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CITY OF RIPLEY, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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CITY OF RIPLEY, MISSISSIPPI

**Comprehensive Annual Financial Report
For the Year Ended September 30, 2016**

Elected Officials

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

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

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report For the Year Ended September 30, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

MISSISSIPPI SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of September 30, 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 and budgetary comparison information on pages 41 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

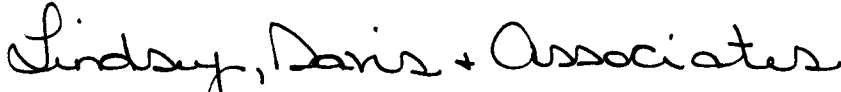
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ripley's basic financial statements. The supplementary information on pages 45 to 47 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the City of Ripley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ripley's internal control over financial reporting and compliance.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 23, 2017

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CITY OF RIPLEY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2016

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2016.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2016 fiscal year by \$19,038,715. Of this amount, \$1,163,570 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.
- The City's total debt is \$4,211,887.

Overview of the Basic Financial Statements

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

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

The *statement of net 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 City'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 result in cash flows in future fiscal periods.

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

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

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

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

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

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

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

Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi
Net Position
September 30, 2016

	Governmental Activities	Business-type Activities	2016 Total	2015 Total
Current and Other Assets	\$ 1,389,855	\$ 4,794,928	\$ 6,184,783	\$ 6,248,287
Capital Assets, Net	8,962,037	13,124,995	22,087,032	21,951,339
Deferred Outflows of Resources	231,690	304,544	536,234	673,695
Total Assets	10,583,582	18,224,467	28,808,049	28,873,321
Current and Other Liabilities	2,298,363	3,572,263	5,870,626	5,333,372
Long-term Liabilities	2,066,601	1,832,107	3,898,708	4,212,700
Total Liabilities	4,364,964	5,404,370	9,769,334	9,546,072
Invested in Capital Assets	6,701,062	11,174,083	17,875,145	17,730,999
Unrestricted	(482,444)	1,646,014	1,163,570	1,596,250
Total Net Position	\$ 6,218,618	\$ 12,820,097	\$ 19,038,715	\$ 19,327,249

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 92% of the City's total net position. The remaining, unrestricted net assets may be used by the governing authority to provide future services.

City of Ripley, Mississippi
Changes in Net Position
For the Year Ended September 30, 2016

	Governmental Activities	Business-type Activities	2016 Total	2015 Total
Revenues:				
Program Revenues:				
Charges for Services	\$ 556,186	\$ 6,284,877	\$ 6,841,063	\$ 7,505,691
Operating Grants and Contr.	60,891		60,891	55,645
Capital Grants and Contr.	809,199	223,506	1,032,705	428,196
General Revenues:				
Property Taxes	328,819		328,819	315,699
Sales Tax	1,360,106		1,360,106	1,297,165
Tourism Tax	292,103		292,103	275,702
Franchise Taxes	119,500		119,500	212,725
Road Tax	112,924		112,924	149,851
Other Taxes	5,615		5,615	6,951
Interest	11,803	16,108	27,911	27,057
Transfer	377,631	(377,631)		
Other	84,965		84,965	135,230
Total Revenues	4,119,742	6,146,860	10,266,602	10,409,912
Expenses:				
General Government	1,112,308		1,112,308	472,086
Public Safety	1,034,436		1,034,436	1,019,469
Public Works	1,039,439		1,039,439	1,032,679
Parks and Recreation	649,883		649,883	507,682
Water Service		1,310,681	1,310,681	1,096,008
Sewer Service		759,156	759,156	665,855
Gas Service		4,649,233	4,649,233	5,820,034
Total Expenses	3,836,066	6,719,070	10,555,136	10,613,813
Increase in Net Position	283,676	(572,210)	(288,534)	(203,901)
Net Position - Beginning of Year	5,934,942	13,392,307	19,327,249	19,531,150
Net Position - End of Year	<u>\$ 6,218,618</u>	<u>\$ 12,820,097</u>	<u>\$ 19,038,715</u>	<u>\$ 19,327,249</u>

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax (44%), charges for services (15%), and property taxes (9%).

The largest expense categories for the City's governmental activities are general government (29%) and public works (27%).

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

Table 1
Revenues by Source - Governmental Activities

	2016	%	2015	%
Charges for Services	\$ 556,186	14.9%	\$ 539,267	16.0%
Grants and Contributions	870,090	23.3%	483,841	14.4%
Property Taxes	328,819	8.8%	315,699	9.4%
Road Tax	112,924	3.0%	149,851	4.4%
Sales Tax	1,360,106	36.3%	1,297,165	38.5%
Tourism Tax	292,103	7.8%	275,702	8.2%
Franchise Taxes	119,500	3.2%	212,725	6.3%
Other Taxes	5,615	0.2%	6,951	0.2%
Interest	11,803	0.3%	13,701	0.4%
Other	84,965	2.2%	75,094	2.2%
	<u>\$ 3,742,111</u>	<u>100.0%</u>	<u>\$ 3,369,996</u>	<u>100.0%</u>

Table 2
Expenses by Function - Governmental Activities

	2016	%	2015	%
General Government	\$ 1,112,308	29.0%	\$ 472,086	15.6%
Public Safety	1,034,436	27.0%	1,019,469	33.6%
Public Works	1,039,439	27.1%	1,032,679	34.1%
Parks and Recreation	649,883	16.9%	507,682	16.7%
	<u>\$ 3,836,066</u>	<u>100.0%</u>	<u>\$ 3,031,916</u>	<u>100.0%</u>

Table 3
Revenues by Source - Business-type Activities

	2016	%	2015	%
Gas Charges for Services	\$ 4,619,181	70.8%	\$ 5,815,978	82.6%
Water Charges for Services	1,132,863	17.4%	791,791	11.2%
Sewer Charges for Services	476,909	7.3%	358,655	5.1%
Grants and Contributions	223,506	3.4%		
Interest	16,108	0.2%	13,356	0.2%
Other	55,924	0.9%	60,136	0.9%
	<u>\$ 6,524,491</u>	<u>100.0%</u>	<u>\$ 7,039,916</u>	<u>100.0%</u>

Business-type Activities

Business-type activities decreased the City's net position by \$(572,210). Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of \$4,619,181 (71%) for gas, \$1,132,863 (17%) for water and \$476,909 (7%) for sewer.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amount to \$22,087,032, net of accumulated depreciation of \$13,531,340. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

Long-term debt. At year-end, the City had \$4,211,887 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2017 budget. The total budgeted appropriations for the City operations in the governmental activities is \$3,484,485.

Contact Information

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

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 353,812	\$ 2,400,211	\$ 2,754,023
Investments		372,304	372,304
Receivables:			
Accounts (Net)	81,512	628,229	709,741
Franchise Fees	1,336		1,336
Sales Tax	273,574		273,574
Taxes	6,740		6,740
Interest Receivable		807	807
Lease Receivable	272,695		272,695
Grant Receivable		57,475	57,475
Other Receivables	5,353		5,353
Internal Balances		503,032	503,032
Inventory of Supplies, at Cost		72,080	72,080
Inventory of Natural Gas, at Cost		291,731	291,731
Prepaid Expenses		22,092	22,092
Total Current Assets	995,022	4,347,961	5,342,983
<u>Restricted Assets</u>			
Cash and Cash Equivalents	394,833	446,967	841,800
Total Restricted Assets	394,833	446,967	841,800
<u>Capital Assets</u>			
Land	546,060	135,065	681,125
Buildings	1,232,961	42,238	1,275,199
Improvements other than Buildings	1,509,105		1,509,105
Utility Systems		20,382,936	20,382,936
Furniture, Vehicles and Equipment	2,822,371	1,292,491	4,114,862
Infrastructure	2,802,880		2,802,880
City Park	4,559,830		4,559,830
Construction in Progress	28,031	267,404	295,435
Accumulated Depreciation	(4,539,201)	(8,995,139)	(13,534,340)
Total Capital Assets	8,962,037	13,124,995	22,087,032
<u>Deferred Outflows of Resources</u>			
Pension Plan	231,690	304,544	536,234
Total Deferred Outflows of Resources	231,690	304,544	536,234
Total Assets	10,583,582	18,224,467	28,808,049
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	153,259	213,017	366,276
Internal Balances	21,272	481,760	503,032
Pension Liability	1,929,458	2,536,167	4,465,625
Current Portion of Long-term Debt	194,374	118,805	313,179
<u>Current Liabilities Payable from Restricted Assets</u>			
Customer Meter Deposits		222,514	222,514
Total Current Liabilities	2,298,363	3,572,263	5,870,626
<u>Long-term Liabilities, Net of Current Portion</u>			
Long-term Debt	2,066,601	1,832,107	3,898,708
Total Long-term Liabilities	2,066,601	1,832,107	3,898,708
Total Liabilities	4,364,964	5,404,370	9,769,334
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	6,701,062	11,174,083	17,875,145
Unrestricted	(482,444)	1,646,014	1,163,570
Total Net Position	\$ 6,218,618	\$ 12,820,097	\$ 19,038,715

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,112,308	\$ 44,898	\$ 2,690	\$ 786,774
Public Safety	1,034,436	58,234	58,201	
Public Works	1,039,439	324,719		22,425
Parks and Recreation	649,883	128,335		
Total Governmental Activities	<u>3,836,066</u>	<u>556,186</u>	<u>60,891</u>	<u>809,199</u>
Business-type Activities:				
Water	1,310,681	1,132,863		
Sewer	759,156	476,909		223,506
Gas	4,649,233	4,619,181		
Total Business-type Activities	<u>6,719,070</u>	<u>6,228,953</u>		<u>223,506</u>
Total Primary Government	<u>\$ 10,555,136</u>	<u>\$ 6,785,139</u>	<u>\$ 60,891</u>	<u>\$ 1,032,705</u>

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

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Revenue) Expenses and Changes in
Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (277,946)	\$	\$ (277,946)
(918,001)		(918,001)
(692,295)		(692,295)
(521,548)		(521,548)
<u>(2,409,790)</u>		<u>(2,409,790)</u>
	(177,818)	(177,818)
	(58,741)	(58,741)
	(30,052)	(30,052)
	<u>(266,611)</u>	<u>(266,611)</u>
<u>(2,409,790)</u>	<u>(266,611)</u>	<u>(2,676,401)</u>
328,819		328,819
1,360,106		1,360,106
292,103		292,103
119,500		119,500
112,924		112,924
5,615		5,615
11,803	16,108	27,911
377,631	(377,631)	
84,965	55,924	140,889
<u>2,693,466</u>	<u>(305,599)</u>	<u>2,387,867</u>
283,676	(572,210)	(288,534)
<u>5,934,942</u>	<u>13,392,307</u>	<u>19,327,249</u>
<u>\$ 6,218,618</u>	<u>\$ 12,820,097</u>	<u>\$ 19,038,715</u>

CITY OF RIPLEY, MISSISSIPPI

Balance Sheet

Governmental Funds

September 30, 2016

	General	Total Governmental Funds
<u>Assets</u>		
Cash and Cash Equivalents - Unrestricted	\$ 353,812	\$ 353,812
Cash and Cash Equivalents - Restricted	394,833	394,833
Receivables (Net):		
Accounts	81,512	81,512
Franchise Fees	1,336	1,336
Sales Tax	273,574	273,574
Taxes	6,740	6,740
Other	5,353	5,353
Total Assets	\$ 1,117,160	\$ 1,117,160
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 153,259	\$ 153,259
Due to Other Funds	21,272	21,272
Total Liabilities	174,531	174,531
Fund Balances:		
Unassigned	942,629	942,629
Total Fund Balances	942,629	942,629
Total Liabilities and Fund Balances	\$ 1,117,160	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	8,962,037
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the government funds:	
Lease Receivable	272,695
Pension liabilities, including related deferred outflows and inflows are not payable in the current year and are, therefore, not reported in governmental funds.	(1,697,768)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds Payable	(1,990,000)
Notes Payable	(270,975)
Net position of governmental activities	\$ 6,218,618

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
General Property Taxes		
Current Ad Valorem	\$ 293,678	\$ 293,678
Prior Year Ad Valorem	3,948	3,948
Penalties and Interest on		
Delinquent Taxes	2,042	2,042
In Lieu of Taxes/Franchise Tax	119,500	119,500
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	31,193	31,193
Sales Tax	1,360,106	1,360,106
Tourism Tax	292,103	292,103
Fire Protection Refund	33,697	33,697
State Gasoline Tax	5,359	5,359
General Municipal Aid	2,690	2,690
Railcar Tax	256	256
Collection from County:		
Road Tax	112,924	112,924
Fire Protection Refund	20,000	20,000
Building Code Rebate	904	904
Fines and Forfeitures	58,234	58,234
Privilege Tax	35,589	35,589
Building Fees, Permits and Inspections	9,309	9,309
Park Revenue	128,335	128,335
Charges for Services:		
Sanitation	324,719	324,719
Grant Revenue	812,799	812,799
Lease Revenue	26,331	26,331
Transfer In	377,631	377,631
Miscellaneous	82,923	82,923
Interest	11,803	11,803
Total Revenues	<u>4,146,073</u>	<u>4,146,073</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2016

	<u>General</u>	<u>Total Governmental Funds</u>
Expenditures:		
Current:		
General Government	271,250	271,250
Public Safety	932,253	932,253
Public Works	870,255	870,255
Parks and Recreation	423,630	423,630
Capital Outlay	578,813	578,813
Grant Expense	786,774	786,774
Principal Payments	194,654	194,654
Interest Expense	64,693	64,693
Total Expenditures	<u>4,122,322</u>	<u>4,122,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,751</u>	<u>23,751</u>
Net Change in Fund Balances	23,751	23,751
Fund Balances, October 1	<u>918,878</u>	
Fund Balances, September 30	<u><u>\$ 942,629</u></u>	

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

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

156,241

Capital lease transactions are recorded as revenue in the governmental funds; however, in the statement of activities, it decreases net position.

(23,655)

The excess of pension expense recognized in accordance with GASB 68 in excess of amounts requiring the use of current financial resources are not reported as expenditures in the governmental funds.

(61,315)

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

188,654

Change in net position of governmental activities

\$ 283,676

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

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 226,794	\$ 37,231	\$ 2,136,186	\$ 2,400,211
Investments	11,681		360,623	372,304
Receivables:				
Accounts	273,214	114,004	241,011	628,229
Interest Receivable	172		635	807
Grant Receivable		57,475		57,475
Due from Other Funds	425,861		77,171	503,032
Prepaid Expense	14,684	3,274	4,134	22,092
Inventory of Supplies, at Cost	19,230	8,241	44,609	72,080
Inventory of Natural Gas, at Cost			291,731	291,731
Total Current Assets	971,636	220,225	3,156,100	4,347,961
Non-current Assets:				
Restricted Assets:				
Cash	32,407	68,465	35,061	135,933
Investments	101,884	13,000	196,150	311,034
Total Restricted Assets	<u>134,291</u>	<u>81,465</u>	<u>231,211</u>	<u>446,967</u>
Capital Assets:				
Land	95,896	39,169		135,065
Buildings and Improvements	14,994	6,125	21,119	42,238
Physical System	10,832,155	4,887,610	4,663,171	20,382,936
Furniture, Vehicles & Equipment	429,098	180,156	683,237	1,292,491
Construction in Progress		267,404		267,404
Accumulated Depreciation	<u>(4,562,019)</u>	<u>(2,250,237)</u>	<u>(2,182,883)</u>	<u>(8,995,139)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>6,810,124</u>	<u>3,130,227</u>	<u>3,184,644</u>	<u>13,124,995</u>
Total Non-current Assets	6,944,415	3,211,692	3,415,855	13,571,962
<u>Deferred Outflows of Resources</u>				
Pension Plan	<u>82,560</u>	<u>59,069</u>	<u>162,915</u>	<u>304,544</u>
Total Assets	\$ 7,998,611	\$ 3,490,986	\$ 6,734,870	\$ 18,224,467

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Position - Continued
Proprietary Funds
September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 35,371	\$ 130,571	\$ 47,075	\$ 213,017
Due to Other Funds	39,689	442,071		481,760
Pension Liability	687,542	491,909	1,356,716	2,536,167
Current Portion of Revenue Bond	73,134	19,271	26,400	118,805
Total Current Liabilities	835,736	1,083,822	1,430,191	3,349,749
Current Liabilities Payable from Restricted Assets:				
Meter Deposits	67,389		155,125	222,514
Total Current Liabilities Payable from Restricted Assets	67,389		155,125	222,514
Non-current Liabilities:				
Revenue Bonds (Net Current Portion)	864,335	550,322	417,450	1,832,107
Total Non-current Liabilities	864,335	550,322	417,450	1,832,107
Total Liabilities	1,767,460	1,634,144	2,002,766	5,404,370
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	5,872,655	2,560,634	2,740,794	11,174,083
Unrestricted	358,496	(703,792)	1,991,310	1,646,014
Total Net Position	\$ 6,231,151	\$ 1,856,842	\$ 4,732,104	\$ 12,820,097

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Operating Revenues:				
Water Sales	\$ 1,100,625	\$	\$	\$ 1,100,625
Sewer Services		474,733		474,733
Gas Sales			4,573,907	4,573,907
Cut-On/Cut-Off Charges	2,150	2,176	2,225	6,551
Connection Fees	8,658		20,430	29,088
Meter Fees	21,430		22,619	44,049
Refunds and Miscellaneous	14,300		41,624	55,924
Total Operating Revenues	1,147,163	476,909	4,660,805	6,284,877
Operating Expenses:				
Operating Salaries	264,805	189,458	522,536	976,799
Social Security and Retirement Benefits	278,136	280,898	234,233	793,267
Gas Purchases			2,547,091	2,547,091
Gas Transportation Fees			487,335	487,335
Depreciation Expense	311,864	137,974	154,135	603,973
Materials and Supplies	104,989	66,581	134,778	306,348
Utilities Purchased	122,785	69,970	10,501	203,256
Repairs and Maintenance	76,808	4,600	23,077	104,485
Travel and Miscellaneous	32,701	29,485	98,015	160,201
Dues and Publications	11,891	288	3,199	15,378
Gas and Oil	11,215	8,258	21,366	40,839
Telephone and Postage	10,941	6,310	42,862	60,113
Insurance	60,892	44,862	86,370	192,124
Professional Services	40,743	23,251	54,223	118,217
Sales Tax	16,457		24,361	40,818
Total Operating Expenses	1,344,227	861,935	4,444,082	6,650,244
Operating Income	(197,064)	(385,026)	216,723	(365,367)

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position - Continued
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Nonoperating Revenues (Expenses):				
Interest Revenue	1,469	52	14,587	16,108
Interest Expense and Fiscal Charges	(27,339)	(29,056)	(12,431)	(68,826)
Grant Revenue		223,506		223,506
Total Nonoperating Revenues (Expenses)	<u>(25,870)</u>	<u>194,502</u>	<u>2,156</u>	<u>170,788</u>
Income Before Operating Transfers and Contributions	(222,934)	(190,524)	218,879	(194,579)
Transfers In (Out)	<u>27,202</u>	<u>80,000</u>	<u>(484,833)</u>	<u>(377,631)</u>
Change in Net Position	(195,732)	(110,524)	(265,954)	(572,210)
Total Net Position, October 1	<u>6,426,883</u>	<u>1,967,366</u>	<u>4,998,058</u>	<u>13,392,307</u>
Total Net Position, September 30	<u>\$ 6,231,151</u>	<u>\$ 1,856,842</u>	<u>\$ 4,732,104</u>	<u>\$ 12,820,097</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,088,057	\$ 391,850	\$ 4,675,656	\$ 6,155,563
Cash Payments to Suppliers	(562,258)	(430,653)	(3,580,078)	(4,572,989)
Cash Payments to Employees	(306,776)	(211,077)	(603,025)	(1,120,878)
Net Cash Provided by (Used for) Operating Activities	<u>219,023</u>	<u>(249,880)</u>	<u>492,553</u>	<u>461,696</u>
Cash Flows from Noncapital Financing Activities:				
Operating Net Transfers In (Out)	(53,085)	421,529	(484,833)	(116,389)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(53,085)</u>	<u>421,529</u>	<u>(484,833)</u>	<u>(116,389)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(34,507)	(320,079)	(228,940)	(583,526)
Contributions in Aid of Construction		223,506		223,506
Repayment of Long-term Debt	(72,820)	(16,924)	(26,400)	(116,144)
Interest Payment of Long-term Debt	(27,339)	(29,056)	(12,431)	(68,826)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(134,666)</u>	<u>(142,553)</u>	<u>(267,771)</u>	<u>(544,990)</u>
Cash Flows from Investing Activities:				
Proceeds from Interest Earnings	1,471	52	14,554	16,077
Net Cash Provided by Investing Activities	<u>1,471</u>	<u>52</u>	<u>14,554</u>	<u>16,077</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,743	29,148	(245,497)	(183,606)
Cash and Cash Equivalents, October 1	340,023	89,548	2,973,517	3,403,088
Cash and Cash Equivalents, September 30	<u>\$ 372,766</u>	<u>\$ 118,696</u>	<u>\$ 2,728,020</u>	<u>\$ 3,219,482</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ (197,064)	\$ (385,026)	\$ 216,723	\$ (365,367)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	311,864	137,974	154,135	603,973
Pension Expense Adjustment	244,488	263,196	169,582	677,266
(Increase) Decrease in Receivables	(59,106)	(85,059)	14,891	(129,274)
(Increase) Decrease in Prepaid Expense	(1,223)	3,060	(672)	1,165
(Increase) Decrease in Inventory of Supplies	2,741	2,099	(708)	4,132
(Increase) Decrease in Inventory of Natural Gas			10,262	10,262
Increase (Decrease) in Payables and Accrued Liabilities	(82,677)	(186,124)	(71,620)	(340,421)
Increase (Decrease) in Meter Deposits			(40)	(40)
Total Adjustments	416,087	135,146	275,830	827,063
Net Cash Provided by (Used for) Operating Activities	<u>\$ 219,023</u>	<u>\$ (249,880)</u>	<u>\$ 492,553</u>	<u>\$ 461,696</u>

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements
September 30, 2016

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

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

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

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

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

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

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

I. Summary of Significant Accounting Policies - Continued

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

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

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

The following major funds are used by the City:

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

I. Summary of Significant Accounting Policies - Continued

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

3. Non-current Governmental Assets/Liabilities:

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

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

1. Deposits and Investments:

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

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

2. Receivables and Payables:

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

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

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2016.

3. Inventories and Prepaid Items:

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

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

4. Capital Assets:

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

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

I. Summary of Significant Accounting Policies - Continued

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

4. Capital Assets: - Continued

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

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

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

5. Long-term Obligations:

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

6. Compensated Absences:

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

I. Summary of Significant Accounting Policies - Continued

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

6. Compensated Absences: - Continued

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

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

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

E. Net Position and Fund Balances

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

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

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

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

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

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

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and disposal of capital assets exceeded capital asset purchases in the current period." The details of this \$156,241 are as follows:

Capital Outlay	\$ 578,813
Depreciation Expense	<u>(422,572)</u>
	<u>\$ 156,241</u>

III. Stewardship, Compliance and Accountability

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

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

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2016 was \$3,968,127. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

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

B. Property Taxes

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

B. Property Taxes - Continued

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

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

The tax levies for the calendar years 2015, 2014 and 2013 (taxes collected in the fiscal years ending 9/30/16, 9/30/15 and 9/30/14) are as follows:

	<u>9/30/16</u> <u>Millage</u>	<u>9/30/15</u> <u>Millage</u>	<u>9/30/14</u> <u>Millage</u>
City Funds			
General Fund	7.50	7.50	7.50
Public Safety	0.25	0.25	0.25
Parks and Recreation	2.00	2.00	2.00
Total Levy	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>

C. Receivables

Receivables at September 30, 2016 for the government's individual major funds consist of the following:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Receivables:					
Trade Accounts (Net)	\$ 81,512	\$ 273,214	\$ 114,004	\$ 241,011	\$ 709,741
Franchise Fees	1,336				1,336
Sales Tax	273,574				273,574
Taxes	6,740				6,740
Interest Receivable		172		635	807
Grant Receivable			57,475		57,475
Lease Receivable	272,695				272,695
Other Receivables	5,353				5,353
Total Receivables	<u>\$ 641,210</u>	<u>\$ 273,386</u>	<u>\$ 171,479</u>	<u>\$ 241,646</u>	<u>\$ 1,327,721</u>

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 213,701	GO Bond Fund

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

D. Restricted Assets - Continued

Restricted Cash - Continued

	<u>Amount</u>	<u>Restriction</u>
General Fund	90,948	GO Bonds Building Fund
General Fund	37,432	Drug Enforcement Fund
General Fund	49,679	Bond Fee Account
General Fund	1,601	Mainstreet Maintenance
General Fund	1,472	CDBG Account
Gas Fund	30	AMR Construction Fund
Gas Fund	320	AMR GO Bond Fund
Gas Fund	29,310	Refund of Customer Deposits
Gas Fund	5,401	UCAC Fund
Water Fund	62	AMR Construction Fund
Water Fund	650	AMR GO Bond Fund
Water Fund	11,919	Refund of Customer Deposits
Water Fund	18,230	Requirement of Bonded Debt Retirements - Interest
Water Fund	1,546	Maintenance of Water Tank
Sewer Fund	32,711	Requirement of Bonded Debt Retirements - Cushion
Sewer Fund	17,859	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	17,895	Requirement of Bonded Debt Retirements - Depreciation
Total Restricted Cash	<u>530,766</u>	

Restricted Investments

Water Fund	8,905	Requirement of Bonded Debt Retirements - Contingency
Water Fund	8,905	Requirement of Bonded Debt Retirements - Depreciation
Water Fund	17,811	Requirement of Bonded Debt Retirements - Cushion
Water Fund	10,800	Requirement of Bonded Debt Retirements - Murry Spur
Water Fund	55,463	Refund of Customer Deposits
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Depreciation

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

D. Restricted Assets - Continued

Restricted Investments - Continued

Sewer Fund	8,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Depreciation
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Contingency
Gas Fund	50,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	126,150	Refund of Customer Deposits
Total Restricted Investments	<u>311,034</u>	
Total Restricted Assets	<u>\$ 841,800</u>	

E. Capital Assets

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

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 546,060	\$	\$	\$ 546,060
Construction in Progress		28,031		28,031
Total Capital Assets, not being Depreciated	<u>546,060</u>	<u>28,031</u>		<u>574,091</u>
Capital Assets, being Depreciated:				
Buildings	1,203,851	29,110		1,232,961
Improvements other than Buildings	1,502,790	6,315		1,509,105
Furniture, Vehicles and Equipment	2,536,135	286,237		2,822,372
Infrastructure	2,573,760	229,120		2,802,880
City Park	4,559,830			4,559,830
Total Capital Assets being Depreciated	<u>12,376,366</u>	<u>550,782</u>		<u>12,927,148</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Less Accumulated Depreciation For:				
Buildings	605,054	26,030		631,084
Improvements other than Buildings	738,225	56,148		794,373
Furniture, Vehicles and Equipment	1,803,874	87,416		1,891,290
Infrastructure	695,790	130,661		826,451
City Park	273,687	122,317		396,004
Total Accumulated Depreciation	4,116,630	422,572		4,539,202
Total Capital Assets, being Depreciated, Net	8,259,736	128,210		8,387,946
Governmental Activities Capital Assets, Net	\$ 8,805,796	\$ 156,241	\$	\$ 8,962,037

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 95,896	\$	\$	\$ 95,896
Total Capital Assets, not being Depreciated	95,896			95,896
Capital Assets, being Depreciated:				
Buildings	14,994			14,994
Physical System	10,806,704	25,451		10,832,155
Furniture, Vehicles and Equipment	420,042	9,056		429,098
Total Capital Assets being Depreciated	11,241,740	34,507		11,276,247

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Less Accumulated Depreciation				
For:				
Buildings	10,567	406		10,973
Physical System	3,880,685	299,935		4,180,620
Furniture, Vehicles and Equipment	358,903	11,523		370,426
Total Accumulated Depreciation	4,250,155	311,864		4,562,019
Total Capital Assets, being Depreciated, Net	6,991,585	(277,357)		6,714,228
Water Activities Capital Assets, Net	\$ 7,087,481	\$ (277,357)	\$	\$ 6,810,124

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 39,169	\$	\$	\$ 39,169
Construction in Progress	63,717	203,687		267,404
Total Capital Assets, not being Depreciated	102,886	203,687		306,573
Capital Assets, being Depreciated:				
Buildings	6,125			6,125
Physical System	4,780,374	107,236		4,887,610
Furniture, Vehicles and Equipment	171,100	9,056		180,156
Total Capital Assets being Depreciated	4,957,599	116,292		5,073,891

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Less Accumulated Depreciation				
For:				
Buildings	4,316	174		4,490
Physical System	1,956,186	132,369		2,088,555
Furniture, Vehicles and Equipment	151,761	5,431		157,192
Total Accumulated Depreciation	2,112,263	137,974		2,250,237
Total Capital Assets, being Depreciated, Net	2,845,336	(21,682)		2,823,654
Sewer Activities Capital Assets, Net	\$ 2,948,222	\$ 182,005	\$	\$ 3,130,227
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, being Depreciated:				
Buildings	\$ 21,119	\$	\$	\$ 21,119
Physical System	4,527,929	135,242		4,663,171
Furniture, Vehicles and Equipment	589,540	93,697		683,237
Total Capital Assets being Depreciated	5,138,588	228,939		5,367,527

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Less Accumulated Depreciation				
For:				
Buildings	14,878	580		15,458
Physical System	1,536,408	119,796		1,656,204
Furniture, Vehicles and Equipment	477,462	33,759		511,221
Total Accumulated Depreciation	2,028,748	154,135		2,182,883
 Total Capital Assets, being Depreciated, Net	 3,109,840	 74,804		 3,184,644
 Gas Activities Capital Assets, Net	 \$ 3,109,840	 \$ 74,804	 \$	 \$ 3,184,644

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

Governmental Activities:	
General Government	\$ 35,513
Public Safety	80,932
Public Works	158,466
Parks and Recreation	147,661
Total Depreciation Expense - Governmental Activities	<u>\$ 422,572</u>
 Business-type Activities:	
Water	\$ 311,864
Sewer	137,974
Gas	154,135
Total Depreciation Expense - Business-type Activities	<u>\$ 603,973</u>

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

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

F. Long-term Debt

Debt of the Governmental Funds

The general obligation (GO) bond and note payable of the Governmental Funds are payable from operations of the General Fund. Debt balance and transactions for the year ended September 30, 2016, are as follows:

	Balance, October 1, 2015	Additions	Retirements and Other	Balance September 30, 2016	Due Within One Year
Notes Payable	\$ 294,629	\$	\$ (23,654)	\$ 270,975	\$ 23,374
GO Bond	2,155,000		(165,000)	1,990,000	170,000
	<u>\$ 2,449,629</u>	<u>\$</u>	<u>\$ (188,654)</u>	<u>\$ 2,260,975</u>	<u>\$ 193,374</u>

The principal and interest requirements of the general obligation bond and note payable at September 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 194,374	\$ 60,262	\$ 254,636
2018	200,115	55,695	255,810
2019	205,879	50,994	256,873
2020	216,666	45,932	262,598
2021	222,477	40,371	262,848
2022-2026	1,221,464	105,261	1,326,725
	<u>\$ 2,260,975</u>	<u>\$ 358,515</u>	<u>\$ 2,619,490</u>

Debt of the Enterprise Funds

The revenue bonds of the Enterprise Funds are payable from operations of the Water Fund. Debt balance and transactions for the year ended September 30, 2016 are as follows:

	Balance, October 1, 2015	Additions	Retirements and Other	Balance September 30, 2016	Due Within One Year
Revenue Bond	\$ 31,595	\$	\$ (8,752)	\$ 22,843	\$ 8,586
Revenue Bond	23,944		(10,468)	13,476	10,948
GO Bond	954,750		(53,600)	901,150	53,600
	<u>\$ 1,010,289</u>	<u>\$</u>	<u>\$ (72,820)</u>	<u>\$ 937,469</u>	<u>\$ 73,134</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

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

F. Long-term Debt - Continued

Debt of the Enterprise Funds - Continued

The revenue bonds of the Enterprise Funds are payable from operations of the Sewer Fund. Debt balance and transactions for the year ended September 30, 2016 are as follows:

	Balance, October 1, 2015	Additions	Retirements and Other	Balance September 30, 2016	Due Within One Year
Revenue Bond	\$ 144,797	\$	\$ (5,570)	\$ 139,227	\$ 7,014
Revenue Bond	204,143		(5,755)	198,388	6,214
Revenue Bond	237,577		(5,599)	231,978	6,043
	<u>\$ 586,517</u>	<u>\$</u>	<u>\$ (16,924)</u>	<u>\$ 569,593</u>	<u>\$ 19,271</u>

The revenue bonds of the Enterprise Funds are payable from operations of the Gas Fund. Debt balance and transactions for the year ended September 30, 2016 are as follows:

	Balance, October 1, 2015	Additions	Retirements and Other	Balance September 30, 2016	Due Within One Year
GO Bond	\$ 470,250	\$	\$ (26,400)	\$ 443,850	\$ 26,400

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 118,805	\$ 64,464	\$ 183,269
2018	116,822	60,684	177,506
2019	116,305	57,290	173,595
2020	112,162	54,132	166,294
2021	118,220	50,953	169,173
2022-2026	663,824	199,129	862,953
2027-2031	530,436	84,963	615,399
2032-2036	129,484	27,929	157,413
2037-2041	44,854	3,992	48,846
	<u>\$ 1,950,912</u>	<u>\$ 603,536</u>	<u>\$ 2,554,448</u>

(Continued)

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

V. Other Information

A. Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi. 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.

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% 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 2.50% 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receive benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. As of July 2013 the current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2016 were \$248,877 which was equal to the required contributions. The City's contributions to PERS for 2015 and 2014 were \$243,521 and \$242,407, respectively.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

V. Other Information - Continued

A. 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 \$4,465,625 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contribution to the total actual contributions of all participating employers to PERS as of and for the PERS fiscal year ended June 30, 2015. At June 30, 2015, the City's proportion was .025 percent.

For the year ended September 30, 2016, the City recognized pension expense of \$738,581. At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,075	\$
Changes in assumptions	145,251	
Net difference between projected and actual earnings on pension plan investments	242,019	
Changes in proportion and differences between System contributions and proportionate share of contributions	(2,249)	
District contributions subsequent to the measurement date	60,138	
Total	<u>\$ 536,234</u>	<u>\$</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

Years ended June 30,	
2017	147,389
2018	147,389
2019	147,389
2020	123,062
2021	60,505
Thereafter	<u> </u>
	<u>\$ 625,734</u>

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

11/20/2015
11/20/2015

V. Other Information - Continued

A. Pension Plan - Continued

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

Actuarial Assumptions

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

Inflation	3.50%
Salary increases	4.25% - 19.50% average, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used at June 30, 2015 were based on the results of 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International equity	19.00	5.00
Emerging markets equity	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)
	<u>100.00 %</u>	<u>25.55 %</u>

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

V. Other Information - Continued

A. 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%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
System's proportionate share of the net pension liability	\$ 5,725,932	\$ 4,465,625	\$ 3,419,978

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at www.pers.ms.gov.

Payables to the Pension Plan

Amounts included in accounts payable and accrued expenses related to PERS contributions payable at September 30, 2016 are not material to the financial statements.

B. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2016 is as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$	\$ 21,272
Water	425,861	39,689
Sewer		442,071
Gas	77,171	
	<u>\$ 503,032</u>	<u>\$ 503,032</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2016

V. Other Information - Continued

C. Commitments and Contingencies

Grant Audits

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

Litigation

As of September 30, 2016, there was no pending litigation in which the City was involved.

D. Risk Management

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

VI. Net Position/Fund Balances

Net position reported on the government-wide statement of net position at September 30, 2016, include the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in Capital Assets, Net of Related Debt		
Capital assets, net of accumulated depreciation	\$ 8,962,037	\$ 13,124,995
Less: Related long-term debt outstanding	<u>(2,260,975)</u>	<u>(1,950,912)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>6,701,062</u>	<u>11,174,083</u>
Unrestricted	<u>(482,444)</u>	<u>1,646,014</u>
Total Net Position	<u>\$ 6,218,618</u>	<u>\$ 12,820,097</u>

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
General Property Taxes			
Current Ad Valorem	\$ 290,000	\$ 312,685	\$ 22,685
In Lieu of Taxes/Franchise Tax	68,145	39,773	(28,372)
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,339,150	1,341,398	2,248
Tourism Tax	288,400	290,137	1,737
Fire Protection Refund	28,450	33,697	5,247
State Gasoline Tax	7,550	5,359	(2,191)
General Municipal Aid	2,700	2,690	(10)
Railcar Tax	195	256	61
Collection from County:			
Road Tax	151,700	116,165	(35,535)
Fire Protection Refund	20,000	20,000	
Building Code Rebate	910	904	(6)
Fines and Forfeitures	110,500	82,817	(27,683)
Privilege Tax	22,800	18,173	(4,627)
Gross Receipts Tax - Cable	193,925	194,282	357
Building Fees, Permits and Inspections	4,600	9,309	4,709
Park Revenue	126,100	128,336	2,236
Charges for Services:			
Sanitation	317,575	320,095	2,520
Grant Revenue	440,530	443,030	2,500
Miscellaneous	62,405	50,698	(11,707)
Interest	12,100	1,342	(10,758)
Total Revenues	<u>\$ 3,487,735</u>	<u>\$ 3,411,146</u>	<u>\$ (76,589)</u>

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Current:			
General Government	\$ 789,812	\$ 732,179	\$ 57,633
Public Safety	1,200,730	1,188,669	12,061
Public Works	1,140,919	1,105,654	35,265
Parks and Recreation	733,905	728,599	5,306
Total Expenditures	<u>3,865,366</u>	<u>3,755,101</u>	<u>110,265</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(377,631)</u>	 <u>(343,955)</u>	 <u>33,676</u>
 Other Financing Sources (Uses):			
Transfer In	<u>377,631</u>	<u>377,631</u>	
Total Other Financing Sources	<u>377,631</u>	<u>377,631</u>	
Net Change in Fund Balances	<u>\$</u>	<u>33,676</u>	<u>\$ 33,676</u>
 Fund Balances, October 1		<u>907,383</u>	
 Fund Balances, September 30		<u><u>\$ 941,059</u></u>	

APPROVED
MAR 6 / 2018

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Notes to Required Supplementary Information
September 30, 2016

Budgetary Data

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

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

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2016, is as follows:

Fund Balance - Budgetary Basis	\$ 941,059
Adjustment:	
Change in Revenue Accruals	<u>(1,423,503)</u>
Fund Balance - GAAP Basis	<u>\$ (482,444)</u>

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

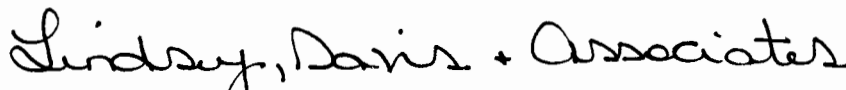
To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business activities of the City of Ripley, Mississippi as of and for the year ended September 30, 2016, which collectively comprise the City of Ripley, Mississippi's basic financial statements and have issued our report thereon dated June 23, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 23, 2017

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Reconciliation of Original Ad-Valorem
Tax Rolls to Fund Collections
Year Ended September 30, 2016

	<u>Assessed Value</u>	<u>Millage</u>	<u>Tax</u>
<u>Assessed Valuation and Millage</u>			
Realty	23,127,290	9.75 Mills	\$ 225,491
Personal	5,484,702	9.75 Mills	53,476
Auto	5,075,366	9.75 Mills	49,485
	<u>33,687,358</u>		<u>328,452</u>
Less: Homestead Exemption Allowed			(33,104)
Total			295,348
<u>Collection Adjustments</u>			
Add: Actual Homestead Reimbursement			31,193
Mobile Home Tax			615
Other Privilege Tax			2,333
<u>Total to be Accounted For</u>			<u>\$ 329,489</u>
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Collection Credits Allocated to Funds:			
General Fund	\$ 292,978	\$ 31,193	\$ 324,171
Balance Represented by: Unpaid Property Taxes			<u>5,318</u>
<u>Total Accounted For</u>			<u>\$ 329,489</u>

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

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

Actual Collections:		Actual Collections:	
Base Year 2014	\$ 304,888	Taxes collected 2015	\$ 292,978
10% Increase	30,489	Homestead Exemption Reimb.	31,193
Exemption	15,691	Under (Over) Limitation	26,897
Total	<u>\$ 351,068</u>	Total	<u>\$ 351,068</u>

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2016

The following is a schedule of investments at September 30, 2016:

Certificates of Deposit

<u>Fund Account Name</u>	<u>Balance</u> <u>9/30/16</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
Water Meter Fund Account	\$ 10,000	03/02/17	0.30%
Gas Meter Account	25,650	03/02/17	0.30%
Water & Sewer Meter	15,643	01/07/17	0.30%
Gas Meter Account	10,000	01/02/17	0.30%
Gas Depreciation Account	8,000	07/19/17	0.40%
Gas Contingent Account	8,000	07/19/17	0.40%
Gas Cushion Account	37,000	07/19/17	0.40%
Water & Sewer Contingent Account	4,500	07/19/17	0.40%
Water & Sewer Depreciation Account	4,500	07/19/17	0.40%
Water & Sewer Cushion Account	9,000	07/19/17	0.40%
Gas Meter Account	10,000	07/19/17	0.40%
Water Meter Fund Account	10,000	07/19/17	0.40%
Gas Meter Account	10,000	12/12/16	0.40%
Water & Sewer Cushion Account	3,000	05/29/17	0.30%
Water & Sewer Depreciation Account	1,500	05/29/17	0.30%
Water & Sewer Contingent Account	1,500	05/29/17	0.30%
Gas Operations	120,410	01/21/17	0.30%
Gas Operations	123,984	02/16/17	0.50%
Gas Meter	40,000	02/16/17	0.50%
Water Meter Fund Account	20,000	02/16/17	0.50%
Water & Sewer Cushion	8,000	02/16/17	0.50%
Water & Sewer Depreciation	2,500	02/16/17	0.50%
Water & Sewer Contingent	2,500	02/16/17	0.50%
Gas Operations	116,229	03/11/17	0.25%
Gas Contingent Account	2,000	01/03/17	0.25%
Gas Cushion Account	13,000	01/03/17	0.25%
Gas Depreciation Account	2,000	01/03/17	0.25%
Murry Spur Water System	10,800	08/23/17	0.40%
Water & Sewer Depreciation Account	2,905	11/14/17	0.50%
Water & Sewer Contingent Account	2,905	11/14/17	0.50%
Water & Sewer Cushion Account	5,811	11/14/17	0.50%
Gas Meter	30,500	02/12/17	0.30%
Antioch Reserve	11,501	08/25/17	0.40%
Total	<u>\$ 683,338</u>		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2016

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

	<u>Bonded Amount</u>	<u>Policy Expiration Date</u>
Mayor		
Chris Marsalis	\$ 50,000	6-30-2018
Aldermen		
Joey Bryant	50,000	7-01-2017
Homer Richardson	50,000	7-01-2017
Jon Grisham	50,000	7-01-2017
Stephen Freeman	50,000	7-01-2017
Jackie McKenzie	50,000	7-01-2017
City Clerk and Tax Collector		
Robin Vernor	50,000	1-29-2018
Police Chief		
Scott White	50,000	7-07-2017

CITY OF RIPLEY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Catalog of Fed. Domestic Assistance Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>Department of Transportation - FAA</u>			
Airport Improvement Program	20.106	AIP#3-28-0066-009-2015	\$ 282,682
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed-through Mississippi Development Authority</i>			
Community Development Block Grants/ State's Program	14.228	1128-11-318-ED-01	2,500
Community Development Block Grants/ Entitlement Grants	14.218	1132-15-318-PR-01	166,031
<i>Passed-through Mississippi Home Corporation</i>			
Home Investment Partnerships Program	14.239	1222-M10-SG-280-421-13 1222-M11-SG-280-421-13	140,883 329,304
<u>Appalachian Regional Commission</u>			
<i>Passed-through Mississippi Development Authority</i>			
Appalachian Area Development	23.002	MS-18208	57,475
<u>U.S. Department of Transportation</u>			
<i>Passed-through Mississippi Development Authority</i>			
Highway Planning and Construction	20.205	STP-5651-00(001)LPA	<u>22,425</u>
Total Expenditures of Federal Awards			<u><u>1,001,300</u></u>

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CITY OF RIPLEY, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Ripley, Mississippi under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Ripley, Mississippi, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Ripley, Mississippi.

B. Summary of Significant Accounting Policies

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2016, which collectively comprise the City of Ripley's basic financial statements and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

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

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

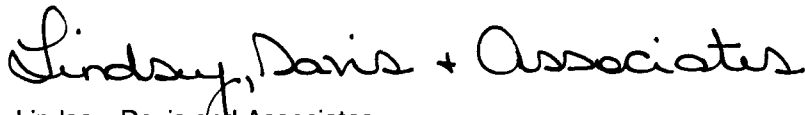
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 23, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Ripley, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Ripley, Mississippi's major federal programs for the year ended September 30, 2016. the City of Ripley, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

MAR 07 2018

Opinion on Each Major Federal Program

In our opinion, the City of Ripley, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 23, 2017

CITY OF RIPLEY, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)	No

Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

SCHEDULE B - FINANCIAL STATEMENT FINDINGS

No matters were reported

SCHEDULE C - FINDINGS AND QUESTIONED COSTS

No matters were reported