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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.***

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, 2016, 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 and Public Employee Retirement.
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, 2016, 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.

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4. During the year ended September 30, 2016, the City pumped 468,753,000 gallons of water. During this same period, the City sold 279,316,940 gallons of water, used 5,446,000 gallons of water in backwashing wells, and used 47,348,800 for various city usage. The City had 136,641,260 gallons of unaccounted for water. Unaccounted for water was 29.15% of pumped water, compared to normal unaccounted for water of 20%.
5. Each month the City compares the quantity of natural gas purchased for resale to the amount sold. The City was not able to bill for 9.310% of the natural gas it purchased. The lost gas percentage should be approximately 5%. Your personnel stated this percentage started increasing when the auto-read meters were installed. Management should review the software to determine billings are accurate.
6. 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.

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**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 22, 2017, contain our communication of significant deficiencies or material weaknesses in the City's internal control. This letter does not affect our report dated September 22, 2017, 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,



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

September 22, 2017

**City of Booneville**  
203 North Main Street  
Booneville, Mississippi 38829  
Phone (662) 728-1831  
Fax (662) 728-1482

*Chris Lindley - Mayor*  
*Jana Lindsey - City Clerk*  
*Daniel Tucker - Attorney*  
*George Via - City Judge*

*William Scott - Alderman*  
*Lisa Stevens - Alderman*  
*Mark McCoy - Alderman*  
*Jason Michael - Alderman*  
*Jeff Williams - Alderman*

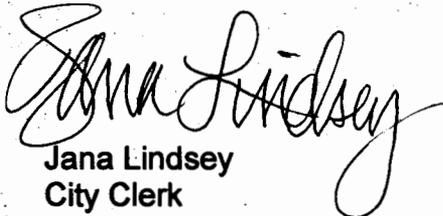
September 22, 2017

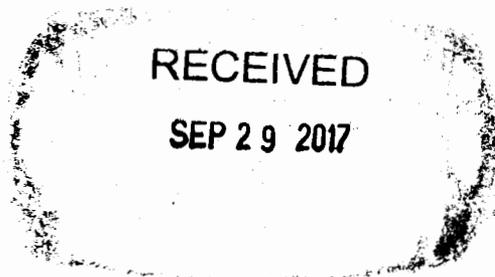
Office of the State Auditor  
P O Box 956  
Jackson MS 39205

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, 2016. 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.

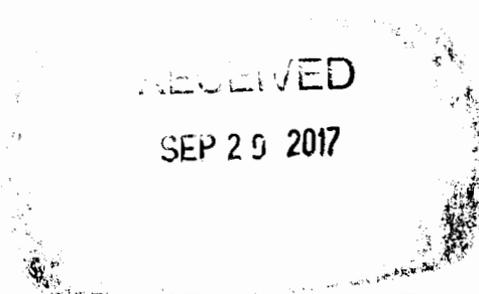
Sincerely yours,

  
Jana Lindsey  
City Clerk



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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Basic Financial Statements**  
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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, 2016, 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.

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of  
Certified Public Accountants*

## ***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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 74, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 75, and budgetary comparison information (Schedule 3) on pages 76 through 79 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 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

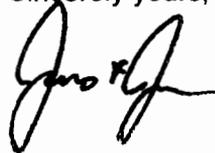
The combining and individual nonmajor fund financial statements (Schedules 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to 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 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are fairly stated in all material respects in relation to the basic financial statements as a whole.

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2017 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,



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

September 22, 2017

**CITY OF BOONEVILLE, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended September 30, 2016**

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, 2016. 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 \$12,373,956 (net position).

The government's total net position increased by \$572,561 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,120,059, an increase of \$580,167 during the current fiscal year. Approximately 79.1 percent of this total amount, or \$2,467,696, 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 \$2,472,264 or 40.3 percent of total general fund expenditures.

The City had fixed asset net additions of \$1,341,245 during the current year. Of this amount \$428,154 occurred in the governmental activities and \$913,091 occurred in the business-type activities.

The City's total debt decreased by \$509,253 during the current fiscal year. This change resulted from new debt issued of \$121,175 and debt repayments net of amortization of \$630,428.

During the current fiscal year, the City's operating grants and contributions decreased \$91,099 (85.25 percent) mainly due to receiving a grant to remodel or construct houses for eligible citizens in the year ended September 30, 2015 of \$93,017; capital grants and contributions increased \$126,636 (141.50 percent) mainly due to receiving a \$150,000 grant to help construct the natural gas filling station; property taxes increased \$68,442 (3.79 percent) mainly due to an increase in property assessed valuation; charges for services decreased \$1,197,533 (13.39 percent) mainly due to a decrease in the cost of natural gas purchased for sale and a warmer winter; and total expenses decreased \$326,785 (2.68 percent) mainly due to a decrease in the amount of natural gas purchased for resale.

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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 76 – 79 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 – 73 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 including notes to required supplementary information can be found on pages 74 – 81 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 82 – 84 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 \$12,373,956 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 109.9 percent or \$13,593,644) 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 5.7 percent or \$707,882) 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 15.6 percent or \$1,927,570) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$10,204,488.

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 \$3,762,028 and \$695,652, 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 \$572,567 during the current fiscal year. This increase was mainly due to the increase in net position from the governmental activities of \$280,230 and the business-type activities of \$292,337 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

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	Governmental Activities				Business-Type Activities				Total			
	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change
Current and other assets	\$ 5,411,018	\$ 4,805,924	\$ 605,094	12.6%	\$ 5,145,433	\$ 5,580,168	\$ (434,735)	-7.8%	\$ 10,556,451	\$ 10,386,092	\$ 170,359	1.6%
Capital assets	4,969,186	4,901,553	67,633	1.4%	15,946,356	15,583,620	362,736	2.3%	20,915,542	20,485,173	430,369	2.1%
Total assets	10,380,204	9,707,477	672,727	6.9%	21,091,789	21,163,788	(71,999)	-0.3%	31,471,993	30,871,265	600,728	1.9%
Deferred outflows of resources	1,226,161	843,629	382,532	45.3%	560,436	487,111	73,325	15.1%	1,786,597	1,330,740	455,857	34.3%
Long-term liabilities outstanding	8,744,753	7,660,264	1,084,489	14.2%	9,139,876	9,222,990	(83,114)	-0.9%	17,884,629	16,883,254	1,001,375	5.9%
Other liabilities	300,362	343,895	(43,533)	-12.7%	873,937	1,033,636	(159,699)	-15.5%	1,174,299	1,377,531	(203,232)	-14.8%
Total liabilities	9,045,115	8,004,159	1,040,956	13.0%	10,013,813	10,256,626	(242,813)	-2.4%	19,058,928	18,260,785	798,143	4.4%
Deferred inflows of resources	1,819,363	2,085,288	(265,925)	-12.8%	6,343	54,537	(48,194)	-88.4%	1,825,706	2,139,825	(314,119)	-14.7%
Net position												
Net investment in capital assets	4,260,141	4,117,071	143,070	3.5%	9,333,503	8,457,933	875,570	10.4%	13,593,644	12,575,004	1,018,640	8.1%
Restricted	243,774	157,955	85,819	54.3%	464,108	300,348	163,760	54.5%	707,882	458,303	249,579	54.5%
Unrestricted	(3,762,028)	(3,813,367)	51,339	-1.3%	1,834,458	2,581,455	(746,997)	-28.9%	(1,927,570)	(1,231,912)	(695,658)	56.5%
Total Net Position	\$ 741,887	\$ 461,659	\$ 280,228	60.7%	\$ 11,632,069	\$ 11,339,736	\$ 292,333	2.6%	\$ 12,373,956	\$ 11,801,395	\$ 572,561	4.9%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 648,330	\$ 659,040	\$ (10,710)	-1.6%	\$ 7,096,744	\$ 8,283,567	\$ (1,186,823)	-14.3%	\$ 7,745,074	\$ 8,942,607	\$ (1,197,533)	-13.4%
Operating grants and contributions	15,756	106,855	(91,099)	-85.3%	-	-	-	0.0%	15,756	106,855	(91,099)	-85.3%
Capital grants and contributions	66,130	89,494	(23,364)	-26.1%	150,000	-	150,000	0.0%	216,130	89,494	126,636	141.5%
General Revenues												
Taxes												
Property taxes	1,876,376	1,807,934	68,442	3.8%	-	-	-	0.0%	1,876,376	1,807,934	68,442	3.8%
Sales tax	1,892,665	1,862,940	29,725	1.6%	-	-	-	0.0%	1,892,665	1,862,940	29,725	1.6%
Franchise tax	202,551	199,457	3,094	1.6%	-	-	-	0.0%	202,551	199,457	3,094	1.6%
In lieu taxes	166,739	174,271	(7,532)	-4.3%	-	-	-	0.0%	166,739	174,271	(7,532)	-4.3%
Other taxes and state shared revenues	260,762	258,414	2,348	0.9%	-	-	-	0.0%	260,762	258,414	2,348	0.9%
Investment income	-	-	-	0.0%	-	905	(905)	-100.0%	-	905	(905)	-100.0%
Other	40,641	29,888	10,753	36.0%	-	-	-	0.0%	40,641	29,888	10,753	36.0%
Total revenue	\$ 5,169,950	\$ 5,188,293	\$ (18,343)	-0.4%	\$ 7,246,744	\$ 8,284,472	\$ (1,037,728)	-12.5%	\$ 12,416,694	\$ 13,472,765	\$ (1,056,071)	-7.8%

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change	2016	2015	Increase (Decrease)	% Change
	Expenses:											
General government	\$ 775,537	\$ 671,187	\$ 104,350	15.5%	\$ -	\$ -	\$ -	0.0%	\$ 775,537	\$ 671,187	\$ 104,350	15.5%
Public safety	3,627,933	3,343,940	283,993	8.5%	-	-	-	0.0%	3,627,933	3,343,940	283,993	8.5%
Public works	1,273,664	1,238,464	35,200	2.8%	-	-	-	0.0%	1,273,664	1,238,464	35,200	2.8%
Culture and recreation	696,567	652,113	44,454	6.8%	-	-	-	0.0%	696,567	652,113	44,454	6.8%
Economic development	82,974	78,611	4,363	5.6%	-	-	-	0.0%	82,974	78,611	4,363	5.6%
Community development	-	93,017	(93,017)	-100.0%	-	-	-	0.0%	-	93,017	(93,017)	-100.0%
Interest	30,155	30,990	(835)	-2.7%	-	-	-	0.0%	30,155	30,990	(835)	-2.7%
Water and Sewer	-	-	-	0.0%	2,404,045	2,361,245	42,800	1.8%	2,404,045	2,361,245	42,800	1.8%
Natural Gas	-	-	-	0.0%	2,605,309	3,401,030	(795,721)	-23.4%	2,605,309	3,401,030	(795,721)	-23.4%
Sanitation	-	-	-	0.0%	347,949	300,321	47,628	15.9%	347,949	300,321	47,628	15.9%
<b>Total expenses</b>	<b>6,486,830</b>	<b>6,108,322</b>	<b>378,508</b>	<b>6.2%</b>	<b>5,357,303</b>	<b>6,062,596</b>	<b>(705,293)</b>	<b>-11.6%</b>	<b>11,844,133</b>	<b>12,170,918</b>	<b>(326,785)</b>	<b>-2.7%</b>
Increase (decrease) in net assets before contributions and transfers	(1,316,880)	(920,029)	(396,851)	43.1%	1,889,441	2,221,876	(332,435)	-15.0%	572,561	1,301,847	(729,286)	-56.0%
Gain (loss) on disposition of capital assets	-	(3,250)	3,250	-100.0%	-	-	-	0.0%	-	(3,250)	3,250	-100.0%
Transfers	1,597,108	1,574,973	22,135	1.4%	(1,597,108)	(1,574,973)	(22,135)	1.4%	-	-	-	0.0%
Increase (decrease) in net position	280,228	651,694	(371,466)	-57.0%	292,333	646,903	(354,570)	-54.8%	572,561	1,298,597	(726,036)	-55.9%
Rounding	-	2	(2)	-100.0%	-	4	(4)	-100.0%	-	6	(6)	-100.0%
Net position--beginning of year	461,659	5,949,642	(5,487,983)	-92.2%	11,339,736	12,263,947	(924,211)	-7.5%	11,801,395	18,213,589	(6,412,194)	-35.2%
Cumulative effect change	-	(6,139,679)	6,139,679	-100.0%	-	(1,571,118)	1,571,118	-100.0%	-	(7,710,797)	7,710,797	-100.0%
<b>Net position--end of year</b>	<b>\$ 741,887</b>	<b>\$ 461,659</b>	<b>\$ 280,228</b>	<b>60.7%</b>	<b>\$ 11,632,069</b>	<b>\$11,339,736</b>	<b>\$ 292,333</b>	<b>2.6%</b>	<b>\$12,373,956</b>	<b>\$11,801,395</b>	<b>\$ 572,561</b>	<b>4.9%</b>

The City implemented two new Governmental Accounting Standards Board (GASB) Statements in the fiscal year ended September 30, 2015 that had restated the beginning net position as shown above.

**Government-wide Financial Analysis - continued**

**Governmental activities**

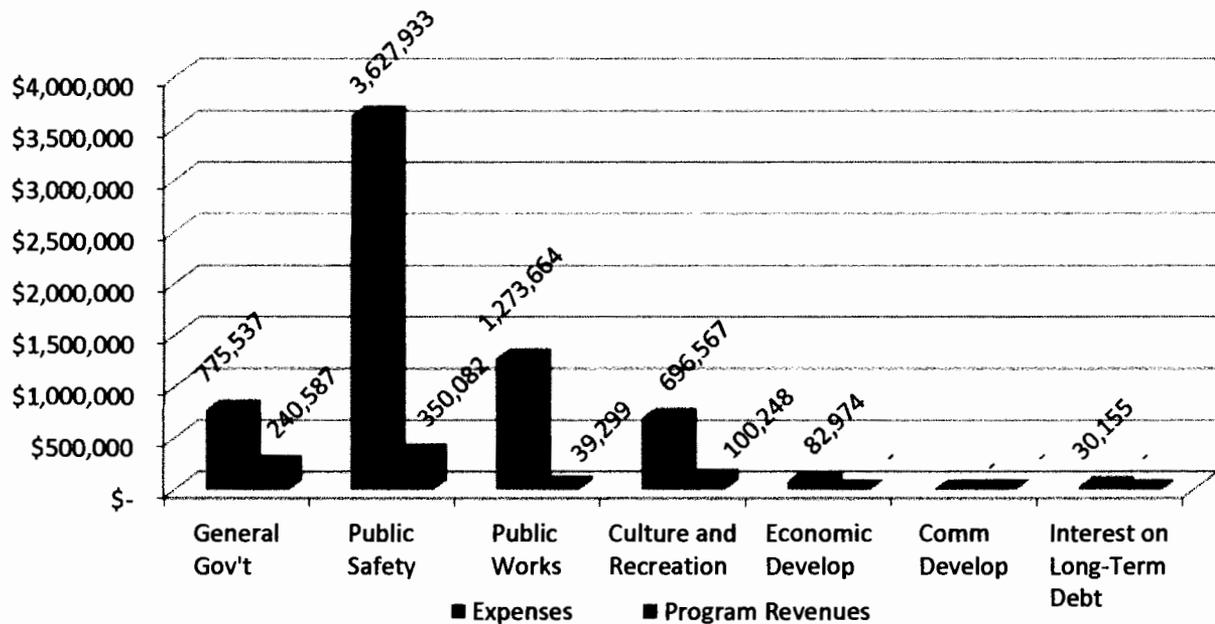
Governmental activities, including transfers from the business-type activities, increased the City's net position by \$280,228 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$651,694. Key elements of the changes are as follows:

During the year charges for services decreased by \$10,710 (approximately 2 percent), operating grants and contributions decreased by \$91,099 (approximately 85 percent), capital grants and contributions decreased by \$23,364 (approximately 26 percent), property taxes increased by \$68,442 (approximately 4 percent), sales tax increased by \$29,725 (approximately 2 percent), general government expenses increased by \$104,350 (approximately 16 percent), public safety expenses increased by \$283,993 (approximately 8 percent), public works expenses increased by \$35,200 (approximately 3 percent), culture and recreation expenses increased by \$44,454 (approximately 7 percent), community development expenses decreased by \$93,017 (approximately 100 percent), and economic development expenses increased by \$4,363 (approximately 6 percent).

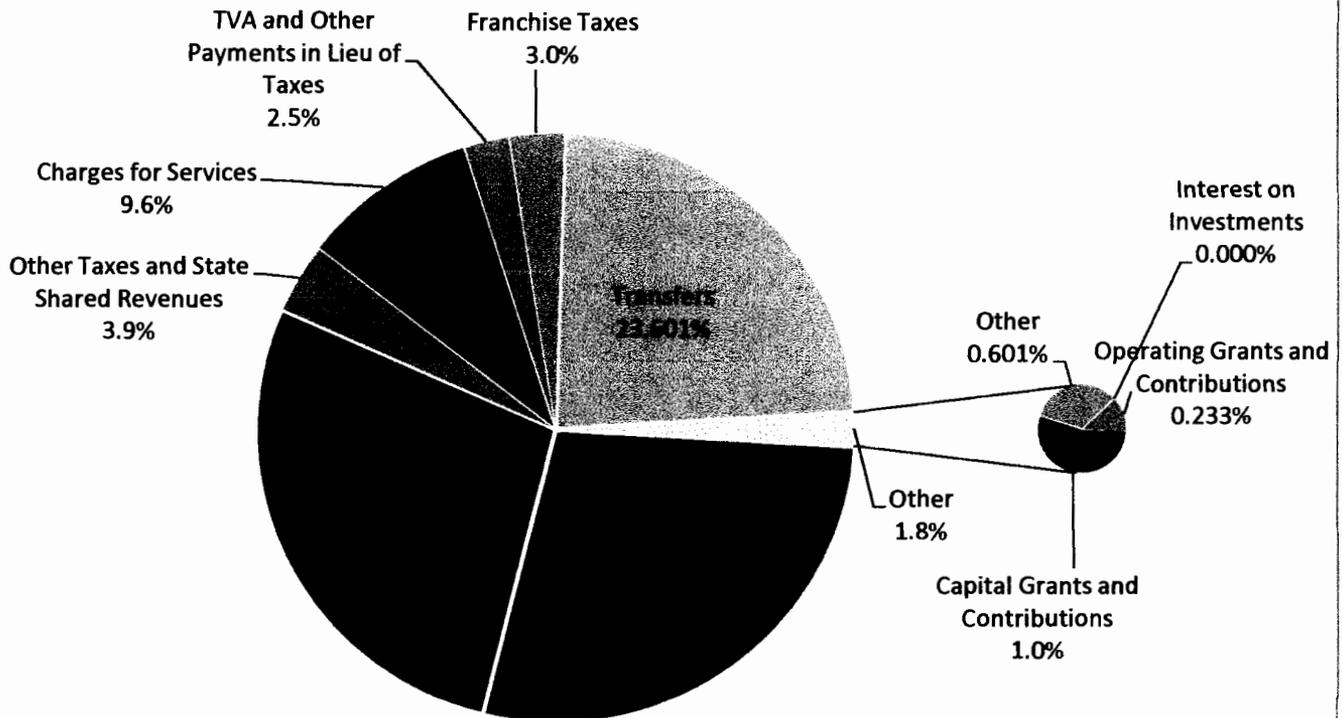
# Government-wide Financial Analysis - continued

## Governmental activities - continued

### Expense and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



**Government-wide Financial Analysis - continued**

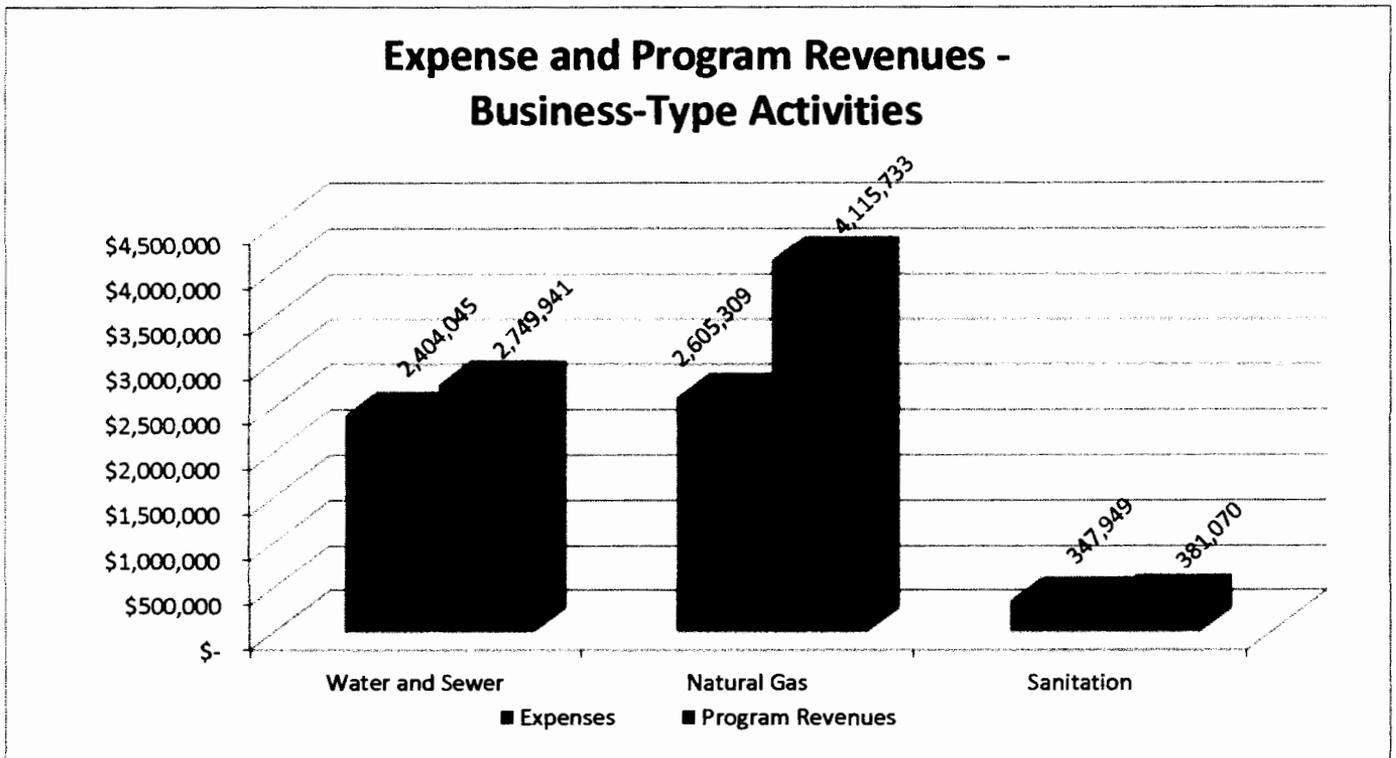
Business-type activities

Business-type activities reported an increase in the City's net position by \$292,333 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$646,903. Key elements of this increase are as follows:

Charges for services for business-type activities decreased \$1,186,823, or 14.3 percent, compared to the prior year.). This was the result of variation in natural gas sold due to a warmer winter and changes in the cost of natural gas.

Expenses decreased approximately 11.6 percent or \$705,293, primarily due to water and sewer fund expenditures increased \$42,800 (1.8 percent) and natural gas fund expenditures decreased \$795,721 (23.4 percent). This changed primarily due to less natural gas being purchased due to the warm winter and the variation in cost of natural gas sold.

Transfers out to other funds totaled \$1,597,108 while prior year transfers out to other funds totaled \$1,574,973. Transfers out decreased approximately 1.4 percent or \$22,135. Other changes are detailed in the financial analysis above.

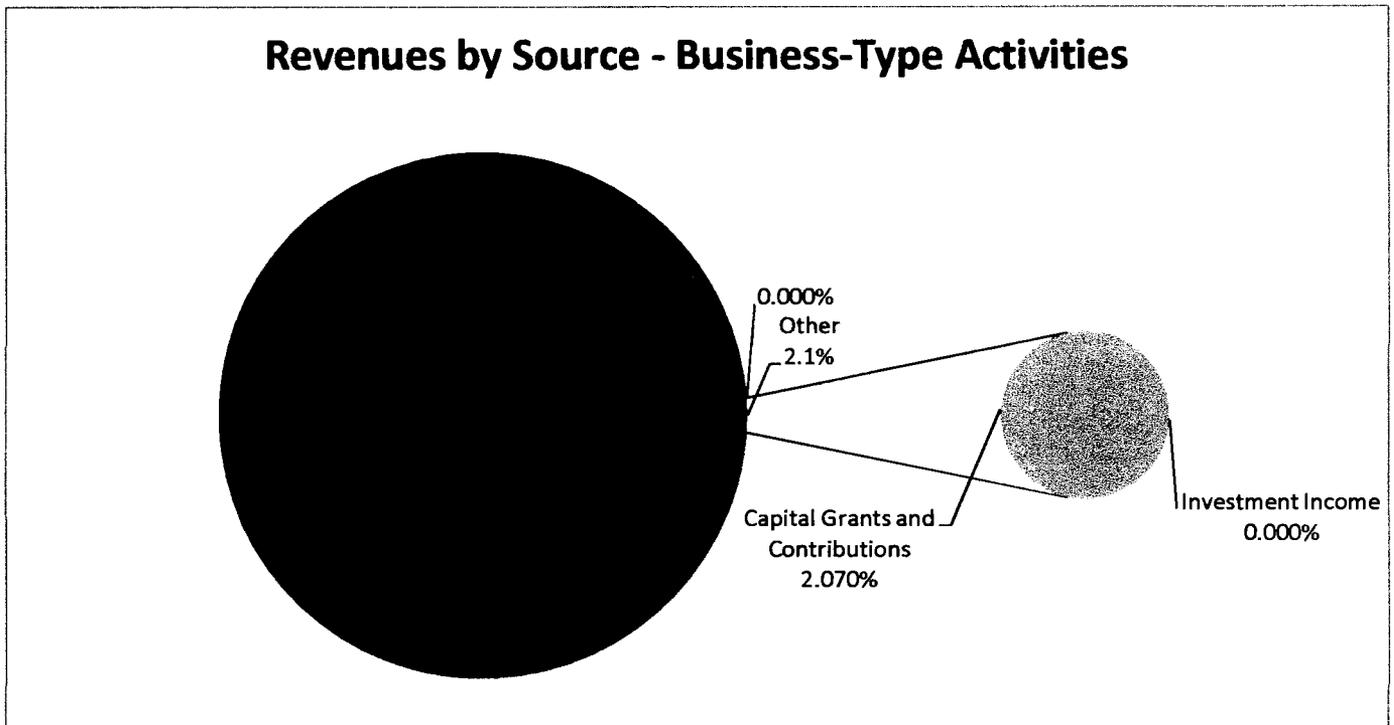


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**Government-wide Financial Analysis - continued**

Business-type activities - continued



**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 \$3,120,059, an increase of \$580,167 compared to the prior year. Approximately 79.1 percent of this total amount, \$2,467,696 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$652,363 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.

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## **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 \$2,472,264 while total fund balance was \$2,880,853. 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 40.3 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$494,349 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.

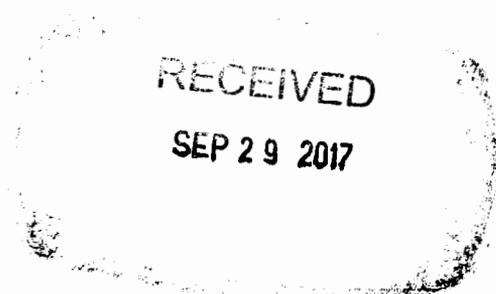
Unrestricted net position of the gas system, combined water and sewer system, and solid waste collection system funds at the end of the year amounted to \$1,603,012, \$229,946, and \$1,500, respectively. The gas system fund had a decrease in net position for the year of \$101,210, the combined water and sewer system fund had an increase in net position for the year of \$396,501, and the waste collection fund had a decrease in net position for the year of \$2,958.

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: Expenditures - street - other services and charges \$(60,400), Street - capital outlay \$30,000, park maintenance - personnel service \$43,022, park maintenance - supplies \$(7,217), park maintenance - other services and charges \$(13,544), park maintenance - capital outlay \$(13,650).

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 \$805,399.



## 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, 2016, amounted to \$20,915,542 (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 2.1 percent (an approximate 1.4 percent increase for governmental activities and an approximate 2.3 percent increase for business-type activities).

Major capital asset additions are as follows:

Supervision and finance equipment	\$	1,013
Park equipment		69,870
Park buildings and improvements		14,808
Public property equipment		38,718
Street equipment		185,546
Police automotive and equipment		40,060
Fire equipment		72,824
Buildings		5,315
Natural gas system buildings		234,894
Natural gas system automotive, equipment and office equipment		45,252
Natural gas system distribution system and filling station		458,420
Water and sewer system buildings		15,500
Water and sewer system automotive, equipment and office equipment		61,778
Water and sewer system distribution system		97,247

### City of Booneville, Mississippi's Capital Assets - Net

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Infrastructure	1,156,516	-	1,156,516
Building and improvements	1,017,259	474,606	1,491,865
Natural gas system	-	3,424,277	3,424,277
Water and sewer system	-	11,299,500	11,299,500
Automotive, equipment and furnishings	1,752,367	502,611	2,254,978
<b>Total</b>	<b>\$ 4,969,186</b>	<b>\$ 15,946,356</b>	<b>\$ 20,915,542</b>

Additional information on the City's capital assets can be found in Note F on pages 52 - 55 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 \$7,394,440. Of this amount, \$2,140,000 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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General obligation bonds	\$ 420,000	\$ 1,720,000	\$ 2,140,000
Other Debts	285,045	-	285,045
Revenue bonds	-	4,969,395	4,969,395
<b>Total</b>	<b><u>\$ 705,045</u></b>	<b><u>\$ 6,689,395</u></b>	<b><u>\$ 7,394,440</u></b>

The City's total debt decreased by \$509,253 (approximately 6.4 percent) during the current fiscal year. There was new other debt obligations totaling \$121,175 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 \$6,514,257. Additional information on the City's long-term debt can be found in Note H on pages 60 - 64 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 2017 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 \$2,472,264.

## **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, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,935,906	\$ 2,985,882	\$ 5,921,788
Restricted cash and cash equivalents	-	1,217,867	1,217,867
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$188,723)	1,731,158	-	1,731,158
Police fines (net of allowances of \$1,086,189)	131,189	-	131,189
Accounts (net of allowances of \$44,939)	-	526,376	526,376
Franchise fees (net of allowances of \$0)	50,048	-	50,048
Accrued interest (net of allowances of \$110,353)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of allowances of \$0)	-	14,875	14,875
Prepaid items	56,573	23,043	79,616
Resale inventory	-	210,058	210,058
Supply inventory	-	167,332	167,332
Due from other governments	506,144	-	506,144
Land and construction in progress	1,043,044	245,362	1,288,406
Other capital assets (net of accumulated depreciation)	3,926,142	15,700,994	19,627,136
<b>Total Assets</b>	<u>10,380,204</u>	<u>21,091,789</u>	<u>31,471,993</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows pertaining to pensions	1,226,161	483,894	1,710,055
Deferred outflow pertaining to loss on refunding	-	76,542	76,542
<b>Total Deferred Outflows of Resources</b>	<u>1,226,161</u>	<u>560,436</u>	<u>1,786,597</u>

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

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts payable - operations	\$ 159,473	\$ 220,195	\$ 379,668
Accounts payable - capital assets	-	50,505	50,505
Credit balance in accounts receivable	-	8,546	8,546
Accrued interest	14,044	45,893	59,937
Accrued liabilities	122,277	41,203	163,480
Matured interest payable	568	-	568
Matured bonds payable	4,000	-	4,000
Customer deposits	-	507,595	507,595
Long-term debt and capital leases			
Bonds and notes payable due within one year	211,446	455,000	666,446
Compensated absence due within one year	7,437	4,846	12,283
Net pension liability due in more than one year	7,817,253	2,387,235	10,204,488
Bonds and notes payable due in more than one year	493,599	6,234,395	6,727,994
Compensated absence due in more than one year	215,018	58,400	273,418
	<u>9,045,115</u>	<u>10,013,813</u>	<u>19,058,928</u>
<b>Total Liabilities</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows pertaining to pensions	111,433	6,343	117,776
Deferred inflows pertaining to unavailable revenue	1,707,930	-	1,707,930
	<u>1,819,363</u>	<u>6,343</u>	<u>1,825,706</u>
<b>Total Deferred Inflows of Resources</b>			
<b>NET POSITION</b>			
Net investment in capital assets	4,260,141	9,333,503	13,593,644
Restricted for:			
Debt service - expendable	-	424,988	424,988
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	1,465	-	1,465
Fire protection capital outlays	120,731	-	120,731
D.A.R.E. program	28,526	-	28,526
Technology	12,712	-	12,712
Rubbish	80,340	-	80,340
Unemployment	-	29,120	29,120
Unrestricted (deficit)	(3,762,028)	1,834,458	(1,927,570)
	<u>741,887</u>	<u>11,632,069</u>	<u>12,373,956</u>
<b>TOTAL NET POSITION</b>			

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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 775,537	\$ 240,587	\$ -	\$ -	\$ (534,950)	\$ -	\$ (534,950)
Public safety	3,627,933	268,196	15,756	66,130	(3,277,851)	-	(3,277,851)
Public works	1,273,664	39,299	-	-	(1,234,365)	-	(1,234,365)
Culture and recreation	696,567	100,248	-	-	(596,319)	-	(596,319)
Economic development	82,974	-	-	-	(82,974)	-	(82,974)
Interest	30,155	-	-	-	(30,155)	-	(30,155)
Total Governmental Activities	<u>6,486,830</u>	<u>648,330</u>	<u>15,756</u>	<u>66,130</u>	<u>(5,756,614)</u>	<u>-</u>	<u>(5,756,614)</u>
Business-Type Activities:							
Water and Sewer	2,404,045	2,749,941	-	-	-	345,896	345,896
Natural Gas	2,605,309	3,965,733	-	150,000	-	1,510,424	1,510,424
Sanitation	347,949	381,070	-	-	-	33,121	33,121
Total Business-Type Activities	<u>5,357,303</u>	<u>7,096,744</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>1,889,441</u>	<u>1,889,441</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,844,133</b>	<b>\$ 7,745,074</b>	<b>\$ 15,756</b>	<b>\$ 216,130</b>	<b>(5,756,614)</b>	<b>1,889,441</b>	<b>(3,867,173)</b>
General Revenues							
Taxes							
Property taxes and late fees					1,876,376	-	1,876,376
Sales tax					1,892,665	-	1,892,665
Homestead					162,648	-	162,648
Franchise tax					202,551	-	202,551
TVA and other payments in lieu of taxes					166,739	-	166,739
Road tax and advalorem privilege tax					85,070	-	85,070
Municipal aid and gasoline tax					13,044	-	13,044
Other					40,641	-	40,641
Transfers					1,597,108	(1,597,108)	-
Total					<u>6,036,842</u>	<u>(1,597,108)</u>	<u>4,439,734</u>
Change in Net Position					280,228	292,333	572,561
NET POSITION--BEGINNING					<u>461,659</u>	<u>11,339,736</u>	<u>11,801,395</u>
NET POSITION--ENDING					<u>\$ 741,887</u>	<u>\$ 11,632,069</u>	<u>\$ 12,373,956</u>

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

**CITY OF BOONEVILLE, STATE OF MISSISSIPPI**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2016**

<b>ASSETS</b>	<b>General</b>	<b>Nonmajor Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$2,691,924	\$ 243,982	\$ 2,935,906
Receivables (net of allowance for uncollectibles)			
Taxes	1,731,159	-	1,731,159
Police fines	131,189	-	131,189
Franchise fees	50,048	-	50,048
Due from other funds	-	484	484
Due from other governments	506,144	-	506,144
Prepaid items	56,573	-	56,573
<b>Total assets</b>	<b><u>\$5,167,037</u></b>	<b><u>\$ 244,466</u></b>	<b><u>\$ 5,411,503</u></b>
<b>LIABILITIES</b>			
Accounts payable - operations	\$ 158,781	\$ 692	\$ 159,473
Accrued liabilities	122,277	-	122,277
Compensated absence	7,437	-	7,437
Due to other funds	484	-	484
Matured interest payable	-	568	568
Matured revenue bonds payable	-	4,000	4,000
<b>Total liabilities</b>	<b><u>288,979</u></b>	<b><u>5,260</u></b>	<b><u>294,239</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,997,205	-	1,997,205
<b>Total deferred inflows of resources</b>	<b><u>1,997,205</u></b>	<b><u>-</u></b>	<b><u>1,997,205</u></b>
<b>FUND BALANCES</b>			
Nonspendable	56,573	-	56,573
Restricted	-	243,774	243,774
Committed	352,016	-	352,016
Unassigned	2,472,264	(4,568)	2,467,696
<b>Total fund balance</b>	<b><u>2,880,853</u></b>	<b><u>239,206</u></b>	<b><u>3,120,059</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$5,167,037</u></b>	<b><u>\$ 244,466</u></b>	<b><u>\$ 5,411,503</u></b>

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, 2016**

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 3,120,059

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	9,651,323
Less accumulated depreciation	(5,725,181)

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	96,189
Revenues - payments in lieu of tax	145,594
Revenues - property taxes	23,184
Revenues - intergovernmental	6,199
Revenues - franchise fees	18,109

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. (14,044)

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	(705,045)
Compensated absences	(215,019)

Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements. (7,817,253)

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	1,226,161
Deferred inflows related to pensions	(111,433)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 741,887

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, 2016**

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Advalorem taxes, penalties and interest	\$ 1,870,941	\$ -	\$ 1,870,941
Franchise taxes	202,250	-	202,250
Municipal sales tax	1,892,665	-	1,892,665
Permits, fees and privilege tax	41,510	-	41,510
Municipal court fines and bond fees	233,873	12,458	246,331
Intergovernmental revenues	455,484	56,074	511,558
Charge for services	113,685	29,979	143,664
Collection fees	97,572	-	97,572
Administrative fees	101,126	-	101,126
Donations	1,170	1,000	2,170
Other	7,460	-	7,460
Total revenues	<u>5,017,736</u>	<u>99,511</u>	<u>5,117,247</u>
<b><u>EXPENDITURES</u></b>			
<b>Current</b>			
General government	707,909	-	707,909
Public safety	3,172,908	4,872	3,177,780
Public works	1,044,639	9	1,044,648
Culture and recreation	588,950	-	588,950
Economic development	82,974	-	82,974
Capital outlay	330,022	121,166	451,188
<b>Debt Service</b>			
Principal retirement - general obligation	174,105	8,050	182,155
Interest and paying agent	28,472	771	29,243
Total expenditures	<u>6,129,979</u>	<u>134,868</u>	<u>6,264,847</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (1,112,243)</u>	<u>\$ (35,357)</u>	<u>\$ (1,147,600)</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, 2016**

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from disposition of fixed assets	\$ 9,484	\$ -	\$ 9,484
Proceeds from other loans	-	121,175	121,175
Operating transfers in	1,597,108	727	1,597,835
Operating transfers out	-	(727)	(727)
Total other financing sources (uses)	<u>1,606,592</u>	<u>121,175</u>	<u>1,727,767</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	494,349	85,818	580,167
Fund balance - beginning of year	<u>2,386,504</u>	<u>153,388</u>	<u>2,539,892</u>
Fund balance - end of year	<u>\$ 2,880,853</u>	<u>\$ 239,206</u>	<u>\$ 3,120,059</u>

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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, 2016**

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS	\$ 580,167
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	428,154
Depreciation expense	(360,521)
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.	
	182,155
The proceeds from a capital lease or other debt is reported as revenue when issued in governmental funds, but as an increase in other debt capital lease outstanding in the statement of activities.	
	(121,175)
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	5,435
Municipal aid	(4,360)
Franchise fees	301
Municipal court fines	(18,748)
Advalorem privilege tax	(212)
Payment in lieu of taxes	63,773
Operating grants and contributions	(2,971)
Some items reported in the statement of activities 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	(448,770)
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	(22,089)
(Increase) decrease in accrued interest expense	(911)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 280,228</u>

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

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2016**

	<b>Business-Type Activities--Enterprise Fund</b>			<b>Total Business-Type Funds</b>
	<b>Gas System</b>	<b>Combined Water and Sewer System</b>	<b>Nonmajor Fund Waste Collection</b>	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents - unrestricted	\$ 1,924,775	\$ 885,954	\$ -	\$ 2,810,729
Cash and cash equivalents - restricted	588,440	131,255	-	719,695
Receivables (net of allowance for uncollectibles)				
Accounts	155,838	331,498	39,040	526,376
Other	12,446	2,429	-	14,875
Resale inventory	210,058	-	-	210,058
Supply inventory	89,553	77,779	-	167,332
Prepaid items	8,975	14,068	-	23,043
<b>Total current assets</b>	<b>2,990,085</b>	<b>1,442,983</b>	<b>39,040</b>	<b>4,472,108</b>
<b>Noncurrent Assets</b>				
<b>Restricted Assets</b>				
Cash and cash equivalents	13,384	659,941	-	673,325
Nondepreciable land, improvements and construction in progress	208,736	36,626	-	245,362
Depreciable capital assets, net of accumulated depreciation	4,063,808	11,637,186	-	15,700,994
<b>Total noncurrent assets</b>	<b>4,285,928</b>	<b>12,333,753</b>	<b>-</b>	<b>16,619,681</b>
<b>Total assets</b>	<b>7,276,013</b>	<b>13,776,736</b>	<b>39,040</b>	<b>21,091,789</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows pertaining to pensions	217,336	266,558	-	483,894
Deferred outflow pertaining to loss on refunding	-	76,542	-	76,542
<b>Total Deferred Outflows of Resources</b>	<b>217,336</b>	<b>343,100</b>	<b>-</b>	<b>560,436</b>

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

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2016**

	<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>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable - operations	\$ 57,587	\$ 125,068	\$ 37,540	\$ 220,195
Accounts payable - fixed assets	50,505	-	-	50,505
Credit balance in accounts receivable	4,273	4,273	-	8,546
Accrued interest	-	45,893	-	45,893
Accrued liabilities	20,190	21,013	-	41,203
Customer deposits	379,184	128,411	-	507,595
Compensated absences	-	4,846	-	4,846
Current portion of revenue bonds payable	-	455,000	-	455,000
<b>Total current liabilities</b>	<u>511,739</u>	<u>784,504</u>	<u>37,540</u>	<u>1,333,783</u>
Noncurrent Liabilities				
Net pension liability	1,072,201	1,315,034	-	2,387,235
Lease obligations payable				
Compensated absences	17,621	40,779	-	58,400
Revenue bonds payable, less current maturities	-	6,234,395	-	6,234,395
<b>Total noncurrent liabilities</b>	<u>1,089,822</u>	<u>7,590,208</u>	<u>-</u>	<u>8,680,030</u>
<b>Total liabilities</b>	<u>1,601,561</u>	<u>8,374,712</u>	<u>37,540</u>	<u>10,013,813</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows pertaining to pensions	2,849	3,494	-	6,343
<b>Total Deferred Inflows of Resources</b>	<u>2,849</u>	<u>3,494</u>	<u>-</u>	<u>6,343</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,272,543	5,060,960	-	9,333,503
Restricted for debt service - expendable	-	424,988	-	424,988
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,384	15,736	-	29,120
Unrestricted	1,603,012	229,946	1,500	1,834,458
<b>Total net position (deficit)</b>	<u>\$ 5,888,939</u>	<u>\$ 5,741,630</u>	<u>\$ 1,500</u>	<u>\$ 11,632,069</u>

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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, 2016**

	<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>	
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 3,850,486	\$ 2,697,168	\$ 381,069	\$ 6,928,723
Service charges and other	115,247	52,773	-	168,020
Total operating revenues	<u>3,965,733</u>	<u>2,749,941</u>	<u>381,069</u>	<u>7,096,743</u>
<b><u>OPERATING EXPENSES</u></b>				
Personnel services	631,237	817,595	-	1,448,832
Professional services	34,405	100,634	-	135,039
Supplies	179,818	97,384	-	277,202
Repairs	38,692	361,541	-	400,233
Operational	121,940	337,823	-	459,763
Administrative	50,563	50,563	-	101,126
Purchase of natural gas	1,398,804	-	-	1,398,804
Waste disposal	-	2,074	347,949	350,023
Depreciation and amortization	143,014	407,341	-	550,355
Total operating expenses	<u>2,598,473</u>	<u>2,174,955</u>	<u>347,949</u>	<u>5,121,377</u>
Operating income (loss)	<u>1,367,260</u>	<u>574,986</u>	<u>33,120</u>	<u>1,975,366</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Interest expense and fiscal charges	(6,836)	(229,090)	-	(235,926)
Total nonoperating revenues and expenses	<u>(6,836)</u>	<u>(229,090)</u>	<u>-</u>	<u>(235,926)</u>
Income (loss) before operating transfers and contributions	1,360,424	345,896	33,120	1,739,440
Capital contributions	150,000	-	-	150,000
Operating transfers in	-	50,605	-	50,605
Operating transfers out	(1,611,634)	-	(36,078)	(1,647,712)
Changes in net position	(101,210)	396,501	(2,958)	292,333
Net position - beginning	<u>5,990,149</u>	<u>5,345,129</u>	<u>4,458</u>	<u>11,339,736</u>
Net position - ending	<u>\$ 5,888,939</u>	<u>\$ 5,741,630</u>	<u>\$ 1,500</u>	<u>\$ 11,632,069</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, 2016**

	<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>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 3,850,848	\$ 2,733,434	\$ 381,737	\$ 6,966,019
Other operating receipts	32,461	-	-	32,461
Payments to employees including fringe benefits	(396,714)	(578,949)	-	(975,663)
Payments to suppliers for goods and services	(1,888,100)	(1,105,885)	(345,659)	(3,339,644)
Payments for interfund services	(14,527)	-	-	(14,527)
Net cash provided by operating activities	<u>1,583,968</u>	<u>1,048,600</u>	<u>36,078</u>	<u>2,668,646</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in	-	50,605	-	50,605
Interest paid on meter deposits	(15,442)	(4,621)	-	(20,063)
Operating transfers out	(1,611,634)	-	(36,078)	(1,647,712)
Net cash provided (used) by non-capital financing activities	<u>\$ (1,627,076)</u>	<u>\$ 45,984</u>	<u>\$ (36,078)</u>	<u>\$ (1,617,170)</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, 2016**

	<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>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital grant	\$ 150,000	\$ -	\$ -	\$ 150,000
Principal payments - revenue bonds	-	(445,000)	-	(445,000)
Payment on payables used to acquire fixed assets	(2,160)	(74,782)	-	(76,942)
Acquisition and construction of capital assets	(688,061)	(174,525)	-	(862,586)
Interest and fiscal charges paid	-	(220,470)	-	(220,470)
Net cash provided (used) by capital and related financing activities	<u>\$ (540,221)</u>	<u>\$ (914,777)</u>	<u>\$ -</u>	<u>\$ (1,454,998)</u>

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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, 2016**

	<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>	
<b>NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION</b>				
Acquisition of fixed assets on account and capital lease	\$ (50,505)	\$ -	\$ -	\$ (50,505)
Borrowing from suppliers on account	50,505	-	-	50,505
Net effect of non cash transactions	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(583,329)	179,807	-	(403,522)
Cash and cash equivalents, beginning of year	3,109,928	1,497,343	-	4,607,271
Cash and cash equivalents, end of year	<u>\$ 2,526,599</u>	<u>\$ 1,677,150</u>	<u>\$ -</u>	<u>\$ 4,203,749</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, 2016**

	<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>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,367,260	\$ 574,986	\$ 33,120	\$ 1,975,366
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	143,014	407,341	-	550,355
Non-cash pension expense	111,366	111,397	-	222,763
(Increase) decrease in accounts receivable	(15,671)	1,924	668	(13,079)
(Increase) decrease in other receivables	(8,518)	(1,630)	-	(10,148)
(Increase) decrease in resale inventory	95,645	-	-	95,645
(Increase) decrease in supply inventory	(29,889)	(5,110)	-	(34,999)
(Increase) decrease in prepaid items	(4,077)	(2,133)	-	(6,210)
Increase (decrease) in accounts payable - operations	(28,048)	(29,863)	2,290	(55,621)
Increase (decrease) in accrued liabilities - payroll and benefits	4,155	3,421	-	7,576
Increase (decrease) in credit balance in accounts receivable	(1,126)	(1,126)	-	(2,252)
Increase (decrease) in customer deposits	(53,577)	(15,669)	-	(69,246)
Increase (decrease) in compensated absences	3,434	5,062	-	8,496
 Total adjustments	<u>216,708</u>	<u>473,614</u>	<u>2,958</u>	<u>693,280</u>
 Net cash provided (used) by operating activities	<u>\$ 1,583,968</u>	<u>\$ 1,048,600</u>	<u>\$ 36,078</u>	<u>\$ 2,668,646</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, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 109,309
Taxes receivable (net of allowances of \$195,055)	2,055,664
Total Assets	2,164,973
<b>LIABILITIES</b>	
Due to others	18,692
Due to other governments	87,723
Payroll taxes and other payroll withholdings due to others	659
Accounts payable due to investors	2,308
Total Liabilities	109,382
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	2,055,591
<b>NET POSITION</b>	\$ -

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

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

1. Reporting Entity - continued

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.

2. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Government-Wide and Fund Financial Statements - continued

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.

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.

3. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. 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.

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Measurement Focus and Basis of Accounting - continued

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.

**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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Measurement Focus and Basis of Accounting - continued

**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.

4. 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	\$ 1,924,775	\$ 885,954	\$ -	\$ 2,810,729
Restricted cash and cash equivalents	<u>601,824</u>	<u>791,196</u>	<u>-</u>	<u>1,393,020</u>
	<u>\$ 2,526,599</u>	<u>\$ 1,677,150</u>	<u>\$ -</u>	<u>\$ 4,203,749</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. 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.

6. 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.

7. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Capital Assets - continued

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.

8. 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 \$235,926. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$235,926 were charged to expense. Interest costs, net of interest earned of \$0 were capitalized as fixed assets in the enterprise funds.

9. 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.

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

10. 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.

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.

11. 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	\$ 379,184	\$ 128,411
Accrued interest payable	-	45,893
Revenue bonds payable	-	455,000
	\$ 379,184	\$ 629,304

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

12. 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.

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.

13. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Fund Equity/Net Position - continued

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.

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	\$ 56,573	\$ -
Total - Nonspendable	<u>\$ 56,573</u>	<u>\$ -</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**13. Fund Equity/Net Position - continued**

Fund Balances:	<u>General Fund</u>	<u>Other Governmental Funds</u>
Restricted:		
Fire protection	\$ -	\$ 120,731
Drug abuse resistance education	-	28,526
Fire code	-	1,465
Technology	-	12,712
Rubbish	-	80,340
Total Restricted	<u>\$ -</u>	<u>\$ 243,774</u>
Committed:		
Matching grants	\$ 302,758	\$ -
Special Police Assessment	49,258	-
Total Committed	<u>\$ 352,016</u>	<u>\$ -</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.”

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

14. 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.

15. Sales Tax

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

16. 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.

17. 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.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED**

Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Booneville, Mississippi. The original General Fund budget expenditures were amended as follows: street - other services and charges \$(60,400), street - capital \$30,000, park maintenance - personnel \$43,022, park maintenance - supplies \$(7,217), park maintenance - other services and charges \$(13,544), and park maintenance - capital outlays \$(13,650) during the year ended September 30, 2016.

A comparison of the General Fund budget with statements of budgetary basis revenues and expenditures is included in required supplementary information as Schedule 3. This budgetary comparison schedule reflects General Fund expenditures exceeding budgets. See Schedule 3 for General Fund expenditures exceeding budgeted amounts.

The notes to required supplementary information budgetary reporting on pages 80 - 81 also provides additional budgetary information.

**NOTE C - DEPOSITS AND INVESTMENTS**

At September 30, 2016, the cash and investments included the following:

	Account Balances		Ownership of Funds
Petty cash/cash on hand	\$ 5,253	Governmental Funds	\$ 2,935,906
Demand deposits	7,225,019	Enterprise Funds	4,203,749
Cash at paying agent	-	Fiduciary Fund	90,617
	\$ 7,230,272		\$ 7,230,272

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).

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED**

Deposits - continued

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.

At September 30, 2016, the demand deposits held with various local financial institutions had carrying amounts totaling \$7,225,019 and bank balances totaling \$7,505,429 of which \$250,000 was covered by federal depository insurance and \$7,255,429 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, 2016.

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).

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2016, 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 2015 taxes are collected in December, 2015 and January, 2016. The 2015 taxes are levied to fund the 2015-2016 budget year. The assessed value upon which the 2015 taxes were based was \$55,388,097.

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 2016 taxes intended to fund the 2016-2017 budget year of \$1,717,930. 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 2016 taxes of \$1,717,930 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2016-2017 budget year.

The City assessed a tax rate of 35.15 mills for both the 2015 and 2016 taxes.

**NOTE E - RECEIVABLES**

Receivables at September 30, 2016 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, 2016**

**NOTE E - RECEIVABLES - CONTINUED**

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 1,919,882	\$ -	\$ -	\$ -	\$ 2,250,718	\$ 4,170,600
Police fines	1,217,378	-	-	-	-	1,217,378
Accounts	-	174,542	356,350	40,423	-	571,315
Franchise fees	50,048	-	-	-	-	50,048
Accrued interest	-	-	-	110,353	-	110,353
Notes receivable	-	-	-	743,000	-	743,000
Other	-	12,446	2,429	-	-	14,875
	<u>3,187,308</u>	<u>186,988</u>	<u>358,779</u>	<u>893,776</u>	<u>2,250,718</u>	<u>6,877,569</u>
Gross receivables						
Less: Allowance for uncollectables	<u>(1,274,912)</u>	<u>(18,704)</u>	<u>(24,852)</u>	<u>(854,736)</u>	<u>(195,055)</u>	<u>(2,368,259)</u>
Net receivables	<u>\$ 1,912,396</u>	<u>\$ 168,284</u>	<u>\$ 333,927</u>	<u>\$ 39,040</u>	<u>\$ 2,055,663</u>	<u>\$ 4,509,310</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, 2016**

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance September 30, 2015	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2016
<b>GOVERNMENTAL ACTIVITIES</b>					
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	2,728,336	20,123	-	-	2,748,459
Automotive and equipment	4,507,538	408,031	-	-	4,915,569
Infrastructure	1,987,295	-	-	-	1,987,295
Total capital assets being depreciated	<u>9,223,169</u>	<u>428,154</u>	<u>-</u>	<u>-</u>	<u>9,651,323</u>
Less accumulated depreciation for					
Buildings	1,674,306	56,894	-	-	1,731,200
Automotive and equipment	2,930,424	232,778	-	-	3,163,202
Infrastructure	759,930	70,849	-	-	830,779
Total accumulated depreciation	<u>5,364,660</u>	<u>360,521</u>	<u>-</u>	<u>-</u>	<u>5,725,181</u>
Total capital assets being depreciated, net	<u>3,858,509</u>	<u>67,633</u>	<u>-</u>	<u>-</u>	<u>3,926,142</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<u><b>\$ 4,901,553</b></u>	<u><b>\$ 67,633</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,969,186</b></u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE F - CAPITAL ASSETS - CONTINUED**

	Balance September 30, 2015	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2016
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>GAS SYSTEM</b>					
Capital assets not being depreciated					
Land	\$ 208,736	\$ -	\$ -	\$ -	\$ 208,736
Total capital assets not being depreciated	<u>208,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,736</u>
Capital assets being depreciated					
Building	254,140	234,894	-	-	489,034
Automotive and equipment	718,726	38,000	-	-	756,726
Furniture and office equipment	67,787	7,252	-	-	75,039
Natural gas system	5,088,070	458,420	-	-	5,546,490
Total capital assets being depreciated	<u>6,128,723</u>	<u>738,566</u>	<u>-</u>	<u>-</u>	<u>6,867,289</u>
Less accumulated depreciation for					
Buildings	86,355	7,435	-	-	93,790
Automotive and equipment	484,762	44,086	-	-	528,848
Furniture and office equipment	58,630	-	-	-	58,630
Natural gas system	2,030,720	91,493	-	-	2,122,213
Total accumulated depreciation	<u>2,660,467</u>	<u>143,014</u>	<u>-</u>	<u>-</u>	<u>2,803,481</u>
Total capital assets being depreciated, net	<u>3,468,256</u>	<u>595,552</u>	<u>-</u>	<u>-</u>	<u>4,063,808</u>
<b>GAS SYSTEM CAPITAL ASSETS, NET</b>	<u>\$ 3,676,992</u>	<u>\$ 595,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,272,544</u>

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE F - CAPITAL ASSETS - CONTINUED**

	Balance September 30, 2015	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2016
<b>BUSINESS-TYPE ACTIVITIES - CONTINUED</b>					
<b>COMBINED WATER AND SEWER</b>					
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	89,307	15,500	-	-	104,807
Automotive and equipment	549,499	54,712	-	-	604,211
Furniture and office equipment	75,033	7,066	-	-	82,099
Water and sewer system	<u>24,493,280</u>	<u>97,247</u>	<u>-</u>	<u>-</u>	<u>24,590,527</u>
Total capital assets being depreciated	<u>25,207,119</u>	<u>174,525</u>	<u>-</u>	<u>-</u>	<u>25,381,644</u>
Less accumulated depreciation for					
Buildings	22,307	3,138	-	-	25,445
Automotive and equipment	325,189	35,237	-	-	360,426
Furniture and office equipment	63,258	4,302	-	-	67,560
Water and sewer system	<u>12,926,363</u>	<u>364,664</u>	<u>-</u>	<u>-</u>	<u>13,291,027</u>
Total accumulated depreciation	<u>13,337,117</u>	<u>407,341</u>	<u>-</u>	<u>-</u>	<u>13,744,458</u>
Total capital assets being depreciated, net	<u>11,870,002</u>	<u>(232,816)</u>	<u>-</u>	<u>-</u>	<u>11,637,186</u>
Combined Water and Sewer Capital Asset, Net	<u>11,906,628</u>	<u>(232,816)</u>	<u>-</u>	<u>-</u>	<u>11,673,812</u>
<b>BUSINESS-TYPE CAPITAL ASSETS – NET</b>	<u>\$ 15,583,620</u>	<u>\$ 362,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,946,356</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE F - CAPITAL ASSETS - CONTINUED**

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

Governmental Activities

General government	\$ 7,913
Public safety	143,508
Public works	143,623
Culture and recreation	<u>65,477</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 360,521</u>
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Business-Type Activities

Natural gas	\$ 143,014
Water and sewer	<u>407,341</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 550,355</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, 2016, 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 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, 2016**

**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 PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership 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, 2016 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, 2016, 2015, and 2014 were \$719,502, \$586,163, and \$546,411, respectively, equal 100% of the required contributions for each year.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016, the City reported a liability of \$10,204,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.057128%, which was an increase of 0.000881%, from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$1,341,780. At September 30, 2016, 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	\$ 284,631	\$ -
Net difference between projected and actual earnings on pension plan investments	691,303	-
Changes of assumptions	481,061	27,117
Changes in proportion and differences between City contributions and proportionate share of contributions	113,784	90,659
City contributions subsequent to the measurement date	<u>139,276</u>	<u>-</u>
	<u>\$ 1,710,055</u>	<u>\$ 117,776</u>

\$139,276 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, 2017.

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	
2017	\$ 494,001
2018	382,077
2019	375,335
2020	<u>201,590</u>
	<u>\$ 1,453,003</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 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, 2016 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	1.00%	-0.50%
Total	<u>100.00%</u>	

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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 table presents the City's proportionate share of the net pension liability of the cost sharing plan, 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	\$ 13,084,440	\$ 10,204,488	\$ 7,815,060

It is at least reasonably possible that the City's estimate of its pension liability, deferred outflows of resources or deferred inflows of resources could change in the near term.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued 2016 PERS Comprehensive Annual Report on the PERS website, [www.pers.ms.gov](http://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**

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally, effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceeding year with a minimum rate of one percent and a maximum rate of five percent. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016, 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, 2016.

Section 125 Cafeteria Reduction Plan

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$83,132.

**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.

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

General long-term debt balances and transactions for the year ended September 30, 2016 are as follows:

GOVERNMENTAL ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2015	Additions	Repayments	Ending Balance 9/30/2016	Amounts Due Within One Year
<b>General Obligation Bonds</b>							
General Obligation Public Improvement Bonds – Series 2004	5/19/2019	4.25%	\$ 550,000	\$ -	\$ 130,000	\$ 420,000	\$ 135,000
Total general obligation bonds			550,000	-	130,000	420,000	135,000
<b>Other Debt</b>							
Northeast Mississippi Planning and Development District							
	3/1/2019	2.00%	15,948	-	3,889	12,059	3,967
BancorpSouth Bank							
	1/20/2019	2.26%	100,047	-	24,168	75,879	24,722
BancorpSouth Bank							
	11/1/2020	2.55%	-	121,175	-	121,175	23,063
Renasant Bank							
	1/26/2019	2.44%	100,030	-	24,098	75,932	24,694
Total other debt			216,025	121,175	52,155	285,045	76,446
Net pension liability	---	---	6,664,104	1,153,149	-	7,817,253	7,437
Compensated absences	---	---	230,135	-	7,680	222,455	7,437
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			<b>\$ 7,660,264</b>	<b>\$ 1,274,324</b>	<b>\$ 189,835</b>	<b>\$ 8,744,753</b>	<b>\$ 226,320</b>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 135,000	\$ 17,850	\$ 152,850	\$ 76,446	\$ 6,950	\$ 83,396
2018	140,000	12,113	152,113	78,291	5,105	83,396
2019	145,000	6,163	151,163	80,100	3,214	83,314
2020	-	-	-	24,872	1,281	26,153
2021	-	-	-	25,336	646	25,982
2022 - 2026	-	-	-	-	-	-
<b>Total</b>	<b>\$ 420,000</b>	<b>\$ 36,126</b>	<b>\$ 456,126</b>	<b>\$ 285,045</b>	<b>\$ 17,196</b>	<b>\$ 302,241</b>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2017	\$ 211,446	\$ 24,800	\$ 236,246
2018	218,291	17,218	235,509
2019	225,100	9,377	234,477
2020	24,872	1,281	26,153
2021	25,336	646	25,982
2022 - 2026	-	-	-
<b>Total</b>	<b>\$ 705,045</b>	<b>\$ 53,322</b>	<b>\$ 758,367</b>

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, 2016**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2015	Additions	Repayments	Ending Balance 9/30/2016	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%	\$ 1,795,000	\$ -	\$ 75,000	\$ 1,720,000	\$ 75,000
Total general obligation bonds			1,795,000	-	75,000	1,720,000	75,000
Revenue Bonds							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013	8/1/2027	2.5%- 4.00%	5,315,000	-	370,000	4,945,000	380,000
Total revenue bonds			5,315,000	-	370,000	4,945,000	380,000
Plus unamortized premium			27,668	-	3,273	24,395	-
Net revenue bonds			5,342,668	-	373,273	4,969,395	380,000
Net pension liability			1,132,182	182,852	-	1,315,034	-
Compensated absences	---	---	40,563	5,062	-	45,625	4,846
Total combined water and sewer system fund			8,310,413	187,914	448,273	8,050,054	459,846
<u>Gas System Fund</u>							
Net pension liability			898,390	173,811	-	1,072,201	-
Compensated absences	---	---	14,187	3,434	-	17,621	-
Total gas system fund			912,577	177,245	-	1,089,822	-
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>			<b>\$ 9,222,990</b>	<b>\$ 365,159</b>	<b>\$ 448,273</b>	<b>\$ 9,139,876</b>	<b>\$ 459,846</b>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	90,000	37,014	127,014	430,000	117,544	547,544
2022 - 2026	520,000	141,968	661,968	2,385,000	372,655	2,757,655
2027 - 2031	635,000	72,371	707,371	535,000	21,400	556,400
2032 - 2036	145,000	3,987	148,987	-	-	-
<b>Total</b>	<b>\$ 1,720,000</b>	<b>\$ 432,296</b>	<b>\$ 2,152,296</b>	<b>\$ 4,945,000</b>	<b>\$ 1,084,975</b>	<b>\$ 6,029,975</b>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
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	520,000	154,558	674,558
2022 - 2026	2,905,000	514,623	3,419,623
2027 - 2031	1,170,000	93,771	1,263,771
2032 - 2036	145,000	3,987	148,987
<b>Total</b>	<b>\$ 6,665,000</b>	<b>\$ 1,517,271</b>	<b>\$ 8,182,271</b>

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 \$76,542 resulted from refunding the 2002 bond issue in 2013 and is reported as deferred outflow pertaining to loss on refunding in the accompanying financial statements.

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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE I - COMPONENTS OF RESTRICTED ASSETS**

Enterprise Fund

	Gas System Fund Cash	Combined Water and Sewer System Fund Cash	Total
Current Debt Service	\$ -	\$ 424,988	\$ 424,988
Contingency Reserve	35,881	5,000	40,881
Depreciation Reserve	-	5,000	5,000
Customer Deposits	413,287	131,255	544,542
Unemployment	13,384	15,736	29,120
Construction	139,272	209,217	348,489
<b>Total</b>	<b>\$ 601,824</b>	<b>\$ 791,196</b>	<b>\$ 1,393,020</b>

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, 2016, 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, 2016 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 484
Nonmajor Funds - Other Governmental Funds	484	-
	<b>\$ 484</b>	<b>\$ 484</b>

The General Fund payable of \$484 represents due to Drug Abuse Resistance Education Fund for funds collected but not transferred as of September 30, 2016. These payables will be reimbursed in 2017.

CITY OF BOONEVILLE, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

**NOTE J - INTERFUND TRANSACTIONS - CONTINUED**

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
Major Governmental Funds:		
General Fund	\$ 1,597,108	\$ -
 Total Major Governmental Funds	\$ 1,597,108	\$ -
 Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,611,635
Combined Water and Sewer System Fund	50,605	-
 Total Major Enterprise Funds	\$ 50,605	\$ 1,611,635
 Nonmajor Governmental Funds	\$ 727	\$ 727
Nonmajor Enterprise Funds	-	36,078
 Total Nonmajor Funds	\$ 727	\$ 36,805
 Total all funds	\$ 1,648,440	\$ 1,648,440

The General Fund received transfers of \$1,597,108 from the Gas System Fund. The \$1,597,108 transfer from the Gas System Fund consisted of a \$1,565,700 authorized surplus fund transfer and \$31,408 General Fund portion of the Internal Service Fund expenditures paid by the Gas System Fund.

The Combined Water and Sewer System Fund received transfers of \$50,605 from the Gas System Fund and Waste Collection Fund. The \$36,078 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 \$14,527 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 \$727 was transferred to the Fire Protection Fund.

CITY OF BOONEVILLE, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

**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	17,404
Homestead exemption – State of Mississippi	162,648
TVA and other payments in lieu of taxes	102,966
Road tax – Prentiss County	63,869
Solid waste – District	24,071
Police academy – State of Mississippi	7,200
Advalorem privilege tax – Prentiss County	21,413
Police grant – federal	8,077
Homeland Security – federal	8,000
Department of Transportation – street lights – federal	3,336
	455,484

Total General Fund	\$ <u>455,484</u>
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Nonmajor Governmental Funds

Special Revenue Funds

Fire Code Fund	
Fire Code – State of Mississippi	\$ 1,464
Fire Protection Fund	
Fire Protection – State of Mississippi	<u>54,610</u>

Total Nonmajor Governmental Funds	<u>56,074</u>
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Total Governmental Funds	\$ <u><u>511,558</u></u>
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CITY OF BOONEVILLE, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

**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, 2016, the City General Fund paid rent for office equipment and park equipment totaling \$6,887. At September 30, 2016, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2017 \$4,711, 2018 \$3,821, 2019 \$956, 2020 \$0, and 2021 \$0.

During the year ended September 30, 2016, the City Enterprise Fund paid rent for office equipment totaling \$764. At September 30, 2016, the City Enterprise Fund was obligated to rent this office equipment during the years ended September 30, as follows: 2017 \$764, 2018 \$191, 2019 \$0, 2020 \$0, and 2021 \$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	44.600
Bonded indebtedness	5.830
Other debt	3.270
Shortfall	1.820
	<u>55.520</u>

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CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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 90 - 94. 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, 2016:

Gas System	\$ 2,478,346
Combined Water and Sewer System	658,479
Waste Collection System	<u>1,500</u>
Total	<u>\$ 3,138,325</u>

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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, 2016, the Gas System Fund had extended credit to customers totaling \$155,838 and to others totaling \$12,446. Gas System Fund receivables are secured by customer deposits totaling \$379,184. No other collateral has been obtained.

At September 30, 2016, the Combined Water and Sewer System Fund had extended credit to customers totaling \$331,498 and to others totaling \$2,429. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$128,411. No other collateral has been obtained.

At September 30, 2016, the Nonmajor Enterprise Fund had extended credit to customers totaling \$39,040. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$51,036 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$40,629 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$37,540 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 open lawsuit claims. The City is covered by insurance of \$500,000 per claim. 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.

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.

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CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED**

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.

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 \$6,810 for the year ending September 30, 2017.

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, 2017.

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, 2020 (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, 2017.

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, 2016**

**NOTE R - DONATED SERVICES**

During the year ended September 30, 2016, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 32,142	\$ 313,609
National Guard Armory	780	-
Booneville Municipal Separate School System	<u>16,983</u>	<u>-</u>
Total	<u>\$ 49,905</u>	<u>\$ 313,609</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 Baldwyn, 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. The City of Booneville paid Prentiss County, Mississippi \$14,166 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 \$24,071 during the year ended September 30, 2016.

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, 2016

**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 outstanding open claims at September 30, 2016. 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 \$707,882 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 <u>Activities</u>	Business-Type <u>Activities</u>
Land and construction in progress	\$ 1,043,044	\$ 245,362
Other capital assets (net of accumulated depreciation)	3,926,142	15,700,994
Deferred loss on refunding	-	76,542
Less matured bonds payable	(4,000)	-
Less bonds and notes payable	<u>(705,045)</u>	<u>(6,689,395)</u>
Net investment in capital asset	<u>\$ 4,260,141</u>	<u>\$ 9,333,503</u>

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**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, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%
City's proportionate share of the net pension liability (asset)	\$ 6,953,593	\$ 8,694,676	\$ 10,204,488
City's covered-employee payroll	\$ 3,462,408	\$ 3,502,243	\$ 3,664,265
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.83%	248.26%	278.49%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%

\* 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, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122
Contributions in relation to the statutorily required contribution	<u>(545,329)</u>	<u>(551,603)</u>	<u>(577,122)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City's covered-employee payroll	 \$ 3,462,408	 \$ 3,502,343	 \$ 3,664,265
Contributions as a percentage of covered-employee payroll	15.75%	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.

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**CITY OF BOONEVILLE, MISSISSIPPI  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the fiscal year ended September 30, 2016**

	<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>		
<b>REVENUES</b>						
Ad valorem taxes, penalties and interest	\$ 2,010,000	\$ 2,010,000	\$ 1,870,941	\$ 218	\$ 1,871,159	\$ 138,841
Franchise taxes	198,000	198,000	202,250	(20,298)	181,952	16,048
Municipal sales tax	1,800,000	1,800,000	1,892,665	(5,226)	1,887,439	(87,439)
Permits, fees, and privilege tax	30,000	30,000	41,510	-	41,510	(11,510)
Municipal court fines and bond fees	404,000	404,000	233,873	(1,878)	231,995	172,005
Intergovernmental revenues	277,500	277,500	455,484	1,958	457,442	(179,942)
Charge for services	81,500	81,500	113,685	(250)	113,435	(31,935)
Collection fees	90,000	90,000	97,572	-	97,572	(7,572)
Administrative fees	101,126	101,126	101,126	-	101,126	-
Donations	-	-	1,170	-	1,170	(1,170)
Other	10,000	10,000	7,460	-	7,460	2,540
<b>Total revenues</b>	<b>5,002,126</b>	<b>5,002,126</b>	<b>5,017,736</b>	<b>(25,476)</b>	<b>4,992,260</b>	<b>9,866</b>
<b>EXPENDITURES</b>						
<b>General Government</b>						
Personnel services	527,207	527,207	492,236	1,025	493,261	33,946
Supplies	23,475	23,475	23,579	(127)	23,452	23
Other services and charges	305,850	305,850	192,094	81,152	273,246	32,604
Capital outlay	29,400	29,400	1,984	(6,186)	(4,202)	33,602
<b>Total</b>	<b>\$ 885,932</b>	<b>\$ 885,932</b>	<b>\$ 709,893</b>	<b>\$ 75,864</b>	<b>\$ 785,757</b>	<b>\$ 100,175</b>

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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended September 30, 2016**

	<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</u>		<u>Actual on</u>
				<u>to Budgetary</u>		<u>Budgetary</u>
			<u>Basis</u>	<u>Total</u>		
<b><u>EXPENDITURES - continued</u></b>						
<b>Public Safety - Fire</b>						
Personnel services	\$ 1,487,867	\$ 1,487,867	\$ 1,412,187	\$ (1,386)	\$ 1,410,801	\$ 77,066
Supplies	69,500	69,500	60,030	(3,426)	56,604	12,896
Other services and charges	86,050	86,050	62,729	2,558	65,287	20,763
Debt service	-	-	4,208	(4,208)	-	-
Capital outlay	64,600	64,600	72,824	4,208	77,032	(12,432)
Total	<u>1,708,017</u>	<u>1,708,017</u>	<u>1,611,978</u>	<u>(2,254)</u>	<u>1,609,724</u>	<u>98,293</u>
<b>Public Safety - Police</b>						
Personnel services	1,536,042	1,536,042	1,254,743	27,055	1,281,798	254,244
Supplies	123,500	123,500	94,123	(2,534)	91,589	31,911
Other services and charges	274,800	274,800	289,096	(1,264)	287,832	(13,032)
Debt service	-	-	44,215	(44,215)	-	-
Capital outlay	60,600	60,600	45,375	44,215	89,590	(28,990)
Total	<u>1,994,942</u>	<u>1,994,942</u>	<u>1,727,552</u>	<u>23,257</u>	<u>1,750,809</u>	<u>244,133</u>
<b>Public Property</b>						
Personnel services	134,029	134,029	134,477	(41)	134,436	(407)
Supplies	29,750	29,750	23,826	(100)	23,726	6,024
Other services and charges	140,500	140,500	120,302	(3,008)	117,294	23,206
Capital outlay	76,000	76,000	53,352	(430)	52,922	23,078
Total	<u>\$ 380,279</u>	<u>\$ 380,279</u>	<u>\$ 331,957</u>	<u>\$ (3,579)</u>	<u>\$ 328,378</u>	<u>\$ 51,901</u>

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended September 30, 2016**

	<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>		
<b><u>EXPENDITURES - continued</u></b>						
<b>Street</b>						
Personnel services	\$ 504,596	\$ 504,596	\$ 445,187	\$ 2,124	\$ 447,311	\$ 57,285
Supplies	127,000	127,000	114,913	(2,902)	112,011	14,989
Other services and charges	270,400	210,000	205,934	(12,673)	193,261	16,739
Debt service	155,000	155,000	154,154	-	154,154	846
Capital outlay	59,000	89,000	65,221	-	65,221	23,779
Total	<u>1,115,996</u>	<u>1,085,596</u>	<u>985,409</u>	<u>(13,451)</u>	<u>971,958</u>	<u>113,638</u>
<b>Park Operations</b>						
Personnel services	224,550	224,550	163,017	(65)	162,952	61,598
Supplies	44,500	44,500	47,205	3	47,208	(2,708)
Other services and charges	18,100	18,100	16,993	866	17,859	241
Capital outlay	-	-	14,917	-	14,917	(14,917)
Total	<u>287,150</u>	<u>287,150</u>	<u>242,132</u>	<u>804</u>	<u>242,936</u>	<u>44,214</u>
<b>Park Maintenance</b>						
Personnel services	217,634	260,656	262,628	(58)	262,570	(1,914)
Supplies	55,600	48,383	53,194	(362)	52,832	(4,449)
Other services and charges	49,900	36,356	45,913	(3,646)	42,267	(5,911)
Capital outlay	90,000	76,350	76,349	-	76,349	1
Total	<u>\$ 413,134</u>	<u>\$ 421,745</u>	<u>\$ 438,084</u>	<u>\$ (4,066)</u>	<u>\$ 434,018</u>	<u>\$ (12,273)</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the fiscal year ended September 30, 2016**

SEP 29 2017

RECEIVED

**EXPENDITURES - continued**

**Economic Development**

	<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>	
Other services and charges	\$ -	\$ -	\$ 82,974	\$ (82,974)	\$ -
Total	-	-	82,974	(82,974)	-
Total expenditures	6,785,450	6,763,661	6,129,979	(6,399)	6,123,580
Excess (deficit) of revenues over (under) expenditures	(1,783,324)	(1,761,535)	(1,112,243)	(19,077)	(1,131,320)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Non-revenue receipts	-	-	9,484	-	9,484
Operating transfers in	1,400,000	1,400,000	1,597,108	(31,408)	1,565,700
Total other financing sources (uses)	\$ 1,400,000	\$ 1,400,000	\$ 1,606,592	\$ (31,408)	\$ 1,575,184
Excess (deficit) of revenues and other financing sources over (under) expenditures and sources over (under) expenditures and other uses	\$ (383,324)	\$ (361,535)	\$ 494,349	\$ (50,485)	\$ 443,864
Fund balances - beginning of year	2,386,504	2,386,504	2,386,504	-	2,386,504
Fund balances - end of year	\$ 2,003,180	\$ 2,024,969	\$ 2,880,853	\$ (50,485)	\$ 2,830,368

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2016**

**NOTE 1 - PENSION SCHEDULES**

- A. *Changes of benefit terms.* None identified during periods presented in the required supplementary information.
- B. *Changes in assumptions.* Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally, effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.
- 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 Alderpersons 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).

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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2016**

**NOTE 2 - BUDGETARY INFORMATION - CONTINUED**

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

**Revenues**

Deferred revenues	\$ 101,314
Receivables	(109,662)
Payables	<u>(17,128)</u>
 Total	 <u>(25,476)</u>

**Expenditures**

Accounts payable paid after 30 days	(21,767)
Accrued liabilities paid after 30 days	(1,118)
Prepaid expenses	18,122
Vacation accrual paid after 30 days	29,772
Reclassification of \$82,974 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>(31,408)</u>
 Total	 <u>(6,399)</u>

**Other Financing Sources (Uses)**

Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual	<u>(31,408)</u>
 Total	 <u>(31,408)</u>

<b>Net difference in budgetary basis and actual</b>	<b>\$ <u>(50,485)</u></b>
---	---------------------------

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheets**  
**September 30, 2016**

<b>ASSETS</b>	<b>Fire Protection</b>	<b>Drug Abuse Resistance Education</b>	<b>Home Loan Program</b>	<b>Fire Code</b>	<b>Technology</b>	<b>Rubbish</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Cash and cash equivalents	\$ 120,731	\$ 28,734	\$ -	\$ 1,465	\$ 12,712	\$ 80,340	\$ -	\$ 243,982
Due from other funds	-	484	-	-	-	-	-	484
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 120,731</b>	<b>\$ 29,218</b>	<b>\$ -</b>	<b>\$ 1,465</b>	<b>\$ 12,712</b>	<b>\$ 80,340</b>	<b>\$ -</b>	<b>\$ 244,466</b>
<b>LIABILITIES</b>								
Accounts payable - operations	\$ -	\$ 692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692
Matured interest payable	-	-	-	-	-	-	568	568
Matured revenue bonds payable	-	-	-	-	-	-	4,000	4,000
<b>Total liabilities</b>	<b>-</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,568</b>	<b>5,260</b>
<b>FUND BALANCES</b>								
Restricted	120,731	28,526	-	1,465	12,712	80,340	-	243,774
Unassigned	-	-	-	-	-	-	(4,568)	(4,568)
<b>Total fund balance</b>	<b>120,731</b>	<b>28,526</b>	<b>-</b>	<b>1,465</b>	<b>12,712</b>	<b>80,340</b>	<b>(4,568)</b>	<b>239,206</b>
<b>Total liabilities and fund balances</b>	<b>\$ 120,731</b>	<b>\$ 29,218</b>	<b>\$ -</b>	<b>\$ 1,465</b>	<b>\$ 12,712</b>	<b>\$ 80,340</b>	<b>\$ -</b>	<b>\$ 244,466</b>

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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2016**

	<u>Fire Protection</u>	<u>Drug Abuse Resistance Education</u>	<u>Home Loan Program</u>	<u>Fire Code</u>	<u>Technology</u>	<u>Rubbish</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>REVENUES</u></b>								
Municipal court fines and bond fees	\$ -	\$ 8,413	\$ -	\$ -	\$ 4,045	\$ -	\$ -	\$ 12,458
Intergovernmental revenues	54,609	-	-	1,465	-	-	-	56,074
Charge for services	-	-	-	-	-	29,979	-	29,979
Donations	1,000	-	-	-	-	-	-	1,000
Total revenues	<u>55,609</u>	<u>8,413</u>	<u>-</u>	<u>1,465</u>	<u>4,045</u>	<u>29,979</u>	<u>-</u>	<u>99,511</u>
<b><u>EXPENDITURES</u></b>								
<b>Current</b>								
Public safety	974	3,453	-	135	310	-	-	4,872
Public works	-	-	-	-	-	9	-	9
Capital outlay	-	-	-	-	-	121,166	-	121,166
<b>Debt Service</b>								
Principal retirement - general obligation	-	8,050	-	-	-	-	-	8,050
Interest and paying agent	-	771	-	-	-	-	-	771
Total expenditures	<u>974</u>	<u>12,274</u>	<u>-</u>	<u>135</u>	<u>310</u>	<u>121,175</u>	<u>-</u>	<u>134,868</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 54,635</u>	<u>\$ (3,861)</u>	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ 3,735</u>	<u>\$ (91,196)</u>	<u>\$ -</u>	<u>\$ (35,357)</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, 2016**

	<u>Fire Protection</u>	<u>Drug Abuse Resistance Education</u>	<u>Home Loan Program</u>	<u>Fire Code</u>	<u>Technology</u>	<u>Rubbish</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Proceeds from other loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$121,175	\$ -	\$ 121,175
Operating transfers in	727	-	-	-	-	-	-	727
Operating transfers out	-	-	-	(727)	-	-	-	(727)
Total other financing sources (uses)	<u>727</u>	<u>-</u>	<u>-</u>	<u>(727)</u>	<u>-</u>	<u>121,175</u>	<u>-</u>	<u>121,175</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	55,362	(3,861)	-	603	3,735	29,979	-	85,818
Fund balance - beginning of year	<u>65,369</u>	<u>32,387</u>	<u>-</u>	<u>862</u>	<u>8,977</u>	<u>50,361</u>	<u>(4,568)</u>	<u>153,388</u>
Fund balance - end of year	<u>\$ 120,731</u>	<u>\$ 28,526</u>	<u>\$ -</u>	<u>\$ 1,465</u>	<u>\$ 12,712</u>	<u>\$ 80,340</u>	<u>\$ (4,568)</u>	<u>\$ 239,206</u>

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees**  
**September 30, 2016**

<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	7/7/2017
David Bolen	Aldersperson	100,000	MS Muni Bond Program	7/7/2017
Harold Eaton	Aldersperson	100,000	MS Muni Bond Program	7/7/2017
Mark McCoy	Aldersperson	100,000	MS Muni Bond Program	7/7/2017
Jason Michael	Aldersperson	100,000	MS Muni Bond Program	7/7/2017
Jeff Williams	Aldersperson	100,000	MS Muni Bond Program	7/7/2017
Jana Lindsey	City Clerk	100,000	Brierfield Ins. Co.	1/2/2017
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2017
Janet Boren	Department Head	50,000	Brierfield Ins. Co.	3/10/2017
Wendell Yates	Department Head	50,000	Travelers Casualty	2/28/2017
Billy Joe Spencer	Department Head	50,000	Travelers Casualty	2/28/2017
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2017
Valeria Colette Gardner	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Amanda Bland	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Jennifer Catlin	Tax Clerk	50,000	Travelers Casualty	5/20/2017
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2017
Melissa Harris	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2017
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2017
Tameka C Holland	Clerk	50,000	RLI	2/18/2017
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2017
Lacinda Steward	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Micki Breedlove	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Mitzi Stennett	Clerk	50,000	Brierfield Ins. Co.	3/10/2017
Gayla Dawn Stevenson	Clerk	50,000	Travelers Casualty	2/17/2017
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2017
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2017
Oscar Joshlin, Jr	Customer Service	50,000	Brierfield Ins. Co.	3/10/2017
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2017
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2017
Eric Knight	Animal Control Officer	50,000	Brierfield Ins. Co.	3/10/2017
Robbie Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2017

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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 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, 2016, 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 22, 2017.

**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 2016-001, 2016-002, 2016-003, and 2016-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. They are labeled as items 2016-005, 2016-006, and 2016-007.

### **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 2016-008.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated September 22, 2017.

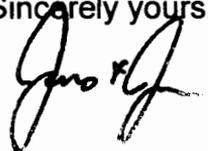
### **City of Booneville, Mississippi's Response to Findings**

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 22, 2017

**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, 2016, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 22, 2017.

**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 2016-007 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.

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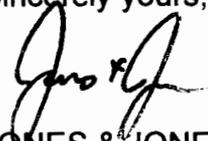
## Purpose of this Report

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 22, 2017

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT**

**MATERIAL WEAKNESSES**

2016-001. 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.

2016-002. 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, 2016 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, \$13,661 from the 2010 tax year, \$16,683 from the 2011 tax year, \$19,860 from the 2012 tax year, \$9,846 from the 2013 tax year, \$8,061 from the 2014 tax year, and \$18,964 from the 2015 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.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**MATERIAL WEAKNESSES – CONTINUED**

2016-002. Property Tax Collection - continued

Response: We concur with the recommendation.

2016-003. 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.

2016-004. 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 \$209,551 during the year ended September 30, 2016.

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.

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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**MATERIAL WEAKNESSES – CONTINUED**

2016-004. Police Fine Collection Efforts - continued

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

**SIGNIFICANT DEFICIENCIES**

2016-005. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2016-007 and 2016-008, 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 2016-007 and 2016-008.

Cause: See cause in finding numbers 2016-007 and 2016-008.

Recommendation: See recommendation in finding numbers 2016-007 and 2016-008. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

2016-006. 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.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**SIGNIFICANT DEFICIENCIES**

2016-006. Home Loan Notes Receivable - continued

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

**COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS**

2016-007. 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	\$13,032
General Fund – public property – personnel services	407
General Fund – park operations – supplies	2,708
General Fund – park maintenance – personnel services	1,914
General Fund – park maintenance – supplies	4,449
General Fund – park maintenance – other services and charges	5,911

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.

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**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2016**

**COMPLIANCE WITH STATE LAWS AND REGULATIONS**

2016-008. City Vehicles Not Properly Identified

Condition: We noted some City vehicles that did not contain the required identification that the vehicle belonged to the City.

Criteria: Section 25-1-87 of Miss. Code Ann. (1972) requires all municipal vehicles be marked except police vehicle authorized by governing authorities. This section requires vehicles to be marked in contrasting color by affixing on both sides of the vehicle a permanent decal or design which is at least twelve inches in width and height or painting the name of the municipality on each vehicle in letters at least three inches in height and on the rear of each vehicle in letters at least one and one-half inches in height.

Effect: In our test of 20 city vehicles, we noted 3 vehicles did not meet the requirements of Section 25-1-87 of Miss Code Ann. 1972. The ladder truck did not have City name on the back, the street bucket truck did not have City name on the sides, and the park manager truck did not have City name anywhere, it just had the words park department.

Cause: The park manager was not aware of this requirement. The street bucket truck had been repainted and the City's name had not been replaced on the sides. The ladder truck was an oversight.

Recommendation: We recommend management examine all vehicles and determine they display the City's name in accordance with the requirement of Section 25-1-87 of Miss Code Ann. 1972.

Response: The above three vehicles now contain the required display of the City name.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Results of Prior Year Findings**  
**For the fiscal year ended September 30, 2016**

**Financial Statement Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2015-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2016-001.
2015-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2016-002.
2015-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2016-003.
2015-004	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2016-005.
2015-005	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2016-004.
2015-006	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2016-006.
2015-007	Budget (original finding 2011-012).	Repeated - see current year finding 2016-007.
2015-008	Purchase Law Violationss (original finding 2011-009).	We noted no violation of purchasing laws during the current year.

**Federal Award Findings and Questioned Costs**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
	There were no prior year federal award findings and questioned costs.	

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