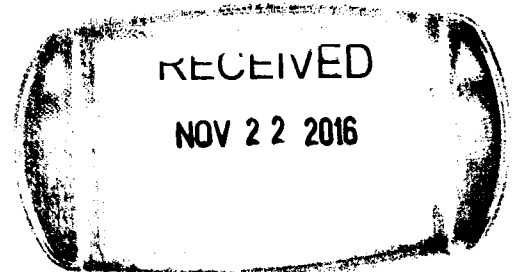


CITY OF EUPORA, MISSISSIPPI
Schedule of Investments – All Funds
September 30, 2015

	<u>Deposit Amount</u>
Certificate of Deposit with CB&S Bank, maturing 1/30/16, rate 0.20%	\$ 23,581
Certificate of Deposit with CB&S Bank, maturing 12/11/15, rate 0.20%	117,681
Certificate of Deposit with Regions Bank, maturing 12/3/15, rate 0.10%	<u>154,257</u>
Total	<u>\$ 295,519</u>

Fund Recap:

General Fund	\$ 177,838
Water and Sewer Fund	<u>117,681</u>
Total	<u>\$ 295,519</u>





CITY OF EUPORA, MISSISSIPPI
Schedule of Fixed Assets
September 30, 2015

General Fund:

	Balance 09/30/14	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/15
Land	\$ 585,005	-	-	\$ 585,005
Buildings	2,010,350	-	-	2,010,350
Equipment	1,020,233	291,439	36,285	1,347,956
Infrastructure	2,022,621	-	-	2,022,621
Construction in Progress	-	99,203	(36,285)	62,918
	<u>\$ 5,638,209</u>	<u>390,641</u>	<u>-</u>	<u>\$ 6,028,850</u>

Proprietary Fund:

	Balance 09/30/14	Additions & Reclassifications	Retirements & Reclassifications	Balance 09/30/15
Land	\$ 106,399	-	-	\$ 106,399
Machinery and equipment	10,060,009	6,142	-	10,066,151
Construction in Progress	33,972	416,028	-	450,000
	<u>\$ 10,200,380</u>	<u>422,170</u>	<u>-</u>	<u>\$ 10,622,550</u>



CITY OF EUPORA, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2015

	Balance 9/30/2014	Additions	Retirements	Balance 09/30/15
Bonds Payable:				
USDA G.O. Street Bond	\$ 236,469	-	(10,514)	\$ 225,955
USDA Revenue Bond #9104	155,645	-	(9,594)	146,051
USDA Revenue Bond #9106	154,252	-	(7,396)	146,856
USDA Revenue Bond #9118	432,596	-	(8,752)	423,844
USDA Revenue Bond #9202	8,689	-	(8,689)	-
USDA Revenue Bond #9205	158,034	-	(8,775)	149,259
USDA Revenue Bond #9212	448,591	-	(8,314)	440,277
Total Bonds Payable	<u>\$ 1,594,276</u>	<u>-</u>	<u>(62,034)</u>	<u>\$ 1,532,242</u>

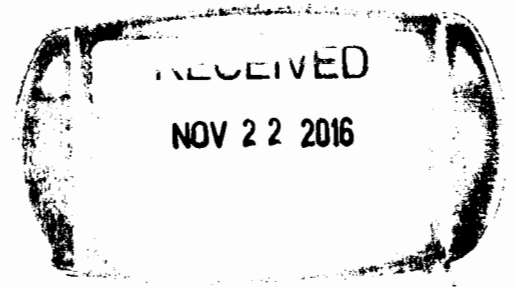
Notes Payable:

Regions Bank - Boom Mower	\$ 5,113	-	(5,113)	\$ -
Regions Bank - Mower & Truck	4,373	-	(4,373)	-
Kansas State Bank - Police Car	6,718	-	(3,299)	3,419
Total Notes Payable	<u>\$ 16,204</u>	<u>-</u>	<u>(12,785)</u>	<u>\$ 3,419</u>



CITY OF EUPORA, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Dan Burchfield	Mayor	MS Municipal Bond	\$ 50,000
Gerald Gary	Alderman	MS Municipal Bond	50,000
Robert Gibbs	Alderman	MS Municipal Bond	50,000
Hugh Gibson	Alderman	MS Municipal Bond	50,000
Howard Rumore	Alderman	MS Municipal Bond	50,000
James Shaw	Alderman	MS Municipal Bond	50,000
Gregg Hunter	Chief of Police	Western Surety	50,000
Gail Newton	City Clerk	Western Surety	50,000
Jenny Hatcher	Deputy Clerk	Western Surety	50,000
Kimberly Burgess	Deputy Clerk	Western Surety	50,000
Peyton Powell	Park Director	Western Surety	50,000





SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, 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, and the aggregate remaining fund information of the City of Eupora, Mississippi as of and for the year ended September 30, 2015 and the related notes to financial statements, which collectively comprise the City of Eupora, Mississippi's basic financial statements and have issued our report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Eupora, 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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Eupora, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eupora, Mississippi's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiencies 15-1 and 15-2 described in the accompanying schedule of findings and responses to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eupora, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Independent Auditors' Report on Compliance With State Laws and Regulations.

City of Eupora, Mississippi's Response to Findings

City of Eupora, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Eupora, 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.

Eupora, Mississippi
October 31, 2016

Watkins Ward and Stafford, PLLC





WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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Perry C. Rackley, Jr., CPA

**Independent Auditors' Report on Compliance
With State Laws and Regulations**

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, Mississippi

We have audited the basic financial statements of the City of Eupora, Mississippi as of and for the year ended September 30, 2015 and have issued our report thereon dated October 31, 2016. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of those procedures and our audit of the basic financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding

During our audit of the City's financial statements, we noted that there was one item purchased for which the City did not obtain two quotes, as required by Mississippi Code Section 31-7-13 for purchases between \$5,000 and \$50,000.

Recommendation

We recommend that the City follow proper purchasing procedures for every applicable purchase to comply with state laws and regulations.

Response

The City is following proper purchasing procedures on most purchases and will make sure they are followed for every purchase.

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 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.

Eupora, Mississippi
October 31, 2016

Watkins Ward and Stafford, PLLC



City of Eupora, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Section 1: Summary of Auditors' Results

Financial Statements

- | | | |
|------|---|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | Unmodified |
|
 | | |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
|
 | | |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

15-1 Finding

During our audit of the City's financial statements, we noted that the City does not have adequate segregation of duties for internal control purposes.

Recommendation

Because it is not practical to hire more employees, all possible controls with a limited number of employees should be established.

Response

The City has segregated the duties of the employees and established such internal control procedures as economically feasible considering the number of office employees of the City.

15-2 Finding

During our audit of the City's financial statements, we noted that the City did not follow proper month and year end closing procedures. Two bank accounts were not properly reconciled to the general ledger at September 30, 2015.

Recommendation

The City should be performing month and year end closing procedures.

Response

The City is currently performing month end closing procedures, and all bank accounts are currently reconciled.

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