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**CITY OF TUPELO,
MISSISSIPPI**

FINANCIAL STATEMENTS

September 30, 2016

Prepared by:
Franks, Franks, Jarrell & Wilemon, PA
Certified Public Accountants
Tupelo, Mississippi – Fulton, Mississippi



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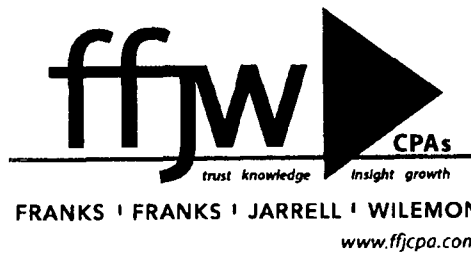
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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Tupelo, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Tupelo'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northeast Mississippi Regional Water Supply District, which represent approximately 32 percent and 4 percent, respectively of the assets and revenues of the Proprietary Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Northeast Mississippi Regional Water Supply District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

The Electric Department's fiscal year ends on June 30th as required by regulatory bodies. Therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

Opinions

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tupelo, Mississippi's basic financial statements. The combining and individual fund financial statements and other supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017 on our consideration of the City of Tupelo, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the 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 Tupelo's internal control over financial reporting and compliance.

Franks, Franks, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Tupelo, Mississippi
March 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the year ended September 30, 2016

This section of the City of Tupelo's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2016. Please read it in conjunction with the City of Tupelo financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$251,920,945. This compares to the previous year when assets and deferred outflows exceeded liabilities and deferred inflows by \$248,132,274.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,074,913, a decrease of \$4,519,615 in comparison to the prior year. Approximately 40% of the combined fund balances, \$20,361,489 is considered unassigned and is available for spending at the City's discretion.
- The City's total debt is \$97,943,185. Debt in the amount of \$31,799,199 was issued in the current fiscal year; all of which was used for capital acquisition or capital projects. Debt in the amount of \$20,704,157 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services such as public safety were financed in the short-term as well as what remains for future spending. The City has four Governmental Fund types: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, Solid Waste funds and the Northeast Mississippi Regional Water Supply District.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and are presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the City of Tupelo's Government-wide and Fund Financial Statements

| | Fund Statements | | |
|--|--|--|---|
| | Government-wide Statements | Governmental Funds | Proprietary Funds |
| Scope | Entire City Government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary, such as police, fire, public works, parks and recreation, debt service, and capital projects | Activities the City operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste |
| Required financial statements | Statement of Net Position; Statement of Activities | Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances | Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position Statement of Net Cash Flows |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid |

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows / outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets, liabilities, and deferred inflows / outflows—is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base, as well as, economic activities and trends at local and regional levels.
- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's garbage pickup, water and sewer systems and electric department services are included here along with the Northeast Mississippi Water Supply District (a blended component unit).
- *Component Unit* – The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate entity for which the City is financially accountable: Tupelo Airport Authority. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Tupelo Airport Authority issue separately audited financial statements and may be obtained from the City's Budget and Accounting Department.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Tupelo exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Tupelo has two types of funds:

- **Governmental funds**—most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in the net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$251,920,945 at the close of the most recent fiscal year. This is a \$3,788,671 increase over last year's net position of \$248,132,274. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2016 and 2015.



CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 80.5% and 76.4%, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2016 and 2015, respectively. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Tupelo's Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-------------------------|----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Current & Other Assets | \$ 56,660,197 | \$ 60,465,337 | \$ 32,088,800 | \$ 34,865,891 | \$ 88,748,997 | \$ 95,331,228 |
| Noncurrent Assets | 173,367,512 | 156,608,974 | 159,007,894 | 147,899,544 | 332,375,406 | 304,508,518 |
| Total Assets | 230,027,709 | 217,074,311 | 191,096,694 | 182,765,435 | 421,124,403 | 399,839,746 |
| Total Deferred Outflows | 7,397,820 | 6,918,801 | 1,790,451 | 1,032,552 | 9,188,271 | 7,951,353 |
| Other Liabilities | 9,394,906 | 8,238,197 | 14,952,204 | 15,283,309 | 24,347,110 | 23,521,506 |
| Noncurrent Liabilities | 105,217,793 | 92,700,650 | 46,937,272 | 40,545,761 | 152,155,065 | 133,246,411 |
| Total Liabilities | 114,612,699 | 100,938,847 | 61,889,476 | 55,829,070 | 176,502,175 | 156,767,917 |
| Total Deferred Inflows | 1,303,278 | 2,079,230 | 586,276 | 811,678 | 1,889,554 | 2,890,908 |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 107,745,008 | 97,420,389 | 95,005,001 | 92,026,913 | 202,750,009 | 189,447,302 |
| Restricted | 24,076,994 | 29,029,725 | 33,288,372 | 30,321,639 | 57,365,366 | 59,531,364 |
| Unrestricted (Deficit) | (10,312,450) | (5,475,079) | 2,118,020 | 4,808,687 | (8,194,430) | (666,392) |
| Total Net Position | \$ 121,509,552 | \$ 120,975,035 | \$ 130,411,393 | \$ 127,157,239 | \$ 251,920,945 | \$ 248,132,274 |

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of our business-type activities is \$2,118,020. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position: Approximately 11.0% of the City's total revenues come from property taxes, with 35.6% of all revenue coming from some type of tax. (See Table A-2.) This compares to 11.0% and 34.6% for the fiscal year ended September 30, 2015. Another 57.4% comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the City of Tupelo's Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 5,537,126 | \$ 5,592,916 | \$ 73,490,015 | \$ 73,632,391 | \$ 79,027,141 | \$ 79,225,307 |
| Operating Grants & Contributions | 275,665 | 594,604 | - | - | 275,665 | 594,604 |
| Capital Grants & Contributions | 3,123,782 | 3,569,241 | 3,446,869 | 3,258,763 | 6,570,651 | 6,828,004 |
| General Revenues: | | | | | | |
| Property Taxes | 15,099,340 | 14,892,861 | - | - | 15,099,340 | 14,892,861 |
| Other Taxes | 33,861,584 | 32,153,370 | - | - | 33,861,584 | 32,153,370 |
| Investment Income | 347,320 | 334,223 | 38,975 | 22,943 | 386,295 | 357,166 |
| Other | 2,169,196 | 1,796,465 | 259,088 | 21,150 | 2,428,284 | 1,817,615 |
| Total Revenues | 60,414,013 | 58,933,680 | 77,234,947 | 76,935,247 | 137,648,960 | 135,868,927 |
| Expenses | | | | | | |
| General Government | 6,036,886 | 5,555,352 | - | - | 6,036,886 | 5,555,352 |
| Public Safety | 20,199,113 | 18,987,834 | - | - | 20,199,113 | 18,987,834 |
| Public Works | 9,528,988 | 9,362,147 | - | - | 9,528,988 | 9,362,147 |
| Culture & Recreation | 10,586,645 | 8,740,533 | - | - | 10,586,645 | 8,740,533 |
| Other Functions | 4,501,362 | 4,396,967 | - | - | 4,501,362 | 4,396,967 |
| Capital Projects | 2,941,294 | 790,527 | - | - | 2,941,294 | 790,527 |
| Debt Service | 2,255,697 | 1,941,269 | - | - | 2,255,697 | 1,941,269 |
| Water & Sewer | - | - | 10,097,127 | 9,630,259 | 10,097,127 | 9,630,259 |
| Electric | - | - | 55,940,109 | 56,925,024 | 55,940,109 | 56,925,024 |
| Solid Waste Management | - | - | 3,197,215 | 3,210,667 | 3,197,215 | 3,210,667 |
| N. MS Reg. Water Supp. Dist. | - | - | 3,537,239 | 3,708,796 | 3,537,239 | 3,708,796 |
| Total Expenses | 56,049,985 | 49,774,629 | 72,771,690 | 73,474,746 | 128,821,675 | 123,249,375 |
| Excess of Revenue Over Exp. | 4,364,028 | 9,159,051 | 4,463,257 | 3,460,501 | 8,827,285 | 12,619,552 |
| Transfers | (3,829,511) | (4,551,002) | (1,209,103) | (1,238,509) | (5,038,614) | (5,789,511) |
| Change in Net Position | 534,517 | 4,608,049 | 3,254,154 | 2,221,992 | 3,788,671 | 6,830,041 |
| Net Position—Beginning | 120,975,035 | 116,366,986 | 127,157,239 | 124,935,247 | 248,132,274 | 241,302,233 |
| Net Position—Ending | \$121,509,552 | \$120,975,035 | \$130,411,393 | \$127,157,239 | \$251,920,945 | \$248,132,274 |

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net position by \$534,517, thereby accounting for 14.1% of the total growth in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax 46%, property taxes 25% and charges for services 9%.

The largest expense categories for the City's governmental activities are public safety 36% and culture and recreation 19%.

Business-type Activities

Business-type activities increased the City's net position by \$3,254,154 accounting for 85.9% of the growth in the City's net position.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$11,408,912 for water and sewer, \$55,689,798 for electric, \$3,303,799 for solid waste management and \$3,087,506 for the Northeast Mississippi Regional Water Supply District.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,361,489, which comprised 90.7% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 73.0% of total fund expenditures. The fund balance of the City's general fund increased by \$522,654 during the current fiscal year.

Debt Service Fund—The debt service fund has a total fund balance of \$15,360,756, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$1,049,821.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$5,502,982.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants or taxes from the federal and state governments. At the end of the current fiscal year, the fund balance was \$7,765,202, which will be used for future expenditures.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$130,411,393. Changes in net position, which totaled \$3,254,154, were as follows: the electric fund increased by \$26,143, the water & sewer fund increased by \$118,622, the solid waste management fund increased by \$107,878 and Northeast Mississippi Regional Water Supply District increased by \$3,001,511.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2015 – 2016 general fund budget increased by \$869,068 and an overall operating budget increase of \$3,260,050.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City anticipates spending \$30,000,000 in capital projects from fiscal years 2018 – 2022. The sources of revenues include federal grants, G.O. bonds, and general fund revenues.

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$303,014,848, net of accumulated depreciation of \$199,044,042. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

City of Tupelo's Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-----------------------------------|----------------------------|---------------|-----------------------------|---------------|-----------------------------|----------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Land | \$ 12,261,202 | \$ 11,586,188 | \$ 1,764,752 | \$ 1,764,752 | \$ 14,025,954 | \$ 13,350,940 |
| Infrastructure | 127,832,578 | 115,757,518 | - | - | 127,832,578 | 115,757,518 |
| Plant, Buildings, Improvements | 90,746,074 | 82,601,725 | 190,643,146 | 175,111,599 | 281,389,220 | 257,713,324 |
| Sanitary & Sewer Lagoons | - | - | 6,896,810 | 6,896,810 | 6,896,810 | 6,896,810 |
| Machinery & Equipment | 24,296,995 | 23,486,349 | 15,644,315 | 15,545,948 | 39,941,310 | 39,032,297 |
| Construction in Progress | 20,722,561 | 18,608,336 | 11,250,457 | 14,355,429 | 31,973,018 | 32,963,765 |
| Accumulated Depreciation | (104,424,973) | (97,566,444) | (94,619,069) | (90,076,513) | (199,044,042) | (187,642,957) |
| Total | \$171,434,437 | \$154,473,672 | \$ 131,580,411 | \$123,598,025 | \$303,014,848 | \$ 278,071,697 |

Long-term Debt—At year-end, the City had \$97,943,185 in bonds and notes outstanding. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4

City of Tupelo's Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------|----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| General Obligation Bonds | \$ 54,532,081 | \$ 42,988,185 | \$ 917,919 | \$ 41,815 | \$ 55,450,000 | \$ 43,030,000 |
| Special Assessment Bonds | 130,000 | 180,000 | - | - | 130,000 | 180,000 |
| Special Obligation Bonds | - | 10,036,775 | - | 1,103,225 | - | 11,140,000 |
| Tax Increment Bonds | 505,000 | 595,000 | - | - | 505,000 | 595,000 |
| State Revolving Loans | - | - | 869,667 | 1,021,187 | 869,667 | 1,021,187 |
| Notes Payable | 6,960,793 | 2,786,976 | 34,027,725 | 28,094,980 | 40,988,518 | 30,881,956 |
| Total | \$ 62,127,874 | \$ 56,586,936 | \$ 35,815,311 | \$ 30,261,207 | \$ 97,943,185 | \$ 86,848,143 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key assumptions for revenue forecasts for fiscal year 2017 are summarized as follows:

1. Sales tax revenues will remain flat.
2. Property tax revenue will increase 7.31% due to a county-wide reappraisal.
3. Interest rates will remain the same until fiscal year 2018.

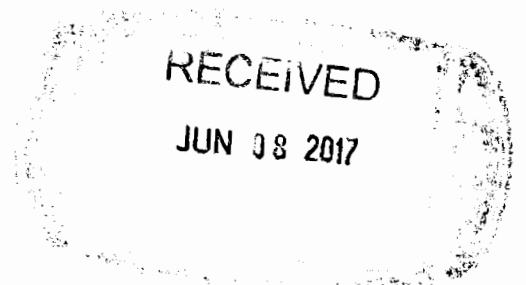
This contributed to the following projections:

1. Property tax revenue will increase.
2. Millage rates remained the same at 32.47 for the City's 2017 fiscal year budget. This includes an increase from 12.90 to 12.94 mills for the General Fund, 10 mills for the Thoroughfare Fund, a decrease from 1.01 to .97 mills for the Library fund, 1.61 mills for the Fire and Police Retirement Fund, and 6.95 mills for the City Bond and Interest Fund.
3. Personnel cost will increase in fiscal year 2017 due to cost-of-living raises.

CONTACTING THE CITY OF TUPELO FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Tupelo's Finance Department, P.O. Drawer 1485 Tupelo, MS 38802.

BASIC FINANCIAL STATEMENTS



CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|---------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total | Tupelo Airport Authority |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash | \$ 34,525,403 | \$ 11,589,686 | \$ 46,115,089 | \$ 258,762 |
| Cash - Restricted | - | 2,994,596 | 2,994,596 | 86,005 |
| Investments | 12,994,871 | - | 12,994,871 | - |
| General Property Taxes Receivable | 657,189 | - | 657,189 | - |
| Other Receivables | 606,437 | 341,528 | 947,965 | - |
| Lease Receivable | 200,000 | - | 200,000 | - |
| Accounts Receivable, Net | 1,714,546 | 6,344,204 | 8,058,750 | 79,084 |
| Accounts Receivable - Restricted | - | 313,769 | 313,769 | 2,625 |
| Accrued Interest Receivable - Restricted | - | 6,603 | 6,603 | - |
| Unbilled Revenue | - | 1,894,259 | 1,894,259 | - |
| Due from Other Funds | 2,458,824 | 3,615 | 2,462,439 | - |
| Due from Other Governmental Units | 2,226,600 | - | 2,226,600 | 133,901 |
| Due from Other Governmental Units - Restricted | - | 790,914 | 790,914 | - |
| Due from Custodian | - | - | - | 446,420 |
| Due from Trustee - Restricted | - | 6,580,988 | 6,580,988 | - |
| Due from Component Units | 734,675 | - | 734,675 | - |
| Inventories | 54,442 | 1,001,145 | 1,055,587 | 49,624 |
| Prepaid Expenses | 487,210 | 119,152 | 606,362 | 14,408 |
| Other Current Assets | - | 108,341 | 108,341 | - |
| TOTAL CURRENT ASSETS | 56,660,197 | 32,088,800 | 88,748,997 | 1,070,829 |
| Noncurrent Assets: | | | | |
| Cash - Restricted | - | 26,878,272 | 26,878,272 | - |
| Notes Receivable | 113,075 | 496,250 | 609,325 | - |
| Home Grant Receivable | 465,000 | - | 465,000 | - |
| Other Receivables | - | 45,041 | 45,041 | - |
| Lease Receivable | 1,355,000 | - | 1,355,000 | - |
| Intangible Asset - Goodwill | - | - | - | 586,930 |
| Other Assets | - | 7,920 | 7,920 | - |
| Capital Assets: | - | - | - | - |
| Land | 12,261,202 | 1,764,752 | 14,025,954 | 6,099,049 |
| Plant, Buildings and Improvements | 90,746,074 | 190,643,146 | 281,389,220 | 47,755,138 |
| Sanitary and Sewer Lagoons | - | 6,896,810 | 6,896,810 | - |
| Machinery and Equipment | 24,296,995 | 15,644,315 | 39,941,310 | 1,719,897 |
| Infrastructure | 127,832,578 | - | 127,832,578 | - |
| Construction in Progress | 20,722,561 | 11,250,457 | 31,973,018 | 1,560,550 |
| Accumulated Depreciation | (104,424,973) | (94,619,069) | (199,044,042) | (24,703,761) |
| TOTAL NONCURRENT ASSETS | 173,367,512 | 159,007,894 | 332,375,406 | 33,017,803 |
| TOTAL ASSETS | 230,027,709 | 191,096,694 | 421,124,403 | 34,088,632 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows Related to Pensions | 7,397,820 | 1,790,451 | 9,188,271 | 132,163 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 7,397,820 | \$ 1,790,451 | \$ 9,188,271 | \$ 132,163 |

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016
-Continued-

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|-----------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total | Tupelo Airport Authority |
| <u>LIABILITIES:</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 845,176 | \$ 6,467,820 | \$ 7,312,996 | \$ 411,851 |
| Equity in Pooled Cash Deficit | 555 | - | 555 | - |
| Accrued Expenses | 779,281 | 91,645 | 870,926 | 25,405 |
| Accrued Interest Payable | 559,021 | 5,317 | 564,338 | - |
| Due to Other Funds | 235,746 | 2,636,644 | 2,872,390 | - |
| Due to Other Governmental Units and Entities | 1,178,874 | - | 1,178,874 | 485,468 |
| Unearned Revenues | 1,165,513 | - | 1,165,513 | 23,800 |
| Current Portion of Capital Lease | - | - | - | 5,885 |
| Long-Term Debt: Due Within One Year | 4,587,072 | 2,447,712 | 7,034,784 | 126,854 |
| Customer and Event Deposits | 43,668 | 3,303,066 | 3,346,734 | - |
| TOTAL CURRENT LIABILITIES | 9,394,906 | 14,952,204 | 24,347,110 | 1,079,263 |
| Noncurrent Liabilities: | | | | |
| Advances TVA - Home Insulation Loans | - | 504,709 | 504,709 | - |
| Accrued Compensated Absences | 941,287 | 100,317 | 1,041,604 | 12,379 |
| Due to Other Funds | - | 3,870,833 | 3,870,833 | - |
| Net Pension Liability | 45,733,170 | 9,004,273 | 54,737,443 | 818,460 |
| Long-Term Obligation under Capital Lease | - | - | - | 3,433 |
| Long-Term Debt: Due in More Than One Year | 58,543,336 | 33,457,140 | 92,000,476 | 702,125 |
| General Obligation Bonds, net of current maturities | - | - | - | - |
| TOTAL NONCURRENT LIABILITIES | 105,217,793 | 46,937,272 | 152,155,065 | 1,536,397 |
| TOTAL LIABILITIES | 114,612,699 | 61,889,476 | 176,502,175 | 2,615,660 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Inflows Related to Pensions | 1,303,278 | 586,276 | 1,889,554 | 94,833 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,303,278 | 586,276 | 1,889,554 | 94,833 |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | 107,745,008 | 95,005,001 | 202,750,009 | 31,404,252 |
| Restricted for: | | | | |
| Capital Projects | 2,086,178 | 30,225,591 | 32,311,769 | 88,630 |
| Debt Service | 15,360,756 | 3,062,781 | 18,423,537 | - |
| Special Revenue | 6,081,308 | - | 6,081,308 | - |
| Water Reserve | 548,752 | - | 548,752 | - |
| Unrestricted (Deficit) | (10,312,450) | 2,118,020 | (8,194,430) | 17,420 |
| TOTAL NET POSITION | \$ 121,509,552 | \$ 130,411,393 | \$ 251,920,945 | \$ 31,510,302 |
| TOTAL LIABILITIES AND NET POSITION | \$ 236,122,251 | \$ 192,300,869 | \$ 428,423,120 | \$ 34,125,962 |

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

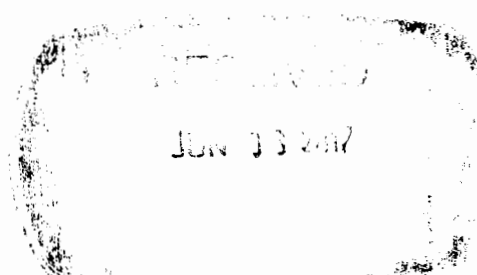
| | | | | | | Net (Expense) Revenue and Changes in Net Position | | | COMPONENT UNIT Tupelo Airport Authority |
|---|----------------|------------------------|--|--|---------------|--|-----------------------------|-----------------|---|
| FUNCTIONS/ PROGRAMS | Expenses | PROGRAM REVENUES | | | Total | PRIMARY GOVERNMENT | | | |
| | | Charge for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Governmental Activities | Business-Type Activities | Total | |
| PRIMARY GOVERNMENT | | | | | | | | | |
| Government Activities: | | | | | | | | | |
| General Government | \$ 6,036,886 | \$ 592,407 | \$ 65,278 | \$ - | \$ 657,685 | \$ (5,379,201) | \$ - | \$ (5,379,201) | \$ - |
| Public Safety | 20,199,113 | 1,415,351 | 190,387 | 117,497 | 1,723,235 | (18,475,878) | - | (18,475,878) | - |
| Public Works | 9,528,988 | - | 20,000 | - | 20,000 | (9,508,988) | - | (9,508,988) | - |
| Culture and Recreation | 10,586,645 | 3,529,368 | - | - | 3,529,368 | (7,057,277) | - | (7,057,277) | - |
| Other Functions | 4,501,362 | - | - | - | - | (4,501,362) | - | (4,501,362) | - |
| Capital Projects | 2,941,294 | - | - | 3,006,285 | 3,006,285 | 64,991 | - | 64,991 | - |
| Debt Service | 2,255,697 | - | - | - | - | (2,255,697) | - | (2,255,697) | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 56,049,985 | 5,537,126 | 275,665 | 3,123,782 | 8,936,573 | (47,113,412) | - | (47,113,412) | - |
| Business-Type Activities: | | | | | | | | | |
| Water and Sewer | 10,097,127 | 11,408,912 | - | 8,000 | 11,416,912 | - | 1,319,785 | 1,319,785 | - |
| Electric | 55,940,109 | 55,689,798 | - | - | 55,689,798 | - | (250,311) | (250,311) | - |
| Northeast MS Regional Water Supply Dist. | 3,537,239 | 3,087,506 | - | 3,438,869 | 6,526,375 | - | 2,989,136 | 2,989,136 | - |
| Solid Waste Management | 3,197,215 | 3,303,799 | - | - | 3,303,799 | - | 106,584 | 106,584 | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | 72,771,690 | 73,490,015 | - | 3,446,869 | 76,936,884 | - | 4,165,194 | 4,165,194 | - |
| TOTAL PRIMARY GOVERNMENT | \$ 128,821,675 | \$ 79,027,141 | \$ 275,665 | \$ 6,570,651 | \$ 85,873,457 | \$ (47,113,412) | \$ 4,165,194 | \$ (42,948,218) | \$ - |
| COMPONENT UNITS | | | | | | | | | |
| Tupelo Airport Authority | \$ 3,230,432 | \$ 1,787,812 | \$ - | \$ 1,649,470 | \$ 3,437,282 | \$ - | \$ - | \$ - | \$ 206,850 |
| GENERAL REVENUES: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | | \$ 5,869,199 | \$ - | \$ 5,869,199 | \$ - |
| Property Taxes, Levied for Capital Outlay | | | | | | 4,549,476 | - | 4,549,476 | - |
| Property Taxes, Levied for Special Revenue | | | | | | 1,191,682 | - | 1,191,682 | - |
| Property Taxes, Levied for Debt Service | | | | | | 3,488,983 | - | 3,488,983 | - |
| Sales Taxes | | | | | | 27,980,364 | - | 27,980,364 | - |
| County Pro Rata Taxes | | | | | | 1,126,793 | - | 1,126,793 | - |
| Franchise Taxes | | | | | | 371,216 | - | 371,216 | - |
| In Lieu Taxes | | | | | | 4,132,298 | - | 4,132,298 | - |
| Gasoline Taxes & Other Taxes | | | | | | 250,913 | - | 250,913 | - |
| Homestead Reimbursement | | | | | | 520,141 | - | 520,141 | - |
| Fire Protection Allocation | | | | | | 221,562 | - | 221,562 | - |
| Investment Earnings | | | | | | 347,320 | 38,975 | 386,295 | 989 |
| Gain (Loss) on Disposal of Assets | | | | | | (36,117) | 258,742 | 222,625 | (19,054) |
| Miscellaneous | | | | | | 1,463,610 | 346 | 1,463,956 | 21,803 |
| Transfers (to) from Component Units | | | | | | (3,829,511) | (1,209,103) | (5,038,614) | - |
| Transfers | | | | | | - | - | - | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | | 47,647,929 | (911,040) | 46,736,889 | 3,738 |
| CHANGE IN NET POSITION | | | | | | 534,517 | 3,254,154 | 3,788,671 | 210,588 |
| NET POSITION--BEGINNING | | | | | | 120,975,035 | 127,157,239 | 248,132,274 | 31,299,714 |
| NET POSITION--ENDING | | | | | | \$ 121,509,552 | \$ 130,411,393 | \$ 251,920,945 | \$ 31,510,302 |

See accompanying notes to financial statements.

**CITY OF TUPELO, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

| | General Fund | City Bond and Interest Fund | Water G. O. Bonds Fund | City Infrastructure Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------------|------------------------------|--------------------------------|------------------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash | \$ 18,652,635 | \$ 1,318,188 | \$ 270,144 | \$ 3,462,078 | \$ 10,822,358 | \$ 34,525,403 |
| Investments | - | - | 12,950,106 | - | 44,765 | 12,994,871 |
| General Property Taxes Receivable | 280,908 | 133,471 | - | - | 242,810 | 657,189 |
| Other Receivable | 176,226 | - | - | 61,653 | 368,558 | 606,437 |
| Home Grant Receivable | 465,000 | - | - | - | - | 465,000 |
| Notes Receivable | - | - | - | - | 113,075 | 113,075 |
| Due from Other Funds | 2,458,824 | - | - | - | - | 2,458,824 |
| Due from Other Government Units | 1,741,005 | - | - | 150,000 | 335,595 | 2,226,600 |
| Due from Component Units | 734,675 | - | - | - | - | 734,675 |
| Prepaid Expenses | 447,383 | - | - | - | 39,827 | 487,210 |
| Inventories | 31,657 | - | - | - | 22,785 | 54,442 |
| TOTAL ASSETS | \$ 24,988,313 | \$ 1,451,659 | \$ 13,220,250 | \$ 3,673,731 | \$ 11,989,773 | \$ 55,323,726 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts Payable | \$ 448,579 | \$ 2,000 | \$ - | \$ 241,898 | \$ 152,699 | \$ 845,176 |
| Equity in Pooled Cash Deficit | - | - | - | - | 555 | 555 |
| Accrued Expenses | 747,541 | - | - | - | 31,740 | 779,281 |
| Due to Other Entities | 1,178,874 | - | - | - | - | 1,178,874 |
| Due to Other Funds | - | - | - | 209,260 | 26,486 | 235,746 |
| Unearned Revenues | 167,346 | - | - | 902 | 997,265 | 1,165,513 |
| Event Deposits | - | - | - | - | 43,668 | 43,668 |
| TOTAL LIABILITIES | 2,542,340 | 2,000 | - | 452,060 | 1,252,413 | 4,248,813 |
| FUND BALANCES: | | | | | | |
| Nonspendable | | | | | | |
| Prepaid Expenses | 447,383 | - | - | - | - | 447,383 |
| Inventory | 31,657 | - | - | - | 22,785 | 54,442 |
| Long-Term Receivables | 1,056,692 | - | - | - | - | 1,056,692 |
| Restricted for | | | | | | |
| Library | - | - | - | - | 50,497 | 50,497 |
| Tourism Promotion | - | - | - | - | 4,206,757 | 4,206,757 |
| Public Safety Retirement | - | - | - | - | 42,983 | 42,983 |
| Law Enforcement | - | - | - | - | 1,781,071 | 1,781,071 |
| Construction Acquisition of Capital Assets | - | - | - | 2,944,602 | 1,861,653 | 4,806,255 |
| Public Safety Equipment | - | - | - | - | 224,525 | 224,525 |
| Debt Service | - | 1,449,659 | 13,220,250 | - | 690,847 | 15,360,756 |
| Water Reserve | 548,752 | - | - | - | - | 548,752 |
| Committed to | | | | | | |
| Rental Rehabilitation | - | - | - | - | 118,179 | 118,179 |
| Fairpark Infrastructure | - | - | - | - | 23,148 | 23,148 |
| Construction Acquisition of Capital Assets | - | - | - | 277,069 | 171,985 | 449,054 |
| Assigned to | | | | | | |
| Coliseum Projects | - | - | - | - | 955,138 | 955,138 |
| Coliseum Operations | - | - | - | - | 587,792 | 587,792 |
| Unassigned | 20,361,489 | - | - | - | - | 20,361,489 |
| TOTAL FUND BALANCES | 22,445,973 | 1,449,659 | 13,220,250 | 3,221,671 | 10,737,360 | 51,074,913 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 24,988,313 | \$ 1,451,659 | \$ 13,220,250 | \$ 3,673,731 | \$ 11,989,773 | \$ 55,323,726 |

See accompanying notes to financial statements.



CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
For the year ended September 30, 2016

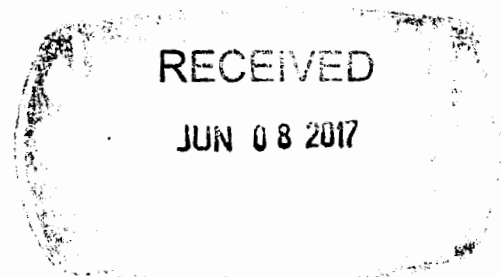
| | |
|---|-----------------------|
| TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 51,074,913 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 171,434,437 |
| Long-term liabilities, including bonds and accrued interest, are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet. | (62,686,895) |
| Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet. | (941,287) |
| Deferred revenues for capital lease receivables deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end. | 1,555,000 |
| Net pension liability are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet. | (45,733,170) |
| Deferred outflows and inflows related to pensions are applicable to future periods and, therefore are not reported in the Governmental Funds Balance Sheet: | |
| Deferred outflows of resources related to defined benefit pension plan | 7,397,820 |
| Deferred inflows of resources related to defined benefit pension plan | (1,303,278) |
| Accrual of court fine revenues to qualify as financial resources. | 1,714,546 |
| Premium on bonds issued are deferred and amortized on the statement of net position. | <u>(1,002,534)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 121,509,552</u> |

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2016

| | General Fund | City Bond and Interest Fund | Water G. O. Bonds Fund | City Infrastructure Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|------------------------------|--------------------------------|------------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Taxes | \$ 6,834,839 | \$ 3,161,769 | \$ - | \$ - | \$ 6,109,364 | \$ 16,105,972 |
| Licenses and Permits | 963,623 | - | - | - | - | 963,623 |
| Intergovernmental Revenues | 25,487,538 | 111,333 | 3,451,098 | 2,680,763 | 4,690,383 | 36,421,115 |
| Charges for Services | 691,439 | - | - | - | 3,057,141 | 3,748,580 |
| Fines and Forfeitures | 1,090,529 | - | - | - | 104,989 | 1,195,518 |
| Miscellaneous Revenues | 551,519 | 255,923 | 1,512 | 165,489 | 1,020,345 | 1,994,788 |
| TOTAL REVENUES | 35,619,487 | 3,529,025 | 3,452,610 | 2,846,252 | 14,982,222 | 60,429,596 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General Government | 4,860,116 | - | - | - | - | 4,860,116 |
| Public Safety | 15,657,763 | - | - | - | 888,014 | 16,545,777 |
| Public Works | 4,987,957 | - | - | - | - | 4,987,957 |
| Culture and Recreation | 3,897,175 | - | - | - | 5,188,499 | 9,085,674 |
| Other Functions | 1,086,412 | - | - | - | 2,758,719 | 3,845,131 |
| Capital Projects | - | - | - | 19,412,743 | 6,581,176 | 25,993,919 |
| Debt Service | 258,143 | 17,360,281 | 673,712 | - | 1,690,473 | 19,982,609 |
| TOTAL EXPENDITURES | 30,747,566 | 17,360,281 | 673,712 | 19,412,743 | 17,106,881 | 85,301,183 |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 4,871,921 | (13,831,256) | 2,778,898 | (16,566,491) | (2,124,659) | (24,871,587) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers to Other Funds | (4,380,817) | - | - | - | (4,072,036) | (8,452,853) |
| Transfers from Other Funds | 31,550 | 66,754 | - | 4,265,697 | 4,088,852 | 8,452,853 |
| Transfers to Component Units | - | - | (4,171,193) | - | - | (4,171,193) |
| Transfers from Component Units | - | - | 341,682 | - | - | 341,682 |
| Bond Premium Received | - | 915,257 | - | - | - | 915,257 |
| Proceeds from Debt Issued | - | 12,913,226 | - | 10,353,000 | - | 23,266,226 |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,349,267) | 13,895,237 | (3,829,511) | 14,618,697 | 16,816 | 20,351,972 |
| NET CHANGE IN FUND BALANCES | 522,654 | 63,981 | (1,050,613) | (1,947,794) | (2,107,843) | (4,519,615) |
| FUND BALANCES - Beginning | 21,923,319 | 1,385,678 | 14,270,863 | 5,169,465 | 12,845,203 | 55,594,528 |
| FUND BALANCES - Ending | \$ 22,445,973 | \$ 1,449,659 | \$ 13,220,250 | \$ 3,221,671 | \$ 10,737,360 | \$ 51,074,913 |

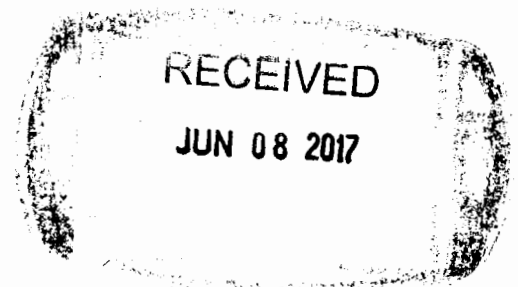
See accompanying notes to financial statements.



CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

| | |
|---|--------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ (4,519,615) |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | 24,166,792 |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | 209,913 |
| Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. | (7,379,823) |
| Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. | 621 |
| Proceeds for lease of building to nonprofit organization reported as lease income on the governmental funds financial statements. | (190,000) |
| The amortization of the discount and premium are reported as a reduction to expense on the statement of activities. | 94,298 |
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold. | (36,117) |
| Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds. | (5,276,135) |
| The change in accrued interest payable is reported as an expense on the statement of activities. | (92,674) |
| Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 17,725,288 |
| The proceeds of debt are an other financing source on the governmental funds income statement but are not reported on the statement of activities: | |
| Proceeds from issuance of bonds and notes payable | (23,266,226) |
| Premium on issuance of bonds | (915,257) |
| Decrease in accrual of compensated absences. | <u>13,452</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ <u>534,517</u> |

See accompanying notes to financial statements.



CITY OF TUPELO, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

| | Budget | | | Variance with |
|--|---------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | Actual | Final Budget (Unfavorable) |
| REVENUES: | | | | |
| Taxes | \$ 6,954,868 | \$ 6,954,868 | \$ 6,788,523 | \$ (166,345) |
| Licenses and Permits | 875,000 | 926,984 | 863,689 | (63,295) |
| Intergovernmental Revenues | 23,598,000 | 24,084,779 | 25,748,685 | 1,663,906 |
| Charges for Services | 703,000 | 703,000 | 691,439 | (11,561) |
| Fines and Forfeitures | 1,300,000 | 1,300,000 | 1,090,529 | (209,471) |
| Miscellaneous Revenues | 446,700 | 512,167 | 537,799 | 25,632 |
| TOTAL REVENUES | 33,877,568 | 34,481,798 | 35,720,664 | 1,238,866 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 5,025,661 | 5,093,852 | 4,860,116 | 233,736 |
| Public Safety | 15,682,639 | 16,047,683 | 15,657,763 | 389,920 |
| Public Works | 5,458,227 | 5,461,477 | 4,987,957 | 473,520 |
| Culture and Recreation | 4,003,160 | 4,087,227 | 3,897,175 | 190,052 |
| Other Functions | 981,428 | 1,095,106 | 1,086,412 | 8,694 |
| Debt Service | 259,650 | 259,650 | 258,143 | 1,507 |
| TOTAL EXPENDITURES | 31,410,765 | 32,044,995 | 30,747,566 | 1,297,429 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,466,803 | 2,436,803 | 4,973,098 | 2,536,295 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from Other Funds | 31,550 | 31,550 | 31,550 | - |
| Transfers to Other Funds | (3,113,473) | (4,380,817) | (4,380,817) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (3,081,923) | (4,349,267) | (4,349,267) | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES | \$ (615,120) | \$ (1,912,464) | \$ 623,831 | \$ 2,536,295 |

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
CITY BOND AND INTEREST FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

| | Budget | | | Variance with Final Budget (Over) Under |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES: | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 3,063,047 | \$ 3,063,047 | \$ 3,145,471 | \$ 82,424 |
| Intergovernmental Revenues: | | | | |
| State Shared Revenues | 104,881 | 104,881 | 111,333 | 6,452 |
| Miscellaneous Revenues: | | | | |
| Interest | - | - | 2,649 | 2,649 |
| Other | 253,274 | 253,274 | 253,274 | - |
| TOTAL REVENUES | 3,421,202 | 3,421,202 | 3,512,727 | 91,525 |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| General Obligations: | | | | |
| Bonds Redeemed | 16,076,590 | 16,076,590 | 16,076,590 | - |
| Interest | 935,960 | 935,960 | 884,986 | 50,974 |
| Paying Agent Fees | 25,000 | 25,000 | 9,425 | 15,575 |
| Bond Issuance Costs | 389,280 | 389,280 | 389,280 | - |
| TOTAL EXPENDITURES | 17,426,830 | 17,426,830 | 17,360,281 | 66,549 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (14,005,628) | (14,005,628) | (13,847,554) | 158,074 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Bond Issued | 12,913,226 | 12,913,226 | 12,913,226 | - |
| Bond Premium Received | 915,257 | 915,257 | 915,257 | - |
| Transfer from Coliseum Project Fund | - | 66,768 | 66,754 | (14) |
| TOTAL OTHER FINANCING SOURCES (USES) | 13,828,483 | 13,895,251 | 13,895,237 | (14) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES | \$ (177,145) | \$ (110,377) | \$ 47,683 | \$ 158,060 |

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
WATER G.O. BONDS FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

| | Budget | | Actual | Variance with Final Budget (Unfavorable) |
|--|-----------------------|-----------------------|-----------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental Revenues: | | | | |
| State Shared Revenues | \$ 3,200,000 | \$ 3,200,000 | \$ 3,451,098 | \$ 251,098 |
| Miscellaneous Revenues: | | | | |
| Interest | <u>-</u> | <u>-</u> | <u>1,512</u> | <u>1,512</u> |
| TOTAL REVENUES | <u>3,200,000</u> | <u>3,200,000</u> | <u>3,452,610</u> | <u>252,610</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| General Obligations: | | | | |
| Bonds Redeemed | 280,000 | 280,000 | 280,000 | - |
| Interest | 382,693 | 382,693 | 382,692 | 1 |
| Paying Agent Fees | <u>11,020</u> | <u>11,020</u> | <u>11,020</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>673,713</u> | <u>673,713</u> | <u>673,712</u> | <u>1</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,526,287</u> | <u>2,526,287</u> | <u>2,778,898</u> | <u>252,611</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer (to) From Northeast MS Regional Water Supply District to Water G.O. Bonds Fund | <u>(10,914,653)</u> | <u>(10,914,673)</u> | <u>(3,829,511)</u> | <u>7,085,162</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(10,914,653)</u> | <u>(10,914,673)</u> | <u>(3,829,511)</u> | <u>7,085,162</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES | <u>\$ (8,388,366)</u> | <u>\$ (8,388,386)</u> | <u>\$ (1,050,613)</u> | <u>\$ 7,337,773</u> |

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
CITY INFRASTRUCTURE FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

| | Budget | | | Variance with Final Budget (Unfavorable) |
|--|-----------------------|-----------------------|-----------------------|--|
| | Original | Final | Actual | |
| REVENUES: | | | | |
| Intergovernmental Revenues: | | | | |
| Federal Grants | \$ 4,985,084 | \$ 4,904,477 | \$ 2,228,111 | \$ (2,676,366) |
| State Grants | 250,529 | 250,529 | 294,890 | 44,361 |
| Other Grants | 277,836 | 277,836 | 37,836 | (240,000) |
| Miscellaneous Revenues: | | | | |
| Interest | - | - | 5,944 | 5,944 |
| Donations | - | 7,481 | 3,500 | (3,981) |
| Other | - | - | 119,411 | 119,411 |
| TOTAL REVENUES | 5,513,449 | 5,440,323 | 2,689,692 | (2,750,631) |
| EXPENDITURES: | | | | |
| Bond Issue Costs | 120,000 | 145,000 | 143,001 | 1,999 |
| Other Services and Charges | 2,573,165 | 2,801,296 | 2,609,901 | 191,395 |
| Capital Outlay: | | | | |
| Capital Outlay | 24,378,709 | 23,828,278 | 16,659,841 | 7,168,437 |
| TOTAL EXPENDITURES | 27,071,874 | 26,774,574 | 19,412,743 | 7,361,831 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (21,558,425) | (21,334,251) | (16,723,051) | 4,611,200 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Bond Proceeds | 14,232,104 | 14,103,000 | 10,353,000 | (3,750,000) |
| Transfers from Other Funds | 1,833,233 | 2,083,233 | 4,265,697 | 2,182,464 |
| TOTAL OTHER FINANCING SOURCES (USES) | 16,065,337 | 16,186,233 | 14,618,697 | (1,567,536) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES | \$ (5,493,088) | \$ (5,148,018) | \$ (2,104,354) | \$ 3,043,664 |

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

| | Business-Type Activities--Enterprise Funds | | | | |
|--------------------------------------|--|----------------------|--|------------------------------|-----------------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| ASSETS | | | | | |
| Current Assets - Unrestricted | | | | | |
| Cash | \$ 9,502,845 | \$ 1,417,817 | \$ 184 | \$ 668,840 | \$ 11,589,686 |
| Receivables, Net | | | | | |
| Accounts Receivable | 6,344,204 | - | - | - | 6,344,204 |
| Unbilled Revenue | 1,661,059 | 233,200 | - | - | 1,894,259 |
| Other Receivables | 295,882 | 45,646 | - | - | 341,528 |
| Due from Other Funds | - | - | - | 3,615 | 3,615 |
| Inventories | 903,182 | 48,214 | 49,749 | - | 1,001,145 |
| Prepaid Expenses | 57,274 | 35,624 | 26,254 | - | 119,152 |
| Other Current Assets | 108,341 | - | - | - | 108,341 |
| Current Amount of Restricted Assets | - | - | 10,686,870 | - | 10,686,870 |
| Total Current Assets | <u>18,872,787</u> | <u>1,780,501</u> | <u>10,763,057</u> | <u>672,455</u> | <u>32,088,800</u> |
| Restricted Assets | | | | | |
| Cash | - | - | 29,872,868 | - | 29,872,868 |
| Accounts Receivable | - | - | 313,769 | - | 313,769 |
| Intergovernmental Receivable | - | - | 790,914 | - | 790,914 |
| Due from Trustee | - | - | 6,580,988 | - | 6,580,988 |
| Interest Receivable | - | - | 6,603 | - | 6,603 |
| Total Restricted Assets | - | - | 37,565,142 | - | 37,565,142 |
| Current Amounts Above | - | - | (10,686,870) | - | (10,686,870) |
| Total Non-Current Restricted Assets | - | - | 26,878,272 | - | 26,878,272 |
| Capital Assets | | | | | |
| Plant and Equipment | 52,545,014 | 116,020,993 | 37,193,892 | 527,562 | 206,287,461 |
| Land and Land Rights | 333,013 | 772,303 | 659,436 | - | 1,764,752 |
| Sanitary and Sewer Lagoons | - | 6,896,810 | - | - | 6,896,810 |
| Construction in Progress | 1,519,183 | 4,307,578 | 5,423,696 | - | 11,250,457 |
| Total | 54,397,210 | 127,997,684 | 43,277,024 | 527,562 | 226,199,480 |
| Less: Accumulated Depreciation | 27,748,332 | 45,802,626 | 20,703,155 | 364,956 | 94,619,069 |
| Net Fixed Assets | <u>\$ 26,648,878</u> | <u>\$ 82,195,058</u> | <u>\$ 22,573,869</u> | <u>\$ 162,606</u> | <u>\$ 131,580,411</u> |

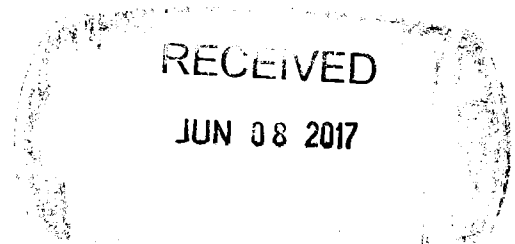
NOTE -- Amounts for the Electric Fund are at June 30, 2016.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

-Continued-

| Business-Type Activities--Enterprise Funds | | | | | |
|--|--------------------------|---------------------------------|---|---|----------------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| Other Assets | | | | | |
| Other Assets | \$ - | \$ 200 | \$ 7,720 | \$ - | \$ 7,920 |
| Receivable from Customers for Energy Conservation Loans | 496,250 | - | - | - | 496,250 |
| Receivable from CSA | 45,041 | - | - | - | 45,041 |
| Total Other Assets | 541,291 | 200 | 7,720 | - | 549,211 |
| Total Assets | 46,062,956 | 83,975,759 | 60,222,918 | 835,061 | 191,096,694 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| | 1,075,523 | 600,408 | 36,669 | 77,851 | 1,790,451 |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Payable from Unrestricted | | | | | |
| Current Assets: | | | | | |
| Accounts Payable | 4,933,901 | 570,522 | - | 200,784 | 5,705,207 |
| Customer and Other Deposits | 2,598,621 | 704,445 | - | - | 3,303,066 |
| Accrued Interest | - | 4,944 | - | 373 | 5,317 |
| Accrued Expenses | 88,648 | - | - | - | 88,648 |
| Due to Other Funds | - | 2,482,894 | - | - | 2,482,894 |
| Total Payable from Unrestricted Current Assets | 7,621,170 | 3,762,805 | - | 201,157 | 11,585,132 |
| Payable from Restricted | | | | | |
| Current Assets: | | | | | |
| Due to City of Tupelo Water G.O. Bond Fund | - | - | 153,750 | - | 153,750 |
| Accounts Payable | - | - | 92,055 | - | 92,055 |
| Accrued Payroll and Payroll Taxes | - | - | 2,997 | - | 2,997 |
| Construction / Retainage Payable | - | - | 670,558 | - | 670,558 |
| Bonds, Notes, and Loans Payable | - | 2,270,440 | 156,127 | 21,145 | 2,447,712 |
| Total Payable from Restricted Current Assets | - | 2,270,440 | 1,075,487 | 21,145 | 3,367,072 |
| Total Current Liabilities | \$ 7,621,170 | \$ 6,033,245 | \$ 1,075,487 | \$ 222,302 | \$ 14,952,204 |

NOTE -- Amounts for the Electric Fund are at June 30, 2016.



CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

-Continued-

| | Business-Type Activities--Enterprise Funds | | | | |
|--|--|----------------------|--|------------------------------|----------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| Long-Term Liabilities - Net of Current Maturities | | | | | |
| Net Pension Liability | \$ 4,560,118 | \$ 3,784,849 | \$ 178,624 | \$ 480,682 | \$ 9,004,273 |
| Accrued Compensated Absences Due to City of Tupelo | 54,374 | 45,943 | - | - | 100,317 |
| Water G. O. Bond Fund | - | - | 3,870,833 | - | 3,870,833 |
| Advances from TVA | 504,709 | - | - | - | 504,709 |
| Bonds, Notes, and Loans Payable | - | 32,743,600 | 713,540 | - | 33,457,140 |
| Total Long-Term Liabilities | 5,119,201 | 36,574,392 | 4,762,997 | 480,682 | 46,937,272 |
| Total Liabilities | 12,740,371 | 42,607,637 | 5,838,484 | 702,984 | 61,889,476 |
| DEFERRED INFLOWS OF RESOURCES | 389,293 | 169,089 | 15,180 | 12,714 | 586,276 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 26,648,878 | 47,181,018 | 21,033,644 | 141,461 | 95,005,001 |
| Restricted for: | | | | | |
| Capital Projects | - | - | 27,669,186 | - | 27,669,186 |
| Operations and Debt Service | - | - | 3,062,781 | - | 3,062,781 |
| Plant Expansion Project | - | - | 2,556,405 | - | 2,556,405 |
| Unrestricted (Deficit) | 7,359,937 | (5,381,577) | 83,907 | 55,753 | 2,118,020 |
| Total Net Position | \$ 34,008,815 | \$ 41,799,441 | \$ 54,405,923 | \$ 197,214 | \$ 130,411,393 |

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2016

| | Business-Type Activities--Enterprise Funds | | | | |
|--|--|----------------------|--|------------------------------|---------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| OPERATING REVENUES | | | | | |
| Charges for Services | \$ 54,728,212 | \$ 11,207,040 | \$ 3,087,506 | \$ 3,083,799 | \$ 72,106,557 |
| Rents | 327,013 | 132,701 | - | - | 459,714 |
| Other Revenues | 634,573 | 69,171 | - | 220,000 | 923,744 |
| Total Operating Revenues | 55,689,798 | 11,408,912 | 3,087,506 | 3,303,799 | 73,490,015 |
| OPERATING EXPENSES | | | | | |
| General and Administrative | 1,028,944 | 671,192 | 186,460 | - | 1,886,596 |
| Power Purchased | 47,874,507 | - | - | - | 47,874,507 |
| Transmission Mains | - | 1,007,719 | - | - | 1,007,719 |
| Water Operations | - | 1,472,804 | 2,222,591 | - | 3,695,395 |
| Sewer Operations | - | 2,819,111 | - | - | 2,819,111 |
| Electric Operations | 549,351 | - | - | - | 549,351 |
| Sanitation Operations | - | - | - | 3,154,387 | 3,154,387 |
| Customer Accounting and Collecting | 597,314 | 779,553 | - | - | 1,376,867 |
| Customer Service and Information | 44,079 | - | - | - | 44,079 |
| Maintenance and Repair | 800,621 | - | - | - | 800,621 |
| Sales Expense | 42,063 | - | - | - | 42,063 |
| Taxes and Equivalents | 3,313,033 | - | - | - | 3,313,033 |
| Amortization and Depreciation | 1,690,197 | 2,697,690 | 1,099,625 | 18,504 | 5,506,016 |
| Total Operating Expenses | 55,940,109 | 9,448,069 | 3,508,676 | 3,172,891 | 72,069,745 |
| Net Operating Income | (250,311) | 1,960,843 | (421,170) | 130,908 | 1,420,270 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest Income | 17,712 | 7,940 | 12,029 | 1,294 | 38,975 |
| Gain on Disposal of Fixed Assets | 258,742 | - | - | - | 258,742 |
| Bad Debts | - | (15,375) | - | (23,626) | (39,001) |
| Interest Expense | - | (606,154) | (28,563) | (698) | (635,415) |
| Bond Issuance Cost | - | (27,529) | - | - | (27,529) |
| Miscellaneous Income | - | - | 346 | - | 346 |
| Total Non-operating Revenues (Expenses) | 276,454 | (641,118) | (16,188) | (23,030) | (403,882) |
| Income (Loss) before Operating Transfers | \$ 26,143 | \$ 1,319,725 | \$ (437,358) | \$ 107,878 | \$ 1,016,388 |

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS

For the year ended September 30, 2016

-Continued-

| | Business-Type Activities--Enterprise Funds | | | | |
|--|--|----------------------|--|------------------------------|----------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| OPERATING TRANSFERS IN (OUT) | | | | | |
| Transfer (to) from Northeast MS Regional Water Supply District | | | | | |
| District for Debt Service | \$ - | \$ (1,209,103) | \$ - | \$ - | \$ (1,209,103) |
| Total Operating Transfers In (Out) | - | (1,209,103) | - | - | (1,209,103) |
| Increase (Decrease) in Net Assets Before Capital Contributions | 26,143 | 110,622 | (437,358) | 107,878 | (192,715) |
| Capital Grants and Contributions | - | 8,000 | 3,438,869 | - | 3,446,869 |
| Change in Net Position | 26,143 | 118,622 | 3,001,511 | 107,878 | 3,254,154 |
| TOTAL NET POSITION - | | | | | |
| Beginning of Year | 33,982,672 | 41,680,819 | 51,404,412 | 89,336 | 127,157,239 |
| TOTAL NET POSITION - | | | | | |
| End of Year | \$ 34,008,815 | \$ 41,799,441 | \$ 54,405,923 | \$ 197,214 | \$ 130,411,393 |

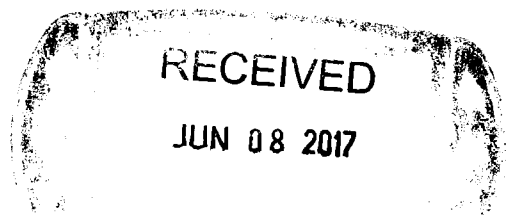
NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2016

| | Business-Type Activities--Enterprise Funds | | | | |
|---|--|----------------------|--|------------------------------|---------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| Cash Flows From Operating Activities: | | | | | |
| Receipts from Customers | \$ 55,833,540 | \$ 11,416,528 | \$ 3,073,778 | \$ 3,280,173 | \$ 73,604,019 |
| Payments to Suppliers | (48,340,267) | (4,913,863) | (2,330,484) | (2,848,943) | (58,433,557) |
| Payments to Employees | (2,070,760) | (1,405,153) | (72,237) | (250,892) | (3,799,042) |
| Payments for Other Services and Charges | (3,981,939) | - | - | - | (3,981,939) |
| Other Receipts (Payments) | 42,925 | 25,674 | - | - | 68,599 |
| Net Cash Provided by (Used in) Operating Activities | 1,483,499 | 5,123,186 | 671,057 | 180,338 | 7,458,080 |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Other Receipts | - | - | 346 | - | 346 |
| Due To (From) Municipality | 42,288 | 463,536 | - | 2,692 | 508,516 |
| Transfers In (Out) | - | (1,209,103) | - | - | (1,209,103) |
| Net Cash Provided by (Used In) Noncapital Financing Activities | 42,288 | (745,567) | 346 | 2,692 | (700,241) |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Capital Contributions | - | 8,000 | 4,171,488 | - | 4,179,488 |
| Proceeds from Bonds and Notes Payable | - | 8,368,969 | - | - | 8,368,969 |
| Bond Premium | - | 98,495 | - | - | 98,495 |
| Bond Issue Costs | - | (27,529) | - | - | (27,529) |
| Payments to State Revolving Loan Fund | - | - | (151,520) | - | (151,520) |
| Payments for Debt | - | (2,806,978) | (146,250) | (20,670) | (2,973,898) |
| Purchase of Capital Assets | (1,987,489) | (10,981,651) | (979,692) | (82,694) | (14,031,526) |
| Cost of Removal of Fixed Assets, Net of Salvage | (95,922) | - | - | - | (95,922) |
| Other Receipts | 258,742 | - | - | - | 258,742 |
| Conservation Advances from TVA | (113,251) | - | - | - | (113,251) |
| Interest Paid | - | (457,719) | (28,563) | (708) | (486,990) |
| Net Cash Provided by (Used In) Capital and Related Financing Activities | (1,937,920) | (5,798,413) | 2,865,463 | (104,072) | (4,974,942) |
| Cash Flows from Investing Activities: | | | | | |
| Receivable from Customers for Energy Conservation Loans | 97,082 | - | - | - | 97,082 |
| (Increase) Decrease in Receivable from CSA | (3,460) | - | - | - | (3,460) |
| Interest and Dividends | 17,712 | 7,940 | 11,458 | 1,294 | 38,404 |
| Net Cash Provided by (Used In) Investing Activities | 111,334 | 7,940 | 11,458 | 1,294 | 132,026 |
| Net Increase (Decrease) In Cash and Cash Equivalents | (300,799) | (1,412,854) | 3,548,324 | 80,252 | 1,914,923 |
| Cash and Cash Equivalents--Beginning | 9,803,644 | 2,830,671 | 26,324,728 | 588,588 | 39,547,631 |
| Cash and Cash Equivalents--Ending | \$ 9,502,845 | \$ 1,417,817 | \$ 29,873,052 | \$ 668,840 | \$ 41,462,554 |

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.



CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2016

| | Business-Type Activities--Enterprise Funds | | | | |
|--|--|----------------------|--|------------------------------|--------------|
| | Electric Fund | Water and Sewer Fund | Northeast Mississippi Regional Water Supply District | Solid Waste Fund (Non-Major) | Total |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (250,311) | \$ 1,960,843 | \$ (421,170) | \$ 130,908 | \$ 1,420,270 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | |
| Depreciation Expense | 1,690,197 | 2,697,690 | 1,099,625 | 18,504 | 5,506,016 |
| Net Pension Expense | 129,775 | 402,388 | 8,381 | 35,439 | 575,983 |
| Provision for Uncollectible Accounts | (1,740) | (15,375) | - | (23,626) | (40,741) |
| Decrease (Increase) in Assets: | | | | | |
| Accounts Receivable | 207,124 | - | (13,728) | - | 193,396 |
| Unbilled Revenue | 23,993 | 21,326 | - | - | 45,319 |
| Other Receivables | (17,407) | 1,665 | - | - | (15,742) |
| Inventory | 44,682 | 6,777 | 2,648 | - | 54,107 |
| Prepaid Expenses | (5,884) | (25,750) | (677) | - | (32,311) |
| Other Current Assets | (25,303) | - | (5,427) | - | (30,730) |
| Increase (Decrease) in Liabilities: | | | | | |
| Accounts Payable | (235,281) | 17,276 | 1,219 | 19,113 | (197,673) |
| Customer and Other Deposits | (196,727) | 51,424 | - | - | (145,303) |
| Accrued Expenses | 120,381 | 4,922 | 186 | - | 125,489 |
| Total Adjustments | 1,733,810 | 3,162,343 | 1,092,227 | 49,430 | 6,037,810 |
| Net Cash Provided by (Used in) Operating Activities | \$ 1,483,499 | \$ 5,123,186 | \$ 671,057 | \$ 180,338 | \$ 7,458,080 |

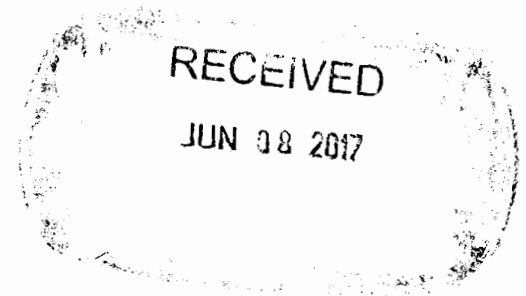
NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

See accompanying notes to financial statements.

CITY OF TUPELO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2016

| | <u>Agency Funds</u> |
|--------------------------|----------------------------|
| ASSETS | |
| Cash | \$ 1,494,584 |
| Investments | <u>500</u> |
| TOTAL ASSETS | \$ <u>1,495,084</u> |
| LIABILITIES | |
| Accounts Payable | \$ 101,271 |
| Due to Other Funds | 8,824 |
| Due to Complainants | 6,965 |
| Due to Arts Committee | 735 |
| Due to Employees | 2,076 |
| Due to Insured Employees | 1,243,811 |
| Seized Money Held | <u>131,402</u> |
| TOTAL LIABILITIES | \$ <u>1,495,084</u> |

See accompanying notes to financial statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), public services (streets and sanitation), recreation, economic development, utilities (electricity, water and sewer), community services, urban redevelopment and housing, public improvements, planning and zoning, and general administrative services.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accounting policies of the City of Tupelo conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Types

Governmental Funds

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Debt Service Funds – Debt Service Funds were established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. These are non-major governmental funds except for the Water G. O. Bonds fund and the City Bond and Interest Fund, which are considered major.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Projects Funds – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. These are non-major governmental funds except for the City Infrastructure Fund, which is considered major.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. These are non-major governmental funds.

Proprietary Funds

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 for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Tupelo.

Combined Water and Sewer Fund – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Tupelo.

Solid Waste Management Fund – This fund is used to account for the cost of providing solid waste services to the City.

Northeast Mississippi Regional Water Supply District Fund (Water District) – This fund is used to account for the activities of the water supply district as a blended component unit.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Component Units

As required by generally accepted accounting principles, these financial statements present the primary city government and its component units, entities over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary city government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the city government.

Component units of the City, except the Tupelo Public Improvement Corporation, issue separately audited financial statements. Separate financial statements for the Water District and the Airport Authority may be obtained from the City's Budget and Accounting Department.

**Blended Component
Unit Presented
with the Primary
Government**

**Description of Activities and
Relationship to the City**

Presented As

Tupelo Public
Improvement
Corporation

This corporation accounts for most of the construction for the coliseum. Certificates of Participation were issued to finance this project with a pay-back period of twenty years.

Debt Service
Fund

Component units are reported in the City's general purpose financial statements as shown in the following table:

Northeast
Mississippi
Regional Water
Supply District
(Water District)

This entity constructs and operates facilities to supply an alternative source of water to Tupelo, Lee County and adjoining areas. The Water District is governed by a Board of Commissioners consisting of eleven (11) members: five (5) appointed by Lee County, Mississippi, five (5) appointed by the City of Tupelo, and one (1) by a consensus of the two governments.

Enterprise
Fund

The Water District is reported as a component unit by the City of Tupelo under the fiscal dependency criterion. The Water District cannot, in substance, issue bonded debt because any bonded debt would be junior and subordinate to City of Tupelo Bonds issued for the project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

| <u>Discretely Presented Component Unit</u> | <u>Description of Activities and Relationship to the City</u> |
|---|--|
| Tupelo Airport Authority (Airport Authority) | <p>They plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate and protect the Airport and Air Navigation facilities. They also develop and operate an industrial park.</p> <p>The City appoints all members of the governing board and provides a material subsidy primarily for capital improvements.</p> |

The general purpose financial statements do not include funds of the Tupelo Public School District because the City does not have financial accountability for the school district.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred inflows and deferred outflows, represent a consumption of net position that applies to future periods (deferred outflows) or an acquisition of net position that applies to future periods (deferred inflows). The City has deferred outflows and inflows related to pensions. See Note 12 for further details.

LONG-TERM DEBT AND BOND DISCOUNTS / PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a straight line method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

FIXED ASSETS

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical costs and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements. The City generally capitalizes assets with costs of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The estimated useful lives are as follows:

| | |
|-------------------------------|---------------|
| <i>Electric Plant Assets:</i> | |
| Transmission Plant | 33 - 36 years |
| Electric Distribution Plant | 20 - 50 years |
| General Electric Plant | 10 - 50 years |
| <i>Airport Facilities:</i> | |
| Equipment | 2 - 15 years |
| Furniture and Fixtures | 7 - 10 years |
| Runways/Taxiway and Lighting | 7 - 25 years |
| <i>City Assets:</i> | |
| Equipment | 3 - 10 years |
| Buildings | 30 - 40 years |
| Other Improvements | 20 years |
| Infrastructure | 20 - 50 years |

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Tupelo.

CASH AND INVESTMENTS

Cash consists of amounts on deposit with financial institutions in demand accounts, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition.

Cash is valued at cost. Investments consist of US Treasury notes and US government securities funds. The City deposits funds in the financial institutions selected by the City Council in accordance with state statutes.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entities are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

JUN 08 2017

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

INVENTORIES

Inventories for the Electric Fund and Combined Water and Sewer Fund are valued at average cost. Inventories for governmental fund types are valued at actual cost under the first-in, first-out method. The City uses the consumption method for inventories; thus, inventories are recorded as expenditures or expenses when they are used.

The Water District maintains a chemical inventory, which is recorded at cost (calculated on the first-in, first-out basis).

LOANS TO OTHER FUNDS OR OTHER GOVERNMENTAL UNITS

Advances represent the non-current portions (due after one year) of interfund loans or loans to other governmental units. The current portions of loans are reported as "Due From" in the asset accounts and are considered available resources.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when acquired to be cash equivalents.

FUND BALANCES / NET POSITION

On the government-wide and proprietary fund statement of net position, the City reports net position in the following three categories:

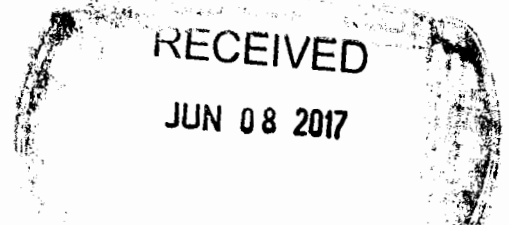
Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.

Restricted Net Position – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net position that is not classified as net investment in capital assets or restricted net position.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* – this statement enhances the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with this GASB statement. See the below notes for further descriptions of the City's fund balance classifications and policies.

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:



CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FUND BALANCES / NET POSITION – continued

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Nonspendable – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the council. Committed amounts cannot be uncommitted except by removing the constraints through the same formal action.

Assigned – the fund balance is reported as assigned for resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the board of aldermen or an official to which the board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as restricted or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

The Water District and the Tupelo Airport Authority reports as restricted all assets that are subject to legal, contractual and/or grant restrictions.

TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS - OVERVIEW

Total columns on the Combined Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

PENSIONS

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

RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - FIREMEN AND POLICEMEN RETIREMENT FUND

The City maintains the Firemen and Policemen Retirement Fund (a Special Revenue Fund) for the purpose of making payments to the Public Employee's Retirement System (PERS) of Mississippi for the funding of pensions of firemen and policemen employed prior to March 1, 1976. During the fiscal year ended September 30, 1987, the PERS assumed control of the Municipal Firemen's and Policemen's Retirement System, under which these employees are covered, and the fund's assets previously held by a bank trustee were transferred to PERS at that time.

Revenues of the fund for the year ended September 30, 2016, consist of allocations of general property ad valorem taxes of \$732,190 and homestead exemption reimbursement of \$25,791 derived from a 1.61 mill levy. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net position for the fund are as follows:

| | |
|---|---------------------|
| Actuarial Present Value of Accumulated Plan Benefits | <u>\$ 5,695,204</u> |
| Assumed Rate of Return Used in Plan Evaluation | 7.75% |
| Plan Evaluation Date | June 30, 2016 |
| Plan Assets Available for Benefits as of June 30, 2016 | <u>\$ 5,533,000</u> |

The legislative act under which the retirement plan was established does not require the City to maintain statutory or actuarial reserves to provide for future requirements. Under the statute, if funds are insufficient to make all payments, the beneficiaries cannot file suit against the City, but amounts available are to be prorated until such time funds generated by the tax levy are sufficient to make all payments for the full amounts allowed. The Mississippi Legislature of 1976 passed House Bill 1471 which provided a new retirement system for uniformed and sworn firemen and policemen at the option of the municipality. The City of Tupelo exercised the option, and firemen and policemen employed subsequent to February 29, 1976 are members of the Public Employees' Retirement System of the State.

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CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 - BUDGETARY BASIS

The Mayor and City Council generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and City Council formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Section 21-35-25, Miss. Code Ann. (1972), provides for the revision of the final adopted budget. This law allows governing authorities to revise the budget at any time. The only exception is it is limited to one revision during the first three months of a new term of office, and this revision must be made by the last regular meeting in August.

At all other times, governing authorities must revise the budget (at a regular council meeting) to bring it into proper balance at any time a deficit is indicated or when it appears at any time prior to the regular July meeting that budgeted revenues will not materialize.

Public notice must be provided when budget amendments result in a 10 percent increase or decrease in a municipal department's total budget. For purposes of determining if a 10 percent change has occurred, all amendments made to a department's budget since its budget was originally adopted, or since the last adopted published revision, must be added together.

Section 21-35-15, Miss. Code Ann. (1972), provides that expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 - BUDGETARY BASIS – continued

The City budgets its Enterprise Funds as required by state law. However, the budgets were not on the "capital maintenance" measurement focus and were not in a format comparable to the actual reporting format used by the City to maintain its books and the format used to prepare the City's financial statements included in this report; consequently, comparison between budgeted amounts and actual results per the financial statements was not practicable.

NOTE 4 - GENERAL PROPERTY TAXES

General property taxes, other than motor vehicles and mobile homes, attach as an enforceable lien on property as of January 1 for the previous calendar year and are due by February 1 based on the levy set by the City Council the previous September. Taxes on motor vehicles and mobile homes attach as an enforceable lien at various dates throughout the year based on when the property was acquired by the owner and are due in the month of acquisition and annually thereafter based on the annual levy in effect at that time. All property taxes, including motor vehicle taxes, are collected by the Lee County Tax Collector and remitted to the City. The County Tax Collector also collects taxes for the Tupelo Public School District (TPSD), which includes property outside the City limits, but within the School District.

The adjusted assessed valuation of the taxable property of the City and the Tupelo Public School District for which current payment was due during the fiscal year ended September 30, 2016 is as follows:

| | <u>City</u> | <u>TPSD</u> |
|--|-----------------------|----------------------|
| Real Property | \$ 318,692,151 | \$ 12,887,561 |
| Personal Property - Other Than Motor Vehicles & Mobile Homes | 88,082,476 | 28,553,754 |
| Personal Property - Motor Vehicles & Mobile Homes | <u>55,591,379</u> | <u>4,208,876</u> |
| | <u>\$ 462,366,006</u> | <u>\$ 45,650,191</u> |

The City levied a tax millage of 32.47 mills and 64.10 mills on the assessed valuation of the City and Tupelo Public School District property, respectively. The millage was allocated as follows:

| | <u>City</u> | <u>TPSD</u> |
|---------------------------------------|--------------|--------------|
| General Fund | 12.90 | 0.00 |
| Library Fund | 1.01 | 0.00 |
| City Bond and Interest Fund | 6.95 | 0.00 |
| Firemen and Policemen Retirement Fund | 1.61 | 0.00 |
| City Thoroughfare Fund | 10.00 | 0.00 |
| School Bonds Payable | 0.00 | 6.10 |
| Short-Term Debt | 0.00 | 3.00 |
| School Maintenance Fund | <u>0.00</u> | <u>55.00</u> |
| | <u>32.47</u> | <u>64.10</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - GENERAL PROPERTY TAXES – continued

Collections for the School Bonds Payable, School Maintenance Fund, and the Short-Term Debt are remitted by the County and/or the City to the Tupelo Public School District.

NOTE 5 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2016:

| | <u>Balance Oct. 1, 2015</u> | <u>Acquisitions</u> | <u>Capitalized Construction, Sales, or Retirements</u> | <u>Balance Sept. 30, 2016</u> |
|---|---------------------------------|----------------------|--|-----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 11,586,188 | \$ 688,439 | \$ (13,425) | \$ 12,261,202 |
| Construction in Progress | <u>18,608,336</u> | <u>22,341,200</u> | <u>(20,226,975)</u> | <u>20,722,561</u> |
| Total Capital Assets, not being Depreciated: | 30,194,524 | 23,029,639 | (20,240,400) | 32,983,763 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 82,601,725 | - | 8,144,349 | 90,746,074 |
| Machinery and Equipment | 23,486,349 | 1,370,186 | (559,540) | 24,296,995 |
| Infrastructure | <u>115,757,518</u> | <u>-</u> | <u>12,075,060</u> | <u>127,832,578</u> |
| Total Capital Assets, being Depreciated | 221,845,592 | 1,370,186 | 19,659,869 | 242,875,647 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (19,716,563) | (1,926,670) | - | (21,643,233) |
| Machinery and Equipment | (16,386,329) | (1,424,218) | 521,294 | (17,289,253) |
| Infrastructure | <u>(61,463,552)</u> | <u>(4,028,935)</u> | <u>-</u> | <u>(65,492,487)</u> |
| Total Accumulated Depreciation | <u>(97,566,444)</u> | <u>(7,379,823)</u> | <u>521,294</u> | <u>(104,424,973)</u> |
| Total Governmental Activities | | | | |
| Capital Assets, net | <u>\$ 154,473,672</u> | <u>\$ 17,020,002</u> | <u>\$ (59,237)</u> | <u>\$ 171,434,437</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS – continued

| | <u>Balance Oct. 1, 2015</u> | <u>Acquisitions</u> | <u>Capitalized Construction, Sales, or Retirements</u> | <u>Balance Sept. 30, 2016</u> |
|---|---------------------------------|----------------------|--|-----------------------------------|
| Business-Type Activities: | | | | |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 1,764,752 | \$ - | \$ - | \$ 1,764,752 |
| Construction in Progress | <u>14,355,429</u> | <u>11,505,263</u> | <u>(14,610,235)</u> | <u>11,250,457</u> |
| Total Capital Assets, not being Depreciated: | 16,120,181 | 11,505,263 | (14,610,235) | 13,015,209 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 182,008,409 | 1,380,720 | 14,150,827 | 197,539,956 |
| Machinery and Equipment | <u>15,545,948</u> | <u>604,165</u> | <u>(505,798)</u> | <u>15,644,315</u> |
| Total Capital Assets, being Depreciated | 197,554,357 | 1,984,885 | 13,645,029 | 213,184,271 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (77,280,167) | (5,023,367) | 555,330 | (81,748,204) |
| Machinery and Equipment | <u>(12,796,346)</u> | <u>(482,649)</u> | <u>408,130</u> | <u>(12,870,865)</u> |
| Total Accumulated Depreciation | <u>(90,076,513)</u> | <u>(5,506,016)</u> | <u>963,460</u> | <u>(94,619,069)</u> |
| Total Business-Type Activities | | | | |
| Capital Assets, net | \$ <u>123,598,025</u> | \$ <u>7,984,132</u> | \$ <u>(1,746)</u> | \$ <u>131,580,411</u> |
| Discretely Presented Component Unit: | | | | |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 6,099,049 | \$ - | \$ - | \$ 6,099,049 |
| Construction in Progress | <u>492,581</u> | <u>1,493,334</u> | <u>(425,365)</u> | <u>1,560,550</u> |
| Total Capital Assets, not being Depreciated: | 6,591,630 | 1,493,334 | (425,365) | 7,659,599 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 47,324,873 | 4,900 | 425,365 | 47,755,138 |
| Machinery and Equipment | <u>1,769,827</u> | <u>65,944</u> | <u>(115,874)</u> | <u>1,719,897</u> |
| Total Capital Assets, being Depreciated | 49,094,700 | 70,844 | 309,491 | 49,475,035 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (21,963,646) | (1,275,352) | - | (23,238,998) |
| Machinery and Equipment | <u>(1,452,503)</u> | <u>(69,719)</u> | <u>57,459</u> | <u>(1,464,763)</u> |
| Total Accumulated Depreciation | <u>(23,416,149)</u> | <u>(1,345,071)</u> | <u>57,459</u> | <u>(24,703,761)</u> |
| Total Component Unit | | | | |
| Capital Assets, net | \$ <u>32,270,181</u> | \$ <u>219,107</u> | \$ <u>(58,415)</u> | \$ <u>32,430,873</u> |
| Total Capital Assets | \$ <u>310,341,878</u> | \$ <u>25,223,241</u> | \$ <u>(119,398)</u> | \$ <u>335,445,721</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS – continued

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

| | |
|---|----------------------------|
| Governmental Activities: | |
| General Government | \$ 944,228 |
| Public Safety | 796,791 |
| Public Works | 4,734,284 |
| Culture and Recreation | <u>904,520</u> |
| Total Depreciation Expense - Governmental Activities | \$ <u>7,379,823</u> |
| Business-Type Activities: | |
| Electric Department | \$ 1,690,197 |
| Water and Sewer | 2,697,690 |
| Northeast Mississippi Regional Water Supply District | 1,099,625 |
| Solid Waste | <u>18,504</u> |
| Total Depreciation Expense - Business-Type Activities | \$ <u>5,506,016</u> |
| Total Depreciation Expense - Discretely Presented Component Unit | \$ <u>1,345,071</u> |

NOTE 6 - LONG-TERM DEBT

BONDS PAYABLE

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds include General City Bonds, G. O. Water Bonds, and School Bonds.

During 2016, the City issued general obligation bonds, series 2016, in the amount of \$6,000,000. The purpose of this bond issue is to provide funds for City-wide infrastructure improvements and capital equipment acquisitions. Also, during 2016, the City issued general obligation current refunding bonds in the amount of \$13,810,000 to refund the outstanding balances on the 2007 Series general obligation bonds, the Series 2007 special obligation bonds, the Tupelo Convention Center, and Convention Center special obligation bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities and business-type activities columns in the statement of net position. The current refunding reduced total debt service payments over the next six years by \$1,396,909. This results in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$1,238,937.

Special Assessments General Obligation Bonds are secured by an irrevocable pledge of the special assessment ad valorem taxes to be levied annually upon the property benefited by the project. The full faith, credit and resources of the City are irrevocably pledged for the payment of the principal and interest on the bonds.

Limited Obligation Tax Increment Bonds are secured by an irrevocable pledge of the ad valorem taxes to be levied annually upon incremental increase in assessed value of all taxable real property within and forming a part of The Mall at Barnes Crossing Project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

NOTES PAYABLE AND STATE REVOLVING LOANS

Fourteen different capital improvement revolving loans make up the September 30, 2016 notes payable balance and are included in both governmental activities and business-type activities. Eleven of the loans are in repayment status with a total outstanding balance of \$37,801,522. The remaining in progress notes total \$3,189,996.

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with three construction projects.

DEBT SERVICE REQUIREMENTS TO MATURITY

Annual debt service requirements to maturity are as follows:

| Year Ending September 30, | Governmental Activities | | | | | Total |
|------------------------------|-----------------------------|--|--|----------------------------|-----------------------------|-----------------------------|
| | General Obligation | Special Assessment General Obligation | Limited Obligations Tax Increment | Notes Payable | Interest | |
| 2017 | \$ 4,113,371 | \$ 30,000 | \$ 90,000 | \$ 353,701 | \$ 1,854,422 | \$ 6,441,494 |
| 2018 | 4,263,065 | 30,000 | 100,000 | 420,607 | 1,718,956 | 6,532,628 |
| 2019 | 4,631,613 | 35,000 | 45,000 | 431,524 | 1,586,387 | 6,729,524 |
| 2020 | 4,176,613 | 35,000 | 50,000 | 442,747 | 1,430,140 | 6,134,500 |
| 2021 | 4,321,935 | - | 50,000 | 454,286 | 1,286,422 | 6,112,643 |
| 2022 - 2026 | 15,355,484 | - | 170,000 | 2,413,758 | 4,368,208 | 22,307,450 |
| 2027 - 2031 | 11,345,000 | - | - | 1,981,912 | 2,098,781 | 15,425,693 |
| 2032 - 2036 | <u>6,325,000</u> | <u>-</u> | <u>-</u> | <u>462,258</u> | <u>415,600</u> | <u>7,202,858</u> |
| Total | \$ <u>54,532,081</u> | \$ <u>130,000</u> | \$ <u>505,000</u> | \$ <u>6,960,793</u> | \$ <u>14,758,916</u> | \$ <u>76,886,790</u> |

| Year Ending September 30, | Business-Type Activities | | | | |
|------------------------------|--------------------------|------------------|-----------------------------|----------------|------------------|
| | General Obligation | Notes Payable | State Revolving Loans | Interest | Total |
| 2017 | \$ 156,629 | \$ 2,134,956 | \$ 156,127 | \$ 600,526 | \$ 3,048,238 |
| 2018 | 141,935 | 2,174,300 | 160,876 | 554,991 | 3,032,102 |
| 2019 | 148,387 | 2,214,397 | 165,769 | 505,742 | 3,034,295 |
| 2020 | 148,387 | 2,255,265 | 170,812 | 453,896 | 3,028,360 |
| 2021 | 158,065 | 2,296,919 | 156,661 | 401,159 | 3,012,804 |
| 2022 - 2026 | 164,516 | 11,930,411 | 59,422 | 1,262,657 | 13,417,006 |
| 2027 - 2031 | - | 4,875,025 | - | 435,444 | 5,310,469 |
| 2032 - 2036 | <u>-</u> | <u>2,959,456</u> | <u>-</u> | <u>119,148</u> | <u>3,078,604</u> |
| Total | \$ 917,919 | \$30,840,729 | \$ 869,667 | \$4,333,563 | \$36,961,878 |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

CHANGES IN LONG-TERM LIABILITIES

During the fiscal year, the following changes occurred in long-term debt:

| | Fund Debt Retired By | Balances Oct. 1, | Additions | Reductions | Balances Sept. 30 | Current Portion |
|--------------------------------------|---------------------------------|-----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| Governmental Activities: | | | | | | |
| General Obligation | Debt Service | \$42,988,185 | \$18,913,226 | \$ 7,369,330 | \$54,532,081 | \$4,113,371 |
| Special Assessment | | | | | | |
| General Obligation | Debt Service | 180,000 | - | 50,000 | 130,000 | 30,000 |
| Limited Obligations | | | | | | |
| Tax Increment | Debt Service | 595,000 | - | 90,000 | 505,000 | 90,000 |
| Special Obligation Bonds | Debt Service | 10,036,775 | - | 10,036,775 | - | - |
| Notes Payable | General | 2,786,976 | 4,353,000 | 179,183 | 6,960,793 | 353,701 |
| Premium | | <u>181,575</u> | <u>915,257</u> | <u>94,298</u> | <u>1,002,534</u> | <u>-</u> |
| Total Governmental Activities | | <u>\$56,768,511</u> | <u>\$24,181,483</u> | <u>\$17,819,586</u> | <u>\$63,130,408</u> | <u>\$4,587,072</u> |

| | Fund Debt Retired By | Balances Oct. 1, | Additions | Reductions | Balances Sept. 30 | Current Portion |
|---------------------------------------|---------------------------------|-----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| Business-Type Activities: | | | | | | |
| General Obligation | Water/Sewer | \$ 41,815 | \$ 896,774 | \$ 20,670 | \$ 917,919 | \$ 156,629 |
| Special Obligation Bonds | Water/Sewer | 1,103,225 | - | 1,103,225 | - | - |
| Notes Payable | Water/Sewer | 28,094,980 | 7,636,199 | 1,703,454 | 34,027,725 | 2,134,956 |
| State Revolving Loan | NEMSRWSD | 1,021,187 | - | 151,520 | 869,667 | 156,127 |
| Premium | | <u>-</u> | <u>98,495</u> | <u>8,954</u> | <u>89,541</u> | <u>-</u> |
| Total Business-Type Activities | | <u>\$30,261,207</u> | <u>\$ 8,631,468</u> | <u>\$ 2,987,823</u> | <u>\$35,904,852</u> | <u>\$2,447,712</u> |

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CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

DUE TO CITY OF TUPELO G.O. BONDS FUND

The Water District has pledged proceeds sufficient to pay the principal and interest of and redemption premium, if any, on the proportion of the bonds which are not paid by a special sales tax as further explained in Note 20.

Scheduled Payments are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 153,750 | \$ 180,736 | \$ 334,486 |
| 2018 | 161,250 | 172,280 | 333,530 |
| 2019 | 168,750 | 164,088 | 332,838 |
| 2020 | 178,333 | 157,209 | 335,542 |
| 2021 | 186,250 | 150,104 | 336,354 |
| 2022 - 2026 | 1,081,250 | 627,237 | 1,708,487 |
| 2027 - 2031 | 1,383,750 | 365,251 | 1,749,001 |
| 2032 - 2034 | 711,250 | 54,826 | 766,076 |
| | <u>\$ 4,024,583</u> | <u>\$ 1,871,731</u> | <u>\$ 5,896,314</u> |

NOTES PAYABLE - AIRPORT AUTHORITY

The City of Tupelo loaned the Airport Authority \$1,500,000 during the year ended September 30, 2007 for the acquisition of fixed base operations. This loan bears interest at 4% through August 1, 2022 and is payable in monthly installments of \$11,095.

| | <u>2016</u> |
|-----------------------|-------------------|
| Due to City of Tupelo | \$ 682,903 |
| Less Current Portion | <u>107,790</u> |
| Long-Term Portion | <u>\$ 575,113</u> |

Scheduled maturities are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 107,790 | \$ 25,351 | \$ 133,141 |
| 2018 | 112,181 | 20,959 | 133,140 |
| 2019 | 116,752 | 16,389 | 133,141 |
| 2020 | 121,508 | 11,632 | 133,140 |
| 2021 | 126,459 | 6,681 | 133,140 |
| 2022 | <u>98,213</u> | <u>1,641</u> | <u>99,854</u> |
| | <u>\$ 682,903</u> | <u>\$ 82,653</u> | <u>\$ 765,556</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

NOTES PAYABLE - AIRPORT AUTHORITY

The Tupelo Airport Authority issued a promissory note with Mississippi Development Authority for \$200,000 on July 1, 2013. This loan bears interest at 3 % through May 1, 2023 and is payable in ten annual installments of \$23,446.

| | <u>2016</u> |
|----------------------|-------------------|
| Due to MDA | \$ 146,075 |
| Less Current Portion | <u>19,064</u> |
| Long-Term Portion | \$ <u>127,011</u> |

Scheduled maturities are as follows:

| <u>Year Ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|------------------|-------------------|
| 2017 | \$ 19,064 | \$ 4,382 | \$ 23,446 |
| 2018 | 19,636 | 3,810 | 23,446 |
| 2019 | 20,225 | 3,221 | 23,446 |
| 2020 | 20,832 | 2,614 | 23,446 |
| 2021 | 21,456 | 1,990 | 23,446 |
| 2022 - 2023 | <u>44,862</u> | <u>2,030</u> | <u>46,892</u> |
| | \$ <u>146,075</u> | \$ <u>18,047</u> | \$ <u>164,122</u> |

STATE REVOLVING LOANS

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with two construction projects. The loan balances increase when administrative fees (deferred charges to be amortized over the life of the loan) were charged and project costs were reimbursed. Interest began accruing on the original construction contract completion date at 3%. Interest accrued before the initiation of the repayment schedule will be added to the amount of the loan to be repaid. The loans are payable in 236/237 monthly installments.

Scheduled maturities are as follows:

| <u>Year Ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|------------------|-------------------|
| 2017 | \$ 156,127 | \$ 23,955 | \$ 180,082 |
| 2018 | 160,876 | 19,206 | 180,082 |
| 2019 | 165,769 | 14,313 | 180,082 |
| 2020 | 170,812 | 9,271 | 180,083 |
| 2021 | 156,661 | 4,123 | 160,784 |
| 2022 | <u>59,422</u> | <u>596</u> | <u>60,018</u> |
| | \$ <u>869,667</u> | \$ <u>71,464</u> | \$ <u>941,131</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 7 - RENTALS UNDER OPERATING LEASES

TUPELO AIRPORT AUTHORITY RENTALS UNDER OPERATING LEASES

The Authority has entered into agreements to lease airport land and facilities to an airline, car rental agencies, fixed base operators and individuals.

The following is a schedule by years of minimum future rental payments receivable on non cancellable operating leases as of September 30, 2016:

| <u>Year Ending September 30,</u> | |
|---|---------------------|
| 2017 | \$ 307,095 |
| 2018 | 286,503 |
| 2019 | 286,747 |
| 2020 | 252,217 |
| 2021 | 253,141 |
| 2022 - 2026 | 1,115,155 |
| 2027 - 2031 | 854,576 |
| Total Minimum Future Rentals | \$ <u>3,355,434</u> |

NOTE 8 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND

Other Assets of the Electric Fund include \$496,250 receivable from customers for energy conservation loans and represents unbilled amounts due from customers as a result of their participation in an energy conservation program sponsored by TVA in which customers install energy conservation measures approved by a TVA energy advisor. The installation charges are paid by the Electric Department and billed to the customer over a period of time on the customer's monthly utility bill. TVA reimburses the Electric Department for amounts paid out under the program. Repayments are made to TVA by the Electric Department as collections are made from the customers. Advances from TVA for energy conservation loans represent the amounts advanced by TVA, net of repayments, under this program.

NOTE 9 - DUE FROM/TO OTHER FUNDS AND ADVANCES TO/FROM OTHER FUNDS

Individual fund Due from Other Funds and Due to Other Funds balances as of September 30, 2016 were:

| <u>Fund</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|-------------------------------|--|--------------------------------------|
| General Fund | \$ 2,458,824 | \$ - |
| Capital Projects Funds: | | |
| City Infrastructure Fund | - | 209,260 |
| Thoroughfare Fund Phase V | - | 26,486 |
| Proprietary Funds: | | |
| Electric Fund* | 268,640 | 3,615 |
| Combined Water and Sewer Fund | - | 2,482,894 |
| Solid Waste Management Fund | 3,615 | - |
| Agency Funds: | | |
| Flexible Spending Fund | - | 8,824 |
| Total | <u>\$ 2,731,079</u> | <u>\$ 2,731,079</u> |

* Amounts for the Electric Fund are at September 30, 2016.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 10 - NONCURRENT ASSETS

The following receivables at September 30, 2016 were not received within sixty days after that date and, therefore, are not deemed to constitute available spendable resources and are not a component of net current assets:

| | |
|---|-------------------|
| Rental Rehabilitation Fund (a Special Revenue Fund) | |
| Notes Receivables | \$ <u>113,075</u> |
| General Fund | |
| Home Grant Receivable | \$ <u>465,000</u> |

NOTE 11 - CONTRIBUTED CAPITAL

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration, with certain matching funds provided by the City of Tupelo and State of Mississippi. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital asset acquisition, facility development and rehabilitation are reported as Capital Contributions in the Statement of Revenues, Expenses and Changes in Net Position.

The Water and Sewer fund recognizes capital grants and contributions in the Statement of Revenues, Expenses, and Changes in Net Position when received by an intermediary governmental entity.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the City of Tupelo and the Tupelo Airport Authority are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those 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 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 receives 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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

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. Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, the COLA is equal to 3% of your annual base benefit for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 % compounded for each fiscal year thereafter, beginning with the fiscal year in which one turns age 55.

Employee membership data related to the Plan, as of June 30, 2016 was as follows:

| | |
|-----------------------------|----------------|
| Retirees and Survivors | 99,483 |
| Terminated Vested Employees | 19,400 |
| Inactive Nonvested Members | 123,235 |
| Active Members | 154,104 |
| Total | <u>396,222</u> |

Employee membership data related to the Plan, as of June 30, 2015 was as follows:

| | |
|-----------------------------|----------------|
| Retirees and Survivors | 96,338 |
| Terminated Vested Employees | 19,005 |
| Inactive Nonvested Members | 118,021 |
| Active Members | 157,215 |
| Total | <u>390,579</u> |

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Tupelo is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The following detailed analysis of payroll, pension liability, liability percentage, pension expense, deferred outflows, and deferred inflows, will be divided among the City of Tupelo (all funds except the following), the Coliseum Project Fund, Northeast Mississippi Regional Water Supply District (Water District), the Tupelo Airport Authority, the Water and Sewer Fund, and the Electric Fund (as of June 30, 2016). Separate employer contributions and employer allocation percentages are required for each of these entities.

Covered payroll below refers to all compensation paid to active employees covered by the Plan.

For the year ended September 30, 2016, the City of Tupelo's total payroll for all employees was \$16,483,372. Total covered payroll was \$16,119,683.

For the year ended September 30, 2016, the Coliseum Project Fund's total payroll for all employees was \$1,249,179. Total covered payroll was \$789,663.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

For the year ended September 30, 2016, the Water District's total payroll for all employees was \$58,576. Total covered payroll was also \$58,576.

For the year ended September 30, 2016, the Tupelo Airport Authority's total payroll for all employees was \$319,930. Total covered payroll was \$309,149.

For the year ended September 30, 2016, the Water and Sewer Fund's total payroll for all employees was \$1,410,075. Total covered payroll was \$1,385,638.

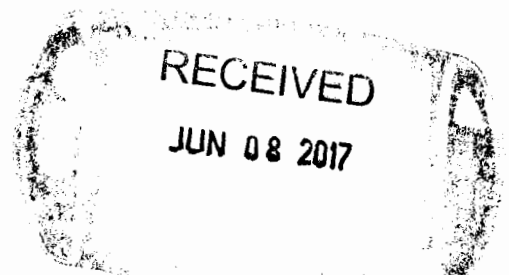
For the year ended June 30, 2016, the Electric Fund's total payroll for all employees was \$2,003,808. Total covered payroll was \$1,967,778.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City of Tupelo reported a liability of \$44,099,290 for its proportionate share of the net pension liability. The City of Tupelo share does include the Solid Waste Fund. The Coliseum Project Fund reported a liability of \$2,114,562 for its proportionate share. The Water District reported \$178,624, the Tupelo Airport Authority reported \$818,460, and the Water and Sewer Fund reported \$3,784,849. The Electric Fund as of June 30, 2016 reported a liability of \$4,560,118 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2016, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Tupelo's proportion of the net pension was based on a projection of the City of Tupelo's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City of Tupelo's proportion was 0.246882 percent. At June 30, 2016, the proportionate share for the Coliseum Project Fund was 0.011838 percent. At June 30, 2016, the proportionate share for the Water District was 0.0010 percent. At June 30, 2016, the proportionate share for the Tupelo Airport Authority was 0.004582 percent. At June 30, 2016, the proportionate share for the Water and Sewer Fund was 0.021189 percent.

For the Electric Fund, the net pension liability was measured as of June 30, 2015, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Electric Fund's proportion was 0.030470 percent.

For the year ended September 30, 2016, the City of Tupelo (including the Solid Waste Fund) recognized pension expense of \$5,070,817. At September 30, 2016, the City of Tupelo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 1,230,048 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | 2,987,509 | - |
| City Pension Contributions Subsequent to the Measurement Date | 647,225 | - |
| Changes of Assumptions | 2,078,934 | 117,185 |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | <u>198,537</u> | <u>1,049,246</u> |
| Total | <u>\$ 7,142,253</u> | <u>\$ 1,166,431</u> |

The \$647,225 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|---------------------|
| 2017 | \$ 1,804,131 |
| 2018 | 1,274,078 |
| 2019 | 1,379,197 |
| 2020 | <u>871,191</u> |
| Total | <u>\$ 5,328,597</u> |

For the year ended September 30, 2016, the Coliseum Project Fund recognized pension expense of \$240,757. At September 30, 2016, the Coliseum Project Fund 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 |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 58,981 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | 143,251 | - |
| Coliseum Pension Contributions Subsequent to the Measurement Date | 31,501 | - |
| Changes of Assumptions | 99,685 | 5,619 |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | <u>-</u> | <u>143,942</u> |
| Total | <u>\$ 333,418</u> | <u>\$ 149,561</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The \$31,501 of deferred outflows of resources resulting from the Coliseum Project Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|-------------------|
| 2017 | \$ 55,905 |
| 2018 | 30,488 |
| 2019 | 24,189 |
| 2020 | 41,774 |
| Total | \$ <u>152,356</u> |

For the year ended September 30, 2016, the Water District recognized pension expense of \$17,607. At September 30, 2016, the District 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 |
|---|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 4,983 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | 20,898 | 14,705 |
| Water District Pension Contributions Subsequent to the Measurement Date | 2,368 | - |
| Changes of Assumptions | 8,420 | 475 |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | - | - |
| Total | \$ <u>36,669</u> | \$ <u>15,180</u> |

The \$2,368 of deferred outflows of resources resulting from the Water District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|------------------|
| 2017 | \$ 4,747 |
| 2018 | 4,729 |
| 2019 | 6,116 |
| 2020 | 3,529 |
| Total | \$ <u>19,121</u> |

For the year ended September 30, 2016, the Tupelo Airport Authority recognized pension expense of \$58,428. At September 30, 2016, the Tupelo Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 22,829 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | 55,447 | - |
| TAA Pension Contributions Subsequent to the Measurement Date | 15,303 | - |
| Changes of Assumptions | 38,584 | 2,175 |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | - | 92,658 |
| Total | \$ <u>132,163</u> | \$ <u>94,833</u> |

The \$15,303 of deferred outflows of resources resulting from the Tupelo Airport Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|------------------|
| 2017 | \$ 2,454 |
| 2018 | (7,384) |
| 2019 | 10,788 |
| 2020 | 16,169 |
| Total | \$ <u>22,027</u> |

For the year ended September 30, 2016, the Water and Sewer Fund recognized pension expense of \$402,389. At September 30, 2016, the Water and Sewer Fund 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 |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 105,569 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | 256,405 | - |
| Water and Sewer Fund Pension Contributions Subsequent to the Measurement Date | 58,273 | - |
| Changes of Assumptions | 178,426 | 10,058 |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | 1,735 | 159,031 |
| Total | \$ <u>600,408</u> | \$ <u>169,089</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The \$58,273 of deferred outflows of resources resulting from the Water and Sewer Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|------------|
| 2017 | \$ 120,696 |
| 2018 | 75,204 |
| 2019 | 102,376 |
| 2020 | 74,770 |
| Total | \$ 373,046 |

For the year ended June 30, 2016, the Electric Fund recognized pension expense of \$129,775. At June 30, 2016, the Electric Fund 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 |
|---|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 105,944 | \$ - |
| Electric Fund Pension Contributions Subsequent to the Measurement Date | 309,925 | - |
| Changes of Assumptions | 392,838 | - |
| Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets | 266,816 | 389,293 |
| Total | \$ 1,075,523 | \$ 389,293 |

The \$309,925 of deferred outflows of resources resulting from the Electric Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|----------------------------------|------------|
| 2017 | \$ 127,259 |
| 2018 | 122,839 |
| 2019 | 59,503 |
| 2020 | 66,704 |
| Total | \$ 376,305 |

Actuarial Assumptions - The City of Tupelo total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Actuarial Assumptions - The Electric Fund pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates for June 30, 2016 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

Mortality rates for June 30, 2015 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2016 and 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) |
| Total | 100.00 % | |

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 (9.00%) and that employer contributions will be made at the current employer



CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Tupelo's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City of Tupelo's and the additional September 30, 2016 funds proportionate share of the net pension liability using the discount rate of 7.75 percent, as well as what the City of Tupelo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

| | Discount Rate | City of Tupelo's Proportionate Share of Net Pension Liability |
|-----------------------|------------------|---|
| 1% Decrease | 6.75% | \$ 56,545,177 |
| Current Discount Rate | 7.75% | 44,099,290 |
| 1% Increase | 8.75% | 33,773,238 |
| | | Coliseum Project Fund's |
| | Discount Rate | Proportionate Share of Net Pension Liability |
| 1% Decrease | 6.75% | \$ 2,711,343 |
| Current Discount Rate | 7.75% | 2,114,562 |
| 1% Increase | 8.75% | 1,619,428 |
| | | Northeast MS Regional Water District's |
| | Discount Rate | Proportionate Share of Net Pension Liability |
| 1% Decrease | 6.75% | \$ 229,037 |
| Current Discount Rate | 7.75% | 178,624 |
| 1% Increase | 8.75% | 136,799 |
| | | Tupelo Airport Authority's |
| | Discount Rate | Proportionate Share of Net Pension Liability |
| 1% Decrease | 6.75% | \$ 1,049,449 |
| Current Discount Rate | 7.75% | 818,460 |
| 1% Increase | 8.75% | 626,814 |
| | | Water and Sewer Fund's |
| | Discount Rate | Proportionate Share of Net Pension Liability |
| 1% Decrease | 6.75% | \$ 4,853,025 |
| Current Discount Rate | 7.75% | 3,784,849 |
| 1% Increase | 8.75% | 2,898,609 |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Sensitivity of the Electric Fund's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Electric Fund's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Electric Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

| | Discount Rate | Electric Fund's Proportionate Share of Net Pension Liability |
|-----------------------|------------------|--|
| 1% Decrease | 6.75% | \$ 6,010,654 |
| Current Discount Rate | 7.75% | 4,560,118 |
| 1% Increase | 8.75% | 2,332,445 |

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT

| <u>Fund</u> | <u>Transfers to Other Funds</u> | <u>Transfers from Other Funds</u> |
|-----------------------------------|--|--|
| General Fund | \$ 4,380,817 | \$ 31,550 |
| Special Revenue Funds: | | |
| CVB Fund | 1,596,894 | - |
| Coliseum Project Fund | 2,292,018 | 1,615,120 |
| Coliseum Operating Fund | - | 1,023,225 |
| Narcotics Fund | 31,550 | - |
| Debt Service Funds: | | |
| City Bond and Interest Fund | - | 66,754 |
| Urban Renewal Debt Service Fund | - | 300,000 |
| Certificate of Participation Fund | 66,754 | 968,792 |
| MS Development Bank 2007 Issue | 84,820 | 181,715 |
| Capital Projects Funds: | | |
| City Infrastructure Fund | - | 4,265,697 |
| Total | <u>\$ 8,452,853</u> | <u>\$ 8,452,853</u> |
| | <u>Transfers to Blended Component Unit</u> | <u>Transfers from Blended Component Unit</u> |
| Debt Service Fund: | | |
| Water G.O. Bond Fund | \$ 4,171,193 | \$ 341,682 |
| Enterprise Fund: | | |
| Combined Water and Sewer Fund | 1,209,103 | - |
| Total | <u>\$ 5,380,296</u> | <u>\$ 341,682</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT – continued

Transfers between the primary government and blended component unit do not balance because the Water District reports differently from the City. The following is a reconciliation of the difference:

| | |
|--|-----------------------|
| Transfers to Water G.O. Bond Fund reported as a reduction in Due to City of Tupelo Water G.O. Bond Fund and Interest Expense by the Water District | \$ 341,682 |
| Transfers to Water District reported as Water Sales by Water District | (1,209,103) |
| Transfer to Water District reported as Contributed Capital by Water District | <u>(4,171,193)</u> |
| Difference | <u>\$ (5,038,614)</u> |

NOTE 14 - INVESTMENTS WITH FINANCIAL INSTITUTIONS

Investments held during the fiscal year consisted only of the types of investments held at the end of the fiscal year. Investments made by the City that are included on the combined balance sheet at September 30, 2016, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

- Category 1 - Insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered for which the securities are held by the broker or dealers trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

| <u>Investment Type</u> | <u>Category</u> | | | <u>Carrying</u> | <u>Market</u> |
|------------------------------------|-----------------|----------|----------|----------------------|----------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | <u>Amount</u> | <u>Value</u> |
| U. S. Government Securities Funds* | | X | | \$ <u>12,995,371</u> | \$ <u>12,995,371</u> |
| Total Investments | | | | \$ <u>12,995,371</u> | \$ <u>12,995,371</u> |

*These funds invest only in U.S. Government securities.

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2016, for vested, but unused, vacation or overtime since none of the City's liability at that date applicable to employees whose compensation is reflected as an expenditure in its governmental funds is expected to be liquidated with expendable available financial resources.

A liability for vested, but unused, vacation and overtime did exist at September 30, 2016, for the General Long-Term Debt Account Group, the Combined Water and Sewer Fund, and the Tupelo Airport Authority, and at June 30, 2016, for the Electric Fund and has been reflected in these financial statements.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES – continued

As provided by Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, the primary government and the Airport Authority do not have any liability for unused sick leave accumulated by its employees since the employees do not have a vested right to receive sick pay benefits; i.e., the employees' rights to receive compensation for future absences for sick leave is contingent on the absences being caused by the employee's future illness resulting prior to termination of his/her employment with the City or the Airport Authority.

NOTE 16 - ACCOUNTS RECEIVABLE

Receivables for accounts of the Electric Fund (an Enterprise Fund) have been reduced by \$170,245 to reflect the provision for uncollectible accounts. The accrual amount of court fine receivables on the Statement of Net Position – Government – Wide has been reduced by \$9,367,310 to reflect the provision for uncollectible fines.

NOTE 17 - SOLID WASTE DISPOSAL SERVICE AGREEMENT

The City is party to a service agreement with Three Rivers Solid Waste Management Authority (Authority). The Authority agreed to construct and operate facilities for the disposal of solid waste. The City agreed to deliver all acceptable solid waste over which it has legal authority to control to the Authority for disposal. By reason of the incorporation agreement of the Authority and the service agreement between the City and the Authority, the City is a voting member of the Authority. In addition, the City remains obligated to pay its pro rata share of the Authority's bonded indebtedness incurred during the City's membership in the Authority. Financial statements of the Authority are available.

NOTE 18 - SOLID WASTE MANAGEMENT FUND

Pursuant to Section 17-17-347, Mississippi Code Annotated (1972), the City of Tupelo has established a solid waste management system accounted for through an enterprise fund to determine the full and complete cost for solid waste management within the service area.

NOTE 19 - GENERAL OBLIGATION WATER BONDS

In 1988, the State of Mississippi authorized through legislation the issuance of general obligation bonds by the City of Tupelo for the construction and acquisition of alternative source water supply facilities and payment of interest on bonds, establishment of reserves to secure such bonds and payment of expenses incident to the issuance of such bonds. The act also provided for the imposition of a specific sales tax, at the rate of one-quarter of one percent upon all sales and services within the City of Tupelo which are subject to the general rate of state sales tax, the proceeds of which are to be used to pay for fifty percent (50%) of the cost of construction and financing of the project.

Pursuant to this act, the City of Tupelo, on February 2, 1989, issued \$21,000,000 in general obligation bonds and transferred the proceeds to the Northeast Mississippi Regional Water Supply District. The full faith, credit and resources of the City of Tupelo are irrevocably pledged for the payment of the principal and interest on the bonds. On August 1, 1996, the City refunded a portion of the Series 1989 bonds as more fully explained in Note 21. On December 17, 2008 the Series 1989 bonds were refunded in their entirety and City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008. Although refunded, the bond covenants and agreements from the Series 1989 issue remain in effect.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 19 - GENERAL OBLIGATION WATER BONDS – continued

In connection with the issuance of the above bonds, a trust indenture involving the City of Tupelo, the Northeast Mississippi Regional Water Supply District, and Hancock Bank was executed. As per the terms of this trust indenture, various agreements were reached and trust accounts were established as follows:

1. The bond proceeds were placed in the "Water Construction Fund" trust account and are an asset of the Water District, which shall own and manage the system.
2. The debt service on the bonds is to be handled through the "Water Supply Bond Fund" trust account. The assets in this trust account and its two subaccounts, the "Special Sales Tax Subaccount" trust account and the "Water Revenue Subaccount" trust account, are assets of the City of Tupelo and are reflected in its Water G. O. Bonds Fund (a Debt Service Fund).

The assets of the "Special Sales Tax Subaccount" can only be used to pay up to 50% of each debt service disbursement; the remainder must come from the other subaccount or other sources. The Water District, which owns the system, has pledged a sufficient portion of its revenues to the payment of the principal and interest on the bonds as they come due to the extent not paid with the proceeds of the special sales tax.

The Water District's billings for water include an amount to pay the remaining 50% of each debt service disbursement. The City of Tupelo treats this amount as a transfer to the Water District for debt service. The Water District reflects these payments as water revenues. Total water fees reported by the City as debt service transfers to the Water District for the year ended September 30, 2016 was \$1,209,103.

NOTE 20 - DUE FROM CITY OF TUPELO WATER BONDS CONSTRUCTION FUND

On December 17, 2008, the City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008 and executed an Agreement with the Water District. The agreement provides that the City of Tupelo will take the necessary steps to issue the aforementioned bonds and shall deposit the balance of the proceeds with a trustee for use by the District. The use of the bonds shall be for the plant expansion project. The balance on deposit with the Trustee at September 30, 2016, was \$6,580,988, which is reported as Due From Trustee.

NOTE 21 - RISK MANAGEMENT

The City of Tupelo is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, workers' compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employers liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 21 - RISK MANAGEMENT – continued

claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 22 - CONTINGENT LIABILITIES

Litigation

The City is a defendant in various litigations arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

Federally Assisted Programs – Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 23 - ECONOMIC DEPENDENCY

The Electric Department of the City of Tupelo had sales to one major customer for the year ended June 30, 2016 (its year-end) of \$7,787,103. This represented approximately 14.2% of the Department's revenues for the year.

NOTE 24 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the net pension liability and the provision for uncollectible court fines as mentioned in Note 12 and Note 16, respectively. It is as least reasonably possible that the significant estimate used will change within the next year.

NOTE 25 - BUDGET / GAAP RECONCILIATION

The major difference between the budgetary basis and the GAAP basis is:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 25 - BUDGET / GAAP RECONCILIATION – continued

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major fund.

| | Governmental Fund Types | | | |
|--------------------------------------|--------------------------------|------------------------------------|-------------------------------|---------------------------------|
| | General Fund | City Bond and Interest Fund | Water G. O. Bonds Fund | City Infrastructure Fund |
| Budget (Cash Basis) | \$ 623,831 | \$ 47,683 | \$ (1,050,613) | \$ (2,104,354) |
| Increase (Decrease) | | | | |
| Net adjustments for revenue accruals | (101,177) | 16,298 | 0 | 156,560 |
| GAAP Basis | \$ <u>522,654</u> | \$ <u>63,981</u> | \$ <u>(1,050,613)</u> | \$ <u>(1,947,794)</u> |

NOTE 26 - CONSTRUCTION AND OTHER COMMITMENTS

The City of Tupelo and its component units have entered in the following commitments:

| <u>To Be Paid By</u> | <u>Description</u> | <u>Amount Authorized</u> | <u>Expended through September 30, 2016</u> | <u>Remaining Commitment at September 30, 2016</u> |
|-----------------------------|-------------------------------|---------------------------------|---|--|
| General City | East Main Enhancement | \$ 11,634,391 | \$ 11,599,863 | \$ 34,528 |
| General City | Police Headquarters | 8,009,640 | 7,866,050 | 143,590 |
| General City | Philips/Daybrite Bldg Project | 654,813 | 563,165 | 91,648 |
| General City | Green/Gloster Sidewalk | 651,903 | 591,852 | 60,051 |
| General City | Sharon Hills Drainage | 221,274 | 187,170 | 34,104 |
| NE MS Water | Bleach Conversion Project | 808,038 | 63,063 | 744,975 |
| Airport | Airport Improvement Programs | 754,789 | 466,513 | 288,276 |
| Airport | Multimodal Projects | <u>1,108,000</u> | <u>1,094,037</u> | <u>13,963</u> |
| | | \$ <u>23,842,848</u> | \$ <u>22,431,713</u> | \$ <u>1,411,135</u> |

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 27 - CAPITAL LEASE RECEIVABLE

The amount reported as a lease receivable in the governmental activities is a lease in which the City has leased a building to the Tupelo Automobile Museum. The City constructed the building with financing from a taxable bond issue.

The future minimum lease payments of the capital lease receivable at September 30, 2016, are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| 2017 | \$ 200,000 | \$ 56,384 | \$ 256,384 |
| 2018 | 210,000 | 49,132 | 259,132 |
| 2019 | 210,000 | 41,517 | 251,517 |
| 2020 | 220,000 | 33,903 | 253,903 |
| 2021 | 230,000 | 25,926 | 255,926 |
| 2022-2023 | <u>485,000</u> | <u>26,471</u> | <u>511,471</u> |
| Total | \$ <u>1,555,000</u> | \$ <u>233,333</u> | \$ <u>1,788,333</u> |

NOTE 28 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through March 22, 2017, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the year ended September 30, 2016

| | 2016 | | 2015 |
|--|---------------|----|------------|
| City of Tupelo's proportion of net pension liability (%) | 0.02469 % | | 0.02454 % |
| City of Tupelo's proportionate share of net pension liability | \$ 44,099,290 | \$ | 37,934,001 |
| City of Tupelo's covered employee payroll | \$ 16,119,683 | \$ | 15,387,575 |
| City of Tupelo's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 273.57 % | | 246.52 % |
| Coliseum Project Fund's proportion of net pension liability (%) | 0.01180 % | | 0.01220 % |
| Coliseum Project Fund's proportionate share of net pension liability | \$ 2,114,562 | \$ | 1,885,789 |
| Coliseum Project Fund's covered employee payroll | \$ 789,663 | \$ | 753,435 |
| Coliseum Project Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 267.78 % | | 250.30 % |
| Water District's proportion of net pension liability (%) | 0.00100 % | | 0.00100 % |
| Water District's proportionate share of net pension liability | \$ 178,624 | \$ | 154,580 |
| Water District's covered employee payroll | \$ 58,578 | \$ | 57,200 |
| Water District's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 304.94 % | | 270.25 % |
| TAA's proportion of net pension liability (%) | 0.00458 % | | 0.00528 % |
| TAA's proportionate share of net pension liability | \$ 818,460 | \$ | 815,566 |
| TAA's covered employee payroll | \$ 309,149 | \$ | 314,616 |
| TAA's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 264.75 % | | 259.23 % |
| Water and Sewer Fund's proportion of net pension liability (%) | 0.02120 % | | 0.02120 % |
| Water and Sewer Fund's proportionate share of net pension liability | \$ 3,784,849 | \$ | 3,273,406 |
| Water and Sewer Fund's covered employee payroll | \$ 1,385,638 | \$ | 1,332,497 |
| Water and Sewer Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 273.15 % | | 245.66 % |
| Electric Fund's proportion of net pension liability (%) | 0.03047 % | | 0.03201 % |
| Electric Fund's proportionate share of net pension liability | \$ 4,560,118 | \$ | 3,580,761 |
| Electric Fund's covered employee payroll | \$ 1,967,778 | \$ | 1,903,784 |
| Electric Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%) | 231.74 % | | 188.09 % |
| Plan fiduciary net position as a percentage of total pension liability | 57.47 % | | 61.70 % |

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Contributions
For the year ended September 30, 2016

| | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|
| City of Tupelo | | | |
| Statutorily required contributions | \$ 2,538,850 | \$ 2,423,543 | \$ 2,377,252 |
| Contributions in relation to statutorily required contributions | \$ 2,538,850 | \$ 2,423,543 | \$ 2,377,252 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 16,119,683 | \$ 15,387,575 | \$ 15,093,663 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |
| Coliseum Project Fund | | | |
| Statutorily required contributions | \$ 124,372 | \$ 118,666 | \$ 122,403 |
| Contributions in relation to statutorily required contributions | \$ 124,372 | \$ 118,666 | \$ 122,403 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 789,663 | \$ 753,435 | \$ 777,162 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |
| Water District | | | |
| Statutorily required contributions | \$ 9,226 | \$ 9,009 | \$ 8,947 |
| Contributions in relation to statutorily required contributions | \$ 9,226 | \$ 9,009 | \$ 8,947 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 58,578 | \$ 57,200 | \$ 56,610 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |
| Tupelo Airport Authority | | | |
| Statutorily required contributions | \$ 48,691 | \$ 49,552 | \$ 54,201 |
| Contributions in relation to statutorily required contributions | \$ 48,691 | \$ 49,552 | \$ 54,201 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 309,149 | \$ 314,616 | \$ 344,133 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |
| Water and Sewer Fund | | | |
| Statutorily required contributions | \$ 218,238 | \$ 209,868 | \$ 213,692 |
| Contributions in relation to statutorily required contributions | \$ 218,238 | \$ 209,868 | \$ 213,692 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 1,385,638 | \$ 1,332,493 | \$ 1,356,775 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |
| Electric Fund | | | |
| Statutorily required contributions | \$ 309,925 | \$ 299,846 | \$ 308,146 |
| Contributions in relation to statutorily required contributions | \$ 309,925 | \$ 299,846 | \$ 308,146 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Tupelo's covered employee payroll | \$ 1,967,778 | \$ 1,903,784 | \$ 1,956,483 |
| Contributions as a percentage of covered employee payroll | 15.75 % | 15.75 % | 15.75 % |

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

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

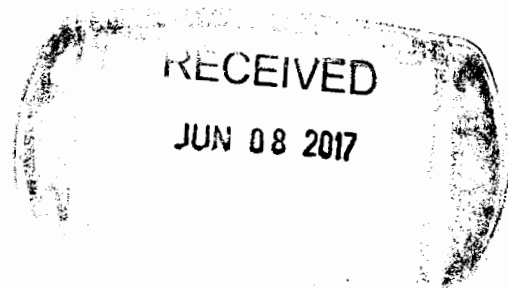
Changes of Assumptions

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Changes of Benefit Provisions

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS



CITY OF TUPELO, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2016

| | Non-Major Special Revenue | Non-Major Capital Projects | Non-Major Debt Service | Total Non-Major Governmental Funds |
|--|---------------------------------|----------------------------------|------------------------------|---|
| <u>ASSETS:</u> | | | | |
| Cash | \$ 8,221,042 | \$ 2,175,709 | \$ 425,607 | \$ 10,822,358 |
| Investments | - | - | 44,765 | 44,765 |
| General Property Taxes Receivable | 50,316 | 192,044 | 450 | 242,810 |
| Other Receivable | 148,533 | - | 220,025 | 368,558 |
| Notes Receivable | 113,075 | - | - | 113,075 |
| Due from Other Government Units | 335,595 | - | - | 335,595 |
| Inventories | 22,785 | - | - | 22,785 |
| Prepaid Expenses | 39,827 | - | - | 39,827 |
| TOTAL ASSETS | \$ 8,931,173 | \$ 2,367,753 | \$ 690,847 | \$ 11,989,773 |
| <u>LIABILITIES AND FUND BALANCES:</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$ 92,743 | \$ 59,956 | \$ - | \$ 152,699 |
| Equity in Pooled Cash Deficit | 555 | - | - | 555 |
| Accrued Expenses | 31,740 | - | - | 31,740 |
| Due to Other Funds | - | 26,486 | - | 26,486 |
| Unearned Revenues | 997,265 | - | - | 997,265 |
| Event Deposits | 43,668 | - | - | 43,668 |
| TOTAL LIABILITIES | 1,165,971 | 86,442 | - | 1,252,413 |
| <u>FUND BALANCES:</u> | | | | |
| Nonspendable | | | | |
| Inventory | 22,785 | - | - | 22,785 |
| Restricted for | | | | |
| Library | 50,497 | - | - | 50,497 |
| Tourism Promotion | 4,206,757 | - | - | 4,206,757 |
| Public Safety Retirement | 42,983 | - | - | 42,983 |
| Law Enforcement | 1,781,071 | - | - | 1,781,071 |
| Construction Acquisition of Capital Assets | - | 1,861,653 | - | 1,861,653 |
| Public Safety Equipment | - | 224,525 | - | 224,525 |
| Debt Service | - | - | 690,847 | 690,847 |
| Committed to | | | | |
| Rental Rehabilitation | 118,179 | - | - | 118,179 |
| Fairpark Infrastructure | - | 23,148 | - | 23,148 |
| Construction Acquisition of Capital Assets | - | 171,985 | - | 171,985 |
| Assigned to | | | | |
| Coliseum Projects | 955,138 | - | - | 955,138 |
| Coliseum Operations | 587,792 | - | - | 587,792 |
| TOTAL FUND BALANCES | 7,765,202 | 2,281,311 | 690,847 | 10,737,360 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 8,931,173 | \$ 2,367,753 | \$ 690,847 | \$ 11,989,773 |

CITY OF TUPELO, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2016

| | Non-Major Special Revenue | Non-Major Capital Projects | Non-Major Debt Service | Total Non-Major Governmental Funds |
|---|---------------------------------|----------------------------------|------------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 1,232,674 | \$ 4,549,476 | \$ 327,214 | \$ 6,109,364 |
| Intergovernmental Revenues | 4,300,586 | 389,797 | - | 4,690,383 |
| Fines and Forfeitures | 104,989 | - | - | 104,989 |
| Charges for Services | 3,057,141 | - | - | 3,057,141 |
| Miscellaneous Revenues | 976,003 | 43,205 | 1,137 | 1,020,345 |
| TOTAL REVENUES | 9,671,393 | 4,982,478 | 328,351 | 14,982,222 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Safety | 888,014 | - | - | 888,014 |
| Culture and Recreation | 5,188,499 | - | - | 5,188,499 |
| Other Functions | 2,758,719 | - | - | 2,758,719 |
| Capital Projects | - | 6,581,176 | - | 6,581,176 |
| Debt Service | - | - | 1,690,473 | 1,690,473 |
| TOTAL EXPENDITURES | 8,835,232 | 6,581,176 | 1,690,473 | 17,106,881 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 836,161 | (1,598,698) | (1,362,122) | (2,124,659) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (3,920,462) | - | (151,574) | (4,072,036) |
| Transfers In | 2,638,345 | - | 1,450,507 | 4,088,852 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,282,117) | - | 1,298,933 | 16,816 |
| NET CHANGE IN FUND BALANCES | (445,956) | (1,598,698) | (63,189) | (2,107,843) |
| FUND BALANCES - Beginning | 8,211,158 | 3,880,009 | 754,036 | 12,845,203 |
| FUND BALANCES - Ending | \$ 7,765,202 | \$ 2,281,311 | \$ 690,847 | \$ 10,737,360 |

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

| | Library Fund | Convention and Visitors Bureau Fund | Firemen & Policemen Retirement Fund | Coliseum Project Fund | Rental Rehabil- itation Fund | Coliseum Operating Fund | Narcotics Fund | Totals | |
|--|------------------|--|--|-----------------------------|---------------------------------------|-------------------------------|---------------------|---------------------|---------------------|
| | | | | | | | | 9/30/2016 | 9/30/2015 |
| ASSETS | | | | | | | | | |
| Cash | \$ 31,101 | \$ 3,893,099 | \$ 12,618 | \$ 955,138 | \$ 5,104 | \$ 1,541,318 | \$ 1,782,664 | \$ 8,221,042 | \$ 8,520,410 |
| Receivables: | | | | | | | | | |
| Notes | - | - | - | - | 113,075 | - | - | 113,075 | 115,302 |
| Other | - | 6,957 | - | - | - | 141,576 | - | 148,533 | 99,114 |
| General Property Taxes | 19,396 | - | 30,920 | - | - | - | - | 50,316 | 45,362 |
| Due from Other | | | | | | | | | |
| Governmental Units | - | 335,595 | - | - | - | - | - | 335,595 | 345,614 |
| Due from Other Funds | - | - | - | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | 22,785 | - | 22,785 | 25,257 |
| Prepaid Expenses | - | - | - | - | - | 39,827 | - | 39,827 | - |
| TOTAL ASSETS | \$ 50,497 | \$ 4,235,651 | \$ 43,538 | \$ 955,138 | \$ 118,179 | \$ 1,745,506 | \$ 1,782,664 | \$ 8,931,173 | \$ 9,151,059 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts Payable | \$ - | \$ 28,894 | \$ - | \$ - | \$ - | \$ 62,256 | \$ 1,593 | \$ 92,743 | \$ 119,352 |
| Equity in Pooled Cash Deficit | - | - | 555 | - | - | - | - | 555 | 555 |
| Accrued Expenses | - | - | - | - | - | 31,740 | - | 31,740 | 22,690 |
| Due to Other Funds | - | - | - | - | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - | 997,265 | - | 997,265 | 752,216 |
| Event Deposits | - | - | - | - | - | 43,668 | - | 43,668 | 45,088 |
| Total Liabilities | - | 28,894 | 555 | - | - | 1,134,929 | 1,593 | 1,165,971 | 939,901 |
| Fund Balances: | | | | | | | | | |
| Nonspendable | | | | | | | | | |
| Inventory | - | - | - | - | - | 22,785 | - | 22,785 | 25,257 |
| Restricted for | | | | | | | | | |
| Library | 50,497 | - | - | - | - | - | - | 50,497 | 33,772 |
| Tourism Promotion | - | 4,206,757 | - | - | - | - | - | 4,206,757 | 3,795,889 |
| Public Safety Retirement | - | - | 42,983 | - | - | - | - | 42,983 | 27,779 |
| Law Enforcement | - | - | - | - | - | - | 1,781,071 | 1,781,071 | 1,759,606 |
| Committed to | | | | | | | | | |
| Rental Rehabilitation | - | - | - | - | 118,179 | - | - | 118,179 | 118,880 |
| Assigned to | | | | | | | | | |
| Coliseum Projects | - | - | - | 955,138 | - | - | - | 955,138 | 1,629,160 |
| Coliseum Operations | - | - | - | - | - | 587,792 | - | 587,792 | 820,815 |
| Total Fund Balances | 50,497 | 4,206,757 | 42,983 | 955,138 | 118,179 | 610,577 | 1,781,071 | 7,765,202 | 8,211,158 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 50,497 | \$ 4,235,651 | \$ 43,538 | \$ 955,138 | \$ 118,179 | \$ 1,745,506 | \$ 1,782,664 | \$ 8,931,173 | \$ 9,151,059 |

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | Library Fund | Convention and Visitors Bureau Fund | Firemen & Policemen Retirement Fund | Coliseum Project Fund | Rental Rehabil- itation Fund | Coliseum Operating Fund | Narcotics Fund | Totals | |
|---------------------------------|-----------------|--|--|-----------------------------|---------------------------------------|-------------------------------|-------------------|------------------|------------------|
| | | | | | | | | 9/30/2016 | 9/30/2015 |
| REVENUES | | | | | | | | | |
| Taxes: | | | | | | | | | |
| General Property Taxes | \$ 459,492 | \$ - | \$ 732,190 | \$ - | \$ - | \$ - | \$ - | \$ 1,191,682 | \$ 1,214,061 |
| Payments in Lieu of Taxes | - | 40,992 | - | - | - | - | - | 40,992 | 43,812 |
| Intergovernmental Revenues: | | | | | | | | | |
| Federal Shared Revenues | - | - | - | - | - | - | 586 | 586 | 22,166 |
| State Shared Revenues | 16,179 | 4,258,030 | 25,791 | - | - | - | - | 4,300,000 | 4,053,359 |
| Federal Grants | - | - | - | - | - | - | - | - | 12,596 |
| Fines and Forfeitures | - | - | - | - | - | - | 104,989 | 104,989 | 78,340 |
| Charges for Sales and Services: | | | | | | | | | |
| Commissions | - | - | - | - | - | 45,549 | - | 45,549 | 43,834 |
| Concessions & Other Sales | - | - | - | - | - | 521,296 | - | 521,296 | 556,205 |
| Direct Show Revenue | - | - | - | - | - | 44,898 | - | 44,898 | 61,048 |
| Parking | - | - | - | - | - | 2,463 | - | 2,463 | 3,760 |
| Service Charge | - | - | - | - | - | 306,784 | - | 306,784 | 290,073 |
| Rental Revenue | - | - | - | - | - | 1,963,803 | - | 1,963,803 | 1,814,879 |
| Personnel Service Fees | - | - | - | - | - | 172,348 | - | 172,348 | 271,865 |
| Miscellaneous Revenues: | | | | | | | | | |
| Interest | 34 | 6,079 | 168 | 2,876 | 149 | 1,797 | 3,043 | 14,146 | 10,314 |
| Advertising Agency Fee | - | - | - | - | - | 443,671 | - | 443,671 | 456,621 |
| Donations | - | - | - | - | - | - | - | - | - |
| Other | - | 1,550 | - | - | - | 427,170 | 89,466 | 518,186 | 177,388 |
| TOTAL REVENUES | 475,705 | 4,306,651 | 758,149 | 2,876 | 149 | 3,929,779 | 198,084 | 9,671,393 | 9,110,321 |

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
 With Comparative Totals for Year Ended September 30, 2015

-Continued-

| | Library Fund | Convention and Visitors Bureau Fund | Firemen & Policemen Retirement Fund | Coliseum Project Fund | Rental Rehabil- itation Fund | Coliseum Operating Fund | Narcotics Fund | Totals | |
|------------------------------|-----------------|--|--|-----------------------------|---------------------------------------|-------------------------------|-------------------|-----------|-----------|
| | | | | | | | | 9/30/2016 | 9/30/2015 |
| EXPENDITURES | | | | | | | | | |
| Public Safety: | | | | | | | | | |
| Police Department: | | | | | | | | | |
| Personnel Services | \$ - | \$ - | \$ 520,062 | \$ - | \$ - | \$ - | \$ - | 520,062 | 534,316 |
| Supplies | - | - | - | - | - | - | 11,052 | 11,052 | 12,396 |
| Other Services and Charges | - | - | - | - | - | - | 133,123 | 133,123 | 142,737 |
| Capital Outlay | - | - | - | - | - | - | 894 | 894 | 19,093 |
| Fire Department: | | | | | | | | | |
| Personnel Services | - | - | 222,883 | - | - | - | - | 222,883 | 228,993 |
| Total Public Safety | - | - | 742,945 | - | - | - | 145,069 | 888,014 | 937,535 |
| Culture and Recreation: | | | | | | | | | |
| Tupelo Coliseum: | | | | | | | | | |
| Personnel Services | - | - | - | - | - | 1,576,177 | - | 1,576,177 | 1,441,396 |
| Supplies | - | - | - | - | - | 393,791 | - | 393,791 | 360,378 |
| Other Services and Charges | - | - | - | - | - | 2,428,893 | - | 2,428,893 | 1,946,273 |
| Capital Outlay | - | - | - | - | - | 789,638 | - | 789,638 | 194,705 |
| Total Culture and Recreation | - | - | - | - | - | 5,188,499 | - | 5,188,499 | 3,942,752 |

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CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015
-Continued-

| | Library Fund | Convention and Visitors Bureau Fund | Firemen & Policemen Retirement Fund | Coliseum Project Fund | Rental Rehabil- itation Fund | Coliseum Operating Fund | Narcotics Fund | Totals | |
|--|-----------------|--|--|-----------------------------|---------------------------------------|-------------------------------|-------------------|------------|------------|
| | | | | | | | | 9/30/2016 | 9/30/2015 |
| EXPENDITURES | | | | | | | | | |
| - Continued | | | | | | | | | |
| Other Functions: | | | | | | | | | |
| Community Services: | | | | | | | | | |
| Personnel Services | \$ - | \$ 775,832 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 775,832 | \$ 773,805 |
| Supplies | - | 14,226 | - | - | - | - | - | 14,226 | 14,895 |
| Other Services and Charges | 458,980 | 1,499,312 | - | - | 850 | - | - | 1,959,142 | 1,983,285 |
| Capital Outlay | - | 9,519 | - | - | - | - | - | 9,519 | 68,895 |
| Total Other Functions | 458,980 | 2,298,889 | - | - | 850 | - | - | 2,758,719 | 2,840,880 |
| TOTAL EXPENDITURES | 458,980 | 2,298,889 | 742,945 | - | 850 | 5,188,499 | 145,069 | 8,835,232 | 7,721,167 |
| EXCESS OF REVENUES REVENUES OVER (UNDER) EXPENDITURES | 16,725 | 2,007,762 | 15,204 | 2,876 | (701) | (1,258,720) | 53,015 | 836,161 | 1,389,154 |

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015
-Continued-

| | Library Fund | Convention and Visitors Bureau Fund | Firemen & Policemen Retirement Fund | Coliseum Project Fund | Rental Rehabil- itation Fund | Coliseum Operating Fund | Narcotics Fund | Totals | |
|--|-----------------|--|--|-----------------------------|---------------------------------------|-------------------------------|-------------------|--------------|--------------|
| | | | | | | | | 9/30/2016 | 9/30/2015 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers In | \$ - | \$ - | \$ - | \$ 1,615,120 | \$ - | \$ 1,023,225 | \$ - | \$ 2,638,345 | \$ 2,064,865 |
| Transfers Out | - | (1,596,894) | - | (2,292,018) | - | - | (31,550) | (3,920,462) | (2,990,846) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (1,596,894) | - | (676,898) | - | 1,023,225 | (31,550) | (1,282,117) | (925,981) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | 16,725 | 410,868 | 15,204 | (674,022) | (701) | (235,495) | 21,465 | (445,956) | 463,173 |
| FUND BALANCES - Beginning of Year | 33,772 | 3,795,889 | 27,779 | 1,629,160 | 118,880 | 846,072 | 1,759,606 | 8,211,158 | 7,747,985 |
| FUND BALANCES - End of Year | \$ 50,497 | \$ 4,206,757 | \$ 42,983 | \$ 955,138 | \$ 118,179 | \$ 610,577 | \$ 1,781,071 | \$ 7,765,202 | \$ 8,211,158 |

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

| | 2007 General Obligation Construction Fund | City Capital Project Fund | Fairgrounds Construction Fund | Thoroughfare Fund Phase V | Totals | |
|--|--|---------------------------------|-------------------------------------|---------------------------------|---------------------|---------------------|
| | | | | | 9/30/2016 | 9/30/2015 |
| ASSETS | | | | | | |
| Cash | \$ - | \$ 396,510 | \$ 29,034 | \$ 1,750,165 | \$ 2,175,709 | \$ 3,832,223 |
| Receivables: | | | | | | |
| General Property Taxes | - | - | - | 192,044 | 192,044 | 168,625 |
| TOTAL ASSETS | \$ - | \$ 396,510 | \$ 29,034 | \$ 1,942,209 | \$ 2,367,753 | \$ 4,000,848 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 5,886 | \$ 54,070 | \$ 59,956 | \$ 120,839 |
| Due to Other Funds | - | - | - | 26,486 | 26,486 | - |
| Total Liabilities | - | - | 5,886 | 80,556 | 86,442 | 120,839 |
| Fund Balances: | | | | | | |
| Restricted for | | | | | | |
| Construction Acquisition of Capital Assets | - | - | - | 1,861,653 | 1,861,653 | 2,192,967 |
| Public Safety Equipment | - | 224,525 | - | - | 224,525 | 1,608,181 |
| Committed to | | | | | | |
| Fairpark Infrastructure | - | - | 23,148 | - | 23,148 | 78,861 |
| Construction Acquisition of Capital Assets | - | 171,985 | - | - | 171,985 | - |
| Total Fund Balances | - | 396,510 | 23,148 | 1,861,653 | 2,281,311 | 3,880,009 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ - | \$ 396,510 | \$ 29,034 | \$ 1,942,209 | \$ 2,367,753 | \$ 4,000,848 |

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | 2007 General Obligation Construction Fund | City Capital Project Fund | Fairgrounds Construction Fund | Thoroughfare Fund Phase V | Totals | |
|---|--|---------------------------------|-------------------------------------|---------------------------------|--------------------|------------------|
| | | | | | 9/30/2016 | 9/30/2015 |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| General Property Taxes | \$ - | \$ - | \$ - | \$ 4,549,476 | \$ 4,549,476 | \$ 4,513,258 |
| Intergovernmental Revenues: | | | | | | |
| Federal Shared Revenues | - | 7,173 | - | - | 7,173 | 374,046 |
| State Shared Revenues | - | 63,411 | - | 160,191 | 223,602 | 238,955 |
| Federal Grants | - | - | - | 159,022 | 159,022 | - |
| Miscellaneous Revenues: | | | | | | |
| Interest | - | 1,438 | 88 | 3,679 | 5,205 | 7,471 |
| Donations | - | - | - | - | - | 11,500 |
| Other | - | - | 38,000 | - | 38,000 | 41,374 |
| TOTAL REVENUES | <u>-</u> | <u>72,022</u> | <u>38,088</u> | <u>4,872,368</u> | <u>4,982,478</u> | <u>5,186,604</u> |
| EXPENDITURES | | | | | | |
| Personnel Services | - | - | - | 94,591 | 94,591 | 89,828 |
| Other Services and Charges | - | - | 93,801 | - | 93,801 | 241,343 |
| Capital Outlay: | | | | | | |
| Capital Outlay | - | 1,283,693 | - | 5,109,091 | 6,392,784 | 5,367,734 |
| TOTAL EXPENDITURES | <u>-</u> | <u>1,283,693</u> | <u>93,801</u> | <u>5,203,682</u> | <u>6,581,176</u> | <u>5,698,905</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(1,211,671)</u> | <u>(55,713)</u> | <u>(331,314)</u> | <u>(1,598,698)</u> | <u>(512,301)</u> |

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015
-Continued-

| | 2007 General Obligation Construction Fund | City Capital Project Fund | Fairgrounds Construction Fund | Thoroughfare Fund Phase V | Totals | |
|--|--|---------------------------------|-------------------------------------|---------------------------------|--------------|----------------|
| | | | | | 9/30/2016 | 9/30/2015 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers Out | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (3,754,794) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - | (3,754,794) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | - | (1,211,671) | (55,713) | (331,314) | (1,598,698) | (4,267,095) |
| FUND BALANCE Beginning of Year | - | 1,608,181 | 78,861 | 2,192,967 | 3,880,009 | 8,147,104 |
| FUND BALANCE End of Year | \$ - | \$ 396,510 | \$ 23,148 | \$ 1,861,653 | \$ 2,281,311 | \$ 3,880,009 |

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CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

| | Special Assessments Bond and Interest Fund | City Tax Increment Debt Fund | Certificate of Participation Debt Service Fund | Urban Renewal Bond Fund | Mississippi Development Bank 2007 Issue Fund | Totals | |
|--|---|---------------------------------------|---|----------------------------------|---|-------------------|-------------------|
| | | | | | | 9/30/2016 | 9/30/2015 |
| ASSETS | | | | | | | |
| Cash | \$ 75,151 | \$ 350,456 | \$ - | \$ - | \$ - | \$ 425,607 | \$ 349,534 |
| Investments | - | - | 65 | 44,700 | - | 44,765 | 183,655 |
| Receivables: | | | | | | | |
| General Property Taxes | 450 | - | - | - | - | 450 | 822 |
| Other | - | - | - | 220,025 | - | 220,025 | 220,025 |
| TOTAL ASSETS | \$ 75,601 | \$ 350,456 | \$ 65 | \$ 264,725 | \$ - | \$ 690,847 | \$ 754,036 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | - | - | - | - | - | - | - |
| Fund Balances: | | | | | | | |
| Restricted for Debt Service | 75,601 | 350,456 | 65 | 264,725 | - | 690,847 | 754,036 |
| Total Fund Balances | 75,601 | 350,456 | 65 | 264,725 | - | 690,847 | 754,036 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 75,601 | \$ 350,456 | \$ 65 | \$ 264,725 | \$ - | \$ 690,847 | \$ 754,036 |

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | Special Assessments Bond and Interest Fund | City Tax Increment Debt Fund | Certificate of Participation Debt Service Fund | Urban Renewal Bond Fund | Mississippi Development Bank 2007 Issue Fund | Totals | |
|---|---|---------------------------------------|---|----------------------------------|---|------------------|------------------|
| | | | | | | 9/30/2016 | 9/30/2015 |
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| General Property Taxes | \$ 93,318 | \$ 233,896 | \$ - | \$ - | \$ - | \$ 327,214 | \$ 238,333 |
| Intergovernmental Revenues: | | | | | | | |
| State Shared Revenues | - | - | - | - | - | - | - |
| Miscellaneous Revenues: | | | | | | | |
| Interest | 154 | 508 | 173 | 179 | 123 | 1,137 | 614 |
| Other | - | - | - | - | - | - | - |
| TOTAL REVENUES | 93,472 | 234,404 | 173 | 179 | 123 | 328,351 | 238,947 |
| EXPENDITURES | | | | | | | |
| Debt Service: | | | | | | | |
| General Obligations: | | | | | | | |
| Bonds Redeemed | - | 90,000 | - | - | - | 90,000 | 85,000 |
| Interest | - | 27,210 | - | - | - | 27,210 | 31,718 |
| Paying Agent Fees | - | 1,850 | - | - | - | 1,850 | 850 |
| Special Assessment General Obligations: | | | | | | | |
| Bonds Redeemed | 50,000 | - | - | - | - | 50,000 | 85,000 |
| Interest | 9,655 | - | - | - | - | 9,655 | 14,470 |
| Paying Agent Fees | 2,690 | - | - | - | - | 2,690 | 4,190 |
| Certificates of Participation: | | | | | | | |
| Certificates Redeemed | - | - | 730,000 | - | - | 730,000 | 705,000 |
| Interest | - | - | 235,900 | - | - | 235,900 | 264,100 |
| Paying Agent Fees | - | - | 2,892 | - | - | 2,892 | 3,245 |
| Special Obligations: | | | | | | | |
| Bonds Redeemed | - | - | - | 245,000 | 74,515 | 319,515 | 302,740 |
| Interest | - | - | - | 191,634 | 25,427 | 217,061 | 233,800 |
| Paying Agent Fees | - | - | - | 2,500 | 1,200 | 3,700 | 3,700 |
| TOTAL EXPENDITURES | 62,345 | 119,060 | 968,792 | 439,134 | 101,142 | 1,690,473 | 1,733,813 |

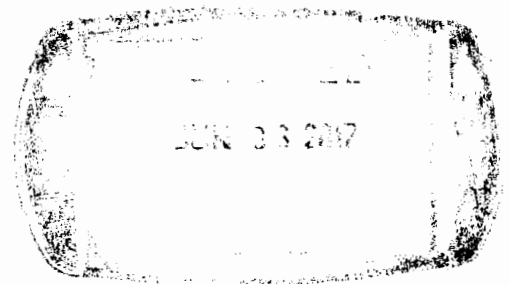
CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015
-Continued-

| | Special Assessments Bond and Interest Fund | City Tax Increment Debt Fund | Certificate of Participation Debt Service Fund | Urban Renewal Bond Fund | Mississippi Development Bank 2007 Issue Fund | Totals | |
|--|---|---------------------------------------|---|----------------------------------|---|----------------|----------------|
| | | | | | | 9/30/2016 | 9/30/2015 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 31,127 | \$ 115,344 | \$ (968,619) | \$ (438,955) | \$ (101,019) | \$ (1,362,122) | \$ (1,494,866) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers In | - | - | 968,792 | 300,000 | 181,715 | 1,450,507 | 1,375,345 |
| Transfer Out | - | - | (66,754) | - | (84,820) | (151,574) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 902,038 | 300,000 | 96,895 | 1,298,933 | 1,375,345 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | 31,127 | 115,344 | (66,581) | (138,955) | (4,124) | (63,189) | (119,521) |
| FUND BALANCES- Beginning of Year | 44,474 | 235,112 | 66,646 | 403,680 | 4,124 | 754,036 | 873,557 |
| FUND BALANCES- End of Year | \$ 75,601 | \$ 350,456 | \$ 65 | \$ 264,725 | \$ - | \$ 690,847 | \$ 754,036 |

GENERAL FUND

General Fund – This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.



**CITY OF TUPELO
GENERAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015**

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|---|---------------------------|---------------------------|
| ASSETS | | |
| Cash | \$ 18,652,635 | \$ 18,104,751 |
| Receivables: | | |
| General Property Taxes | 280,908 | 234,592 |
| Home Grant Receivable | 465,000 | 465,000 |
| Other | 176,226 | 62,572 |
| Due from Other Government Units | 1,741,005 | 2,002,320 |
| Due from Component Unit | 734,675 | 837,733 |
| Due from Other Funds | 2,458,824 | 2,508,822 |
| Prepaid Expenses | 447,383 | 37,010 |
| Inventories | 31,657 | 28,861 |
| TOTAL ASSETS | \$ 24,988,313 | \$ 24,281,661 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts Payable | \$ 448,579 | \$ 379,720 |
| Unearned Revenues | 167,346 | 40,907 |
| Due to Other Entities | 1,178,874 | 1,178,874 |
| Accrued Expenses | 747,541 | 758,841 |
| Total Liabilities | 2,542,340 | 2,358,342 |
| Fund Balance: | | |
| Nonspendable | | |
| Prepaid Expenses | 447,383 | 37,010 |
| Inventory | 31,657 | 28,861 |
| Long-Term Receivables | 1,056,692 | 1,259,918 |
| Restricted for | | |
| Water Reserve | 548,752 | 547,875 |
| Unassigned | 20,361,489 | 20,049,655 |
| Total Fund Balance | 22,445,973 | 21,923,319 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 24,988,313 | \$ 24,281,661 |

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|--|-------------------|-------------------|
| REVENUES | | |
| Taxes: | | |
| General Property Taxes | \$ 5,869,199 | \$ 5,793,012 |
| Payments in Lieu of Taxes | 891,306 | 1,185,896 |
| Penalties and Interest on Delinquent Taxes | 74,334 | 66,599 |
| Total Taxes | <u>6,834,839</u> | <u>7,045,507</u> |
| Licenses and Permits: | | |
| Privilege License | 327,390 | 321,606 |
| Building Permits | 250,142 | 187,664 |
| Other Permits | 14,875 | 17,959 |
| Franchise Fees | 371,216 | 375,405 |
| Total Licenses and Permits | <u>963,623</u> | <u>902,634</u> |
| Intergovernmental Revenues: | | |
| Federal Grants | 132,423 | 432,273 |
| State Grants | 17,227 | 17,227 |
| Other Grants | 60,737 | 73,678 |
| State Shared Revenues | 20,950,358 | 19,423,302 |
| Municipality Shared Revenues | 3,200,000 | 3,200,000 |
| County Shared Revenues | 1,126,793 | 1,108,660 |
| Total Intergovernmental Revenues | <u>25,487,538</u> | <u>24,255,140</u> |
| Charges for Services: | | |
| Public Safety | 137,146 | 123,531 |
| Highways and Streets | 10,300 | 24,158 |
| Crime Lab Fees | 71,766 | 45,813 |
| Culture and Recreation Fees | 472,227 | 463,220 |
| Total Charges for Services | <u>691,439</u> | <u>656,722</u> |
| Fines and Forfeitures: | | |
| Police Fines and Fees | 1,082,879 | 1,275,725 |
| Parking Fines and Fees | 7,650 | 13,390 |
| Total Fines and Forfeitures | <u>1,090,529</u> | <u>1,289,115</u> |

CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended September 30, 2016 and 2015

-Continued-

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|-------------------------------|-------------------|-------------------|
| REVENUES-Continued | | |
| Miscellaneous Revenues: | | |
| Interest | \$ 63,453 | \$ 52,835 |
| Donations | 65,278 | 58,830 |
| Rents | 69,545 | 79,782 |
| Billings to Other Departments | 231,314 | 220,162 |
| Other | 121,929 | 145,143 |
| Total Miscellaneous Revenues | 551,519 | 556,752 |
| TOTAL REVENUES | 35,619,487 | 34,705,870 |
| EXPENDITURES | | |
| General Government: | | |
| Legislative Department: | | |
| Personnel Services | 235,914 | 226,644 |
| Supplies | 3,149 | 563 |
| Other Services and Charges | 209,754 | 198,635 |
| Capital Outlay | 0 | 2,305.00 |
| Total Legislative Department | 448,817 | 428,147 |
| Executive Department: | | |
| Personnel Services | 608,543 | 572,242 |
| Supplies | 15,401 | 13,396 |
| Other Services and Charges | 323,182 | 305,890 |
| Capital Outlay | 2,185 | 986 |
| Total Executive Department | 949,311 | 892,514 |
| City Court: | | |
| Personnel Services | 631,869 | 613,512 |
| Supplies | 13,263 | 16,495 |
| Other Services and Charges | 99,150 | 96,903 |
| Total City Court | 744,282 | 726,910 |

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|--|-------------------|-------------------|
| EXPENDITURES-Continued | | |
| Budget and Accounting Department: | | |
| Personnel Services | \$ 715,935 | \$ 654,045 |
| Supplies | 14,321 | 15,413 |
| Other Services and Charges | 330,436 | 319,925 |
| Capital Outlay | 93,674 | 74,177 |
| Total Budget and Accounting Department | <u>1,154,366</u> | <u>1,063,560</u> |
| Personnel Department: | | |
| Personnel Services | 247,717 | 214,900 |
| Supplies | 3,418 | 3,801 |
| Other Services and Charges | 30,891 | 28,968 |
| Total Personnel Department | <u>282,026</u> | <u>247,669</u> |
| Planning Department: | | |
| Personnel Services | 1,174,158 | 1,114,310 |
| Supplies | 39,112 | 41,156 |
| Other Services and Charges | 65,591 | 68,779 |
| Capital Outlay | 2,453 | 4,638 |
| Total Community Development Department | <u>1,281,314</u> | <u>1,228,883</u> |
| Total General Government | <u>4,860,116</u> | <u>4,587,683</u> |
| Public Safety: | | |
| Police Department: | | |
| Personnel Services | 7,314,867 | 7,161,954 |
| Supplies | 570,014 | 580,656 |
| Other Services and Charges | 1,627,800 | 1,628,816 |
| Capital Outlay | 148,559 | 276,267 |
| Total Police Department | <u>9,661,240</u> | <u>9,647,693</u> |
| Fire Department: | | |
| Personnel Services | 5,460,141 | 5,162,896 |
| Supplies | 232,131 | 196,992 |
| Other Services and Charges | 304,251 | 307,742 |
| Capital Outlay | 0 | 3,273 |
| Total Fire Department | <u>5,996,523</u> | <u>5,670,903</u> |
| Total Public Safety | <u>15,657,763</u> | <u>15,318,596</u> |

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|--------------------------------------|-------------------|-------------------|
| EXPENDITURES-Continued | | |
| Public Services: | | |
| Public Works Department: | | |
| Personnel Services | \$ 2,680,761 | \$ 2,557,523 |
| Supplies | 319,291 | 311,988 |
| Other Services and Charges | 1,972,998 | 1,949,276 |
| Capital Outlay | 14,907 | 3,867 |
| Total Public Works Department | 4,987,957 | 4,822,654 |
| Total Public Services | 4,987,957 | 4,822,654 |
| Culture and Recreation: | | |
| Park and Recreation Department: | | |
| Personnel Services | 1,570,312 | 1,526,124 |
| Supplies | 346,757 | 368,573 |
| Other Services and Charges | 961,317 | 842,839 |
| Capital Outlay | 47,922 | 9,813 |
| Total Park and Recreation Department | 2,926,308 | 2,747,349 |
| Aquatic Center: | | |
| Personnel Services | 367,361 | 351,827 |
| Supplies | 129,837 | 100,346 |
| Other Services and Charges | 324,814 | 297,905 |
| Capital Outlay | 4,416 | 4,334 |
| Total Aquatic Center | 826,428 | 754,412 |
| Museum Department: | | |
| Personnel Services | 105,579 | 98,652 |
| Supplies | 8,373 | 8,206 |
| Other Services and Charges | 30,487 | 28,662 |
| Total Museum Department | 144,439 | 135,520 |
| Total Culture and Recreation | 3,897,175 | 3,637,281 |
| Other Functions: | | |
| Community Services: | | |
| Other Services and Charges | 1,086,412 | 1,037,265 |
| Total Community Services | 1,086,412 | 1,037,265 |

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**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

| | F.Y.E. 9/30/16 | F.Y.E. 9/30/15 |
|--|----------------------|----------------------|
| EXPENDITURES-Continued | | |
| Debt Service: | | |
| General Obligations: | | |
| Principal on Long Term Debt | \$ 179,183 | \$ 175,072 |
| Interest | <u>78,960</u> | <u>82,873</u> |
| Total General Obligations | <u>258,143</u> | <u>257,945</u> |
| Total Debt Service | <u>258,143</u> | <u>257,945</u> |
| TOTAL EXPENDITURES | <u>30,747,566</u> | <u>29,661,424</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>4,871,921</u> | <u>5,044,446</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Transfer to City Capital Project Fund | (3,765,697) | (3,176,429) |
| Transfer to Coliseum Project Fund | (615,120) | (615,120) |
| Transfer from City Infrastructure Fund | - | 2,500,000 |
| Transfer from Narcotics Fund | <u>31,550</u> | <u>40,756</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(4,349,267)</u> | <u>(1,250,793)</u> |
| EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | <u>522,654</u> | <u>3,793,653</u> |
| FUND BALANCE - Beginning of year | <u>21,923,319</u> | <u>18,129,666</u> |
| FUND BALANCE - End of year | <u>\$ 22,445,973</u> | <u>\$ 21,923,319</u> |

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Library Fund – This fund is used to account for the revenues that are legally restricted to support the municipal library.

Convention and Visitors Bureau Fund – This fund is used to account for the revenues that are legally restricted to the promotion of tourism.

Firemen and Policemen Retirement Fund – This fund is used to account for the revenues that are legally restricted to payment to the MS Public Employees Retirement System (PERS) to finance the retirement benefits of firemen and policemen employed prior to March 1, 1976, who are covered by the Municipal Firemen's and Policemen's Retirement System.

Coliseum Project Fund – This fund is used to account for the revenues that are restricted or assigned for use on the coliseum project.

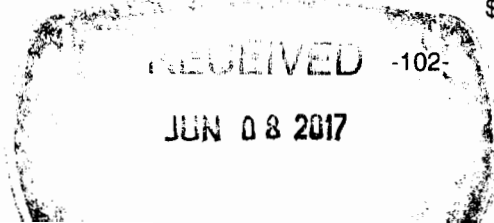
Rental Rehabilitation Fund – This fund is used to account for the revenues that are legally restricted to housing rehabilitation projects.

Coliseum Operating Fund – This fund is used to account for the operating revenues and expenditures of the Tupelo Coliseum.

Narcotics Fund – This fund is used to account for the revenues that are legally restricted to the narcotics division.

CITY OF TUPELO
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 |
|---|------------------|------------------|--|---------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Actual |
| REVENUES | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 445,134 | \$ 457,127 | \$ 11,993 | \$ 442,851 |
| Intergovernmental: | | | | |
| State Shared Revenues | 13,846 | 16,179 | 2,333 | 15,567 |
| Miscellaneous Revenues: | | | | |
| Interest | - | 34 | 34 | 10 |
| TOTAL REVENUES | <u>458,980</u> | <u>473,340</u> | <u>14,360</u> | <u>458,428</u> |
| EXPENDITURES | | | | |
| Community Services: | | | | |
| Other Services and Charges | <u>458,980</u> | <u>458,980</u> | <u>-</u> | <u>448,980</u> |
| Total Community Services | <u>458,980</u> | <u>458,980</u> | <u>-</u> | <u>448,980</u> |
| TOTAL EXPENDITURES | <u>458,980</u> | <u>458,980</u> | <u>-</u> | <u>448,980</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 14,360 | 14,360 | 9,448 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>33,772</u> | <u>33,772</u> | <u>-</u> | <u>11,354</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>33,772</u> | 48,132 | \$ <u>14,360</u> | 20,802 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>2,365</u> | | <u>12,970</u> |
| FUND BALANCE (GAAP BASIS) - | | | | |
| End of Year | | \$ <u>50,497</u> | | \$ <u>33,772</u> |



CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

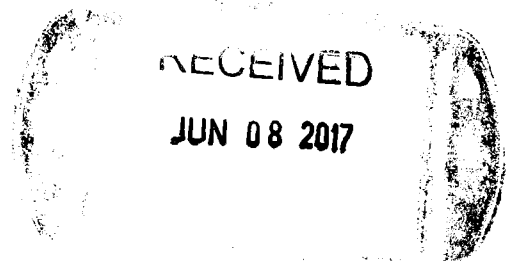
| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|---|------------------|------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| REVENUES | | | | |
| Taxes: | | | | |
| Payments in Lieu of Taxes | \$ 43,000 | \$ 40,992 | \$ (2,008) | \$ 43,812 |
| Intergovernmental: | | | | |
| State Shared Revenues | 3,980,000 | 4,268,049 | 288,049 | 4,001,652 |
| Miscellaneous Revenues: | | | | |
| Interest | 3,500 | 6,079 | 2,579 | 3,856 |
| Other | 1,500 | 1,550 | 50 | 4,959 |
| TOTAL REVENUES | 4,028,000 | 4,316,670 | 288,670 | 4,054,279 |
| EXPENDITURES | | | | |
| Other Functions: | | | | |
| Community Services: | | | | |
| Personnel Services | 842,253 | 775,832 | 66,421 | 773,805 |
| Supplies | 17,500 | 14,226 | 3,274 | 14,895 |
| Other Services and Charges | 2,068,551 | 1,499,312 | 569,239 | 1,525,022 |
| Capital Expenditures | 10,000 | 9,519 | 481 | 68,895 |
| Total Community Services | 2,938,304 | 2,298,889 | 639,415 | 2,382,617 |
| Total Other Functions | 2,938,304 | 2,298,889 | 639,415 | 2,382,617 |
| TOTAL EXPENDITURES | 2,938,304 | 2,298,889 | 639,415 | 2,382,617 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,089,696 | 2,017,781 | 928,085 | 1,671,662 |

CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|--|---------------------|---------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | \$ (1,600,000) | \$ (1,596,894) | \$ 3,106.00 | \$ (1,228,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,600,000)</u> | <u>(1,596,894)</u> | <u>3,106.00</u> | <u>(1,228,000)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | (510,304) | 420,887 | 931,191 | 443,662 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>3,795,889</u> | <u>3,795,889</u> | - | <u>3,341,981</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>3,285,585</u> | 4,216,776 | \$ <u>931,191</u> | 3,785,643 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>(10,019)</u> | | <u>10,246</u> |
| FUND BALANCE (GAAP BASIS) - | | | | |
| End of Year | | \$ <u>4,206,757</u> | | \$ <u>3,795,889</u> |



CITY OF TUPELO
FIREMEN & POLICEMEN RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|---|--------------------|----------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| REVENUES | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 709,569 | \$ 729,601 | \$ 20,032 | \$ 736,733 |
| Intergovernmental Revenues: | | | | |
| State Shared Revenues | 24,296 | 25,791 | 1,495 | 25,894 |
| Miscellaneous Revenues: | | | | |
| Interest Income | - | 168 | 168 | 130 |
| TOTAL REVENUES | <u>733,865</u> | <u>755,560</u> | <u>21,695</u> | <u>762,757</u> |
| EXPENDITURES | | | | |
| Public Safety: | | | | |
| Police Department: | | | | |
| Personnel Services | <u>542,500</u> | <u>520,062</u> | <u>22,438</u> | <u>534,316</u> |
| Total Police Department | <u>542,500</u> | <u>520,062</u> | <u>22,438</u> | <u>534,316</u> |
| Fire Department: | | | | |
| Personnel Services | <u>232,500</u> | <u>222,883</u> | <u>9,617</u> | <u>228,993</u> |
| Total Fire Department | <u>232,500</u> | <u>222,883</u> | <u>9,617</u> | <u>228,993</u> |
| Total Public Safety | <u>775,000</u> | <u>742,945</u> | <u>32,055</u> | <u>763,309</u> |
| TOTAL EXPENDITURES | <u>775,000</u> | <u>742,945</u> | <u>32,055</u> | <u>763,309</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (41,135) | 12,615 | 53,750 | (552) |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>27,779</u> | <u>27,779</u> | - | <u>6,824</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>(13,356)</u> | 40,394 | \$ <u>53,750</u> | 6,272 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>2,589</u> | | <u>21,507</u> |
| FUND BALANCE (GAAP BASIS) - | | | | |
| End of Year | | \$ 42,983 | | \$ 27,779 |

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 |
|---|------------------|--------------|--|---------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Actual |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ 2,500 | \$ 2,876 | \$ 376 | \$ 2,414 |
| TOTAL REVENUES | <u>2,500</u> | <u>2,876</u> | <u>376</u> | <u>2,414</u> |
| EXPENDITURES | | | | |
| Culture and Recreation: | | | | |
| Tupelo Coliseum: | | | | |
| Other Services and Charges | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Tupelo Coliseum | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Culture and Recreation | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,500</u> | <u>2,876</u> | <u>376</u> | <u>2,414</u> |

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 |
|--|--------------------|--------------------|--|---------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Actual |
| OTHER FINANCING SOURCES | | | | |
| (USES): | | | | |
| Transfers In | \$ 1,615,120 | \$ 1,615,120 | \$ - | \$ 1,615,120 |
| Transfers Out | <u>(2,546,730)</u> | <u>(2,292,018)</u> | <u>254,712</u> | <u>(1,722,090)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(931,610)</u> | <u>(676,898)</u> | <u>254,712</u> | <u>(106,970)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | (929,110) | (674,022) | 255,088 | (104,556) |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>1,629,160</u> | <u>1,629,160</u> | <u>-</u> | <u>1,733,716</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>700,050</u> | 955,138 | \$ <u>255,088</u> | 1,629,160 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>-</u> | | <u>-</u> |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | \$ <u>955,138</u> | | \$ <u>1,629,160</u> |

CITY OF TUPELO
RENTAL REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 |
|--|-------------------------|-------------------|---|-----------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Actual |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Interest | \$ - | \$ 149 | \$ 149 | \$ 215 |
| TOTAL REVENUES | <u>-</u> | <u>149</u> | <u>149</u> | <u>215</u> |
| EXPENDITURES | | | | |
| Other Services and Charges | <u>12,563</u> | <u>850</u> | <u>11,713</u> | <u>9,283</u> |
| TOTAL EXPENDITURES | <u>12,563</u> | <u>850</u> | <u>11,713</u> | <u>9,283</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(12,563)</u> | <u>(701)</u> | <u>11,862</u> | <u>(9,068)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer to General Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | <u>(12,563)</u> | <u>(701)</u> | <u>11,862</u> | <u>(9,068)</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>118,880</u> | <u>118,880</u> | <u>-</u> | <u>127,948</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>106,317</u> | 118,179 | \$ <u>11,862</u> | 118,880 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>-</u> | | <u>-</u> |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | \$ <u>118,179</u> | | \$ <u>118,880</u> |

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| <u>F.Y.E. 9/30/2016</u> | | | | |
|--|--------------------|--------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | F.Y.E. 9/30/2015 Actual |
| REVENUES | | | | |
| Charges for Sales & Services: | | | | |
| Commissions | \$ 90,000 | \$ 45,549 | \$ (44,451) | \$ 43,834 |
| Concessions & Other Sales | 650,000 | 521,296 | (128,704) | 556,205 |
| Direct Show Revenue | 65,000 | 44,898 | (20,102) | 61,048 |
| Parking | 6,000 | 2,463 | (3,537) | 3,760 |
| Service Charge | 420,000 | 306,784 | (113,216) | 290,073 |
| Rental Revenue | 2,081,000 | 1,912,721 | (168,279) | 1,829,312 |
| Personnel Service Fees | 455,000 | 172,348 | (282,652) | 271,865 |
| Miscellaneous Revenues: | | | | |
| Advertising Agency Fee | 750,000 | 443,671 | (306,329) | 456,621 |
| Other | 512,500 | 427,170 | (85,330) | 68,483 |
| Interest | 5,000 | 1,797 | (3,203) | 1,404 |
| TOTAL REVENUES | <u>5,034,500</u> | <u>3,878,697</u> | <u>(1,155,803)</u> | <u>3,582,605</u> |
| EXPENDITURES | | | | |
| Culture and Recreation: | | | | |
| Coliseum Operations: | | | | |
| Personnel Services | 1,865,330 | 1,576,177 | 289,153 | 1,441,396 |
| Supplies | 628,732 | 393,791 | 234,941 | 360,378 |
| Other Services and Charges | 2,967,000 | 2,428,893 | 538,107 | 1,946,273 |
| Capital Outlay | 1,000,000 | 789,638 | 210,362 | 194,705 |
| Total Coliseum Operations | <u>6,461,062</u> | <u>5,188,499</u> | <u>1,272,563</u> | <u>3,942,752</u> |
| TOTAL EXPENDITURES | <u>6,461,062</u> | <u>5,188,499</u> | <u>1,272,563</u> | <u>3,942,752</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>(1,426,562)</u> | <u>(1,309,802)</u> | <u>116,760</u> | <u>(360,147)</u> |

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

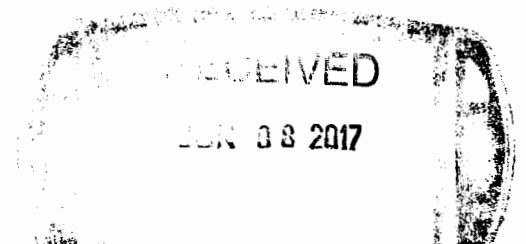
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | |
|--|-------------------|-------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | F.Y.E. 9/30/2015 Actual |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer from Coliseum Project | \$ 1,275,830 | \$ 1,023,225 | \$ (252,605) | \$ 449,745 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,275,830</u> | <u>1,023,225</u> | <u>(252,605)</u> | <u>449,745</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | (150,732.00) | (286,577) | (135,845) | 89,598 |
| FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>846,072</u> | <u>846,072</u> | <u>-</u> | <u>770,907</u> |
| FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | <u>\$ 695,340</u> | 559,495 | <u>\$ (135,845)</u> | 860,505 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>51,082</u> | | <u>(14,433)</u> |
| FUND BALANCE (DEFICIT) (GAAP BASIS) | | | | |
| End of Year | | <u>\$ 610,577</u> | | <u>\$ 846,072</u> |

CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

| F.Y.E. 9/30/2016 | | | | |
|---|-----------------|-----------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | F.Y.E. 9/30/2015 Actual |
| REVENUES | | | | |
| Intergovernmental Revenues: | | | | |
| Federal Shared Revenue | \$ - | \$ 586 | \$ 586 | \$ 22,166 |
| Federal Grants | - | - | - | 17,544 |
| Fines and Forfeitures | 100,000 | 104,989 | 4,989 | 78,340 |
| Miscellaneous Revenues: | | | | |
| Interest | 1,000 | 3,043 | 2,043 | 2,285 |
| Other | 84,000 | 89,466 | 5,466 | 103,946 |
| TOTAL REVENUES | <u>185,000</u> | <u>198,084</u> | <u>13,084</u> | <u>224,281</u> |
| EXPENDITURES | | | | |
| Public Safety: | | | | |
| Police Department: | | | | |
| Supplies | 41,000 | 11,052 | 29,948 | 12,396 |
| Other Services and Charges | 322,465 | 133,123 | 189,342 | 142,737 |
| Capital Outlay | 72,000 | 894 | 71,106 | 19,093 |
| Total Police Department | <u>435,465</u> | <u>145,069</u> | <u>290,396</u> | <u>174,226</u> |
| TOTAL EXPENDITURES | <u>435,465</u> | <u>145,069</u> | <u>290,396</u> | <u>174,226</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (250,465) | 53,015 | 303,480 | 50,055 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer to General Fund | <u>(31,550)</u> | <u>(31,550)</u> | - | <u>(40,756)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(31,550)</u> | <u>(31,550)</u> | - | <u>(40,756)</u> |



CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

| F.Y.E. 9/30/2016 | | | | |
|--|---------------------|---------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | F.Y.E. 9/30/2015 Actual |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | \$ (282,015) | \$ 21,465 | \$ 303,480 | \$ 9,299 |
| FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>1,759,606</u> | <u>1,759,606</u> | <u>-</u> | <u>1,755,255</u> |
| FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>1,477,591</u> | 1,781,071 | \$ <u>303,480</u> | 1,764,554 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>0</u> | | <u>(4,948)</u> |
| FUND BALANCE (GAAP BASIS) - | | | | |
| End of Year | | \$ <u>1,781,071</u> | | \$ <u>1,759,606</u> |

CAPITAL PROJECTS FUND

Capital Projects are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

General Obligation Construction Funds – These funds are used to account for specific construction projects of the General Obligation debt proceeds.

City Capital Project Fund – This fund is used to account for general construction for the City of Tupelo that is not specifically accounted for in any other capital project fund.

Fairgrounds Construction Fund – This fund is used to account for the costs of constructing the Fairgrounds Redevelopment Project.

City Infrastructure Fund – This fund is used to account for projects approved in the City of Tupelo's 5 year capital plan. The funding for these projects will include G.O. Bonds, general fund money, and grants. This is a major fund.

Thoroughfare Fund Phase V – This fund is used to account for the cost of constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land for these purposes. A 10.00 mill special property tax will be levied for the next five years to finance this project.

CITY OF TUPELO
2007 GENERAL OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|--|------------------|--------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ - | \$ - | \$ - | \$ 2,244 |
| TOTAL REVENUES | - | - | - | 2,244 |
| EXPENDITURES | | | | |
| Capital Outlay: | | | | |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - | 2,244 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer to Other Funds | - | - | - | (3,754,794) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | (3,754,794) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | - | - | - | (3,752,550) |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| Beginning of Year | - | - | - | 3,752,550 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| End of Year | \$ - | - | \$ - | - |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | - | | - |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | \$ - | | \$ - |

CITY OF TUPELO
CITY CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | Variance | F.Y.E. |
|---|-------------------|-------------------|----------------------------|---------------------|
| | Budget | Actual | Favorable (Unfavorable) | 9/30/2015 Actual |
| REVENUES | | | | |
| Intergovernmental Revenues: | | | | |
| Federal Shared Revenues | \$ - | \$ 7,173 | \$ 7,173 | \$ 374,046 |
| State Shared Revenues | 63,412 | 63,411 | (1) | 96,347 |
| Miscellaneous Revenues: | | | | |
| Interest | - | 1,438 | 1,438 | 1,704 |
| Donations | - | - | - | 10,000 |
| TOTAL REVENUES | <u>63,412</u> | <u>72,022</u> | <u>8,610</u> | <u>482,097</u> |
| EXPENDITURES | | | | |
| Other Services and Charges | - | - | - | - |
| Capital Outlay: | | | | |
| Capital Outlay | <u>1,485,890</u> | <u>1,283,693</u> | <u>202,197</u> | <u>279,604</u> |
| TOTAL EXPENDITURES | <u>1,485,890</u> | <u>1,283,693</u> | <u>202,197</u> | <u>279,604</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,422,478) | (1,211,671) | 210,807 | 202,493 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| Beginning of Year | <u>1,608,181</u> | <u>1,608,181</u> | - | <u>1,417,210</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| End of Year | <u>\$ 185,703</u> | 396,510 | <u>\$ 210,807</u> | 1,619,703 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | - | | (11,522) |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | <u>\$ 396,510</u> | | <u>\$ 1,608,181</u> |

CITY OF TUPELO
FAIRGROUNDS CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | Variance | F.Y.E. |
|---|------------------|-----------------|----------------------------|---------------------|
| | Budget | Actual | Favorable (Unfavorable) | 9/30/2015 Actual |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ - | \$ 88 | \$ 88 | \$ 287 |
| Donations | - | - | - | 1,500 |
| Other | 37,000 | 38,000 | 1,000 | 41,374 |
| TOTAL REVENUES | 37,000 | 38,088 | 1,088 | 43,161 |
| EXPENDITURES | | | | |
| Other Services and Charges | 111,000 | 93,801 | 17,199 | 241,343 |
| Capital Outlay: | | | | |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | 111,000 | 93,801 | 17,199 | 241,343 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (74,000) | (55,713) | 18,287 | (198,182) |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| Beginning of Year | 78,861 | 78,861 | - | 277,043 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - | | | | |
| End of Year | \$ 4,861 | 23,148 | \$ 18,287 | 78,861 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | - | | - |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | \$ 23,148 | | \$ 78,861 |

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CITY OF TUPELO
THOROUGHFARE FUND PHASE V
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | Variance | F.Y.E. |
|---|---------------------|---------------------|----------------------------|---------------------|
| | Budget | Actual | Favorable (Unfavorable) | 9/30/2015 Actual |
| REVENUES | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 4,407,262 | \$ 4,526,057 | \$ 118,795 | \$ 4,385,249 |
| Intergovernmental Revenues: | | | | |
| State Shared Revenues | 150,909 | 160,191 | 9,282 | 154,130 |
| Federal Grants | - | 159,022 | 159,022 | - |
| Miscellaneous Revenues: | | | | |
| Interest | - | 3,679 | 3,679 | 3,236 |
| TOTAL REVENUES | <u>4,558,171</u> | <u>4,848,949</u> | <u>290,778</u> | <u>4,542,615</u> |
| EXPENDITURES | | | | |
| Personnel Services | 98,593 | 94,591 | 4,002 | 89,828 |
| Capital Outlay: | | | | |
| Capital Outlay | <u>6,959,578</u> | <u>5,109,091</u> | <u>1,850,487</u> | <u>5,088,130</u> |
| TOTAL EXPENDITURES | <u>7,058,171</u> | <u>5,203,682</u> | <u>1,854,489</u> | <u>5,177,958</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,500,000)</u> | <u>(354,733)</u> | <u>2,145,267</u> | <u>(635,343)</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| Beginning of Year | <u>2,192,967</u> | <u>2,192,967</u> | <u>-</u> | <u>2,700,301</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS)- | | | | |
| End of Year | \$ <u>(307,033)</u> | 1,838,234 | \$ <u>2,145,267</u> | 2,064,958 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>23,419</u> | | <u>128,009</u> |
| FUND BALANCE (GAAP BASIS) | | | | |
| End of Year | | \$ <u>1,861,653</u> | | \$ <u>2,192,967</u> |

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

City Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of General City Bonds. This is a major fund.

Water G. O. Bonds Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of G. O. Water Bonds. This is a major fund.

Special Assessments Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Special Assessments Bonds.

City Tax Increment Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Tax Increment Bonds.

Certificate of Participation Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Taxable Special Obligation Bonds.

Urban Renewal Bond Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the Fairgrounds Special Obligation Bonds.

Mississippi Development Bank 2007 Issue Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the Series 2007 Special Obligation Bonds.

CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | Variance | F.Y.E. |
|---|------------------|---------------|----------------------------|---------------------|
| | Budget | Actual | Favorable (Unfavorable) | 9/30/2015 Actual |
| REVENUES | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 64,655 | \$ 93,690 | \$ 29,035 | \$ 95,858 |
| Miscellaneous Revenues: | | | | |
| Interest | - | 154 | 154 | 114 |
| TOTAL REVENUES | 64,655 | 93,844 | 29,189 | 95,972 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Special Assessment General Obligations: | | | | |
| Bonds Redeemed | 50,000 | 50,000 | - | 85,000 |
| Interest | 9,655 | 9,655 | - | 14,470 |
| Paying Agent Fees | 5,000 | 2,690 | 2,310 | 4,190 |
| Total Debt Service | 64,655 | 62,345 | 2,310 | 103,660 |
| TOTAL EXPENDITURES | 64,655 | 62,345 | 2,310 | 103,660 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 31,499 | 31,499 | (7,688) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer from General Fund | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - |

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CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015
-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|--|------------------|------------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | \$ - | \$ 31,499 | \$ 26,879 | \$ (7,688) |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year | <u>44,474</u> | <u>44,474</u> | <u>-</u> | <u>51,340</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year | \$ <u>44,474</u> | 75,973 | \$ <u>26,879</u> | 43,652 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>(372)</u> | | <u>822</u> |
| FUND BALANCE (GAAP-BASIS) - End of Year | | \$ <u>75,601</u> | | \$ <u>44,474</u> |

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CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|---|------------------|----------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| REVENUES | | | | |
| Taxes: | | | | |
| General Property Taxes | \$ 119,210 | \$ 233,896 | \$ 114,686 | \$ 141,653 |
| Miscellaneous Revenues: | | | | |
| Interest | - | 508 | 508 | 278 |
| TOTAL REVENUES | 119,210 | 234,404 | 115,194 | 141,931 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| General Obligations: | | | | |
| Bonds Redeemed | 90,000 | 90,000 | - | 85,000 |
| Interest | 27,210 | 27,210 | - | 31,718 |
| Paying Agent Fees | 2,000 | 1,850 | 150 | 850 |
| Total Debt Service | 119,210 | 119,060 | 150 | 117,568 |
| TOTAL EXPENDITURES | 119,210 | 119,060 | 150 | 117,568 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 115,344 | 115,344 | 24,363 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer from TIF/SP Assessment Fund | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - |

CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | Variance Favorable (Unfavorable) | F.Y.E. 9/30/2015 Actual |
|--|------------------|------------|--|-------------------------------|
| | Budget | Actual | | |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES AND | | | | |
| OTHER SOURCES (USES) | \$ - | \$ 115,344 | \$ 115,344 | \$ 24,363 |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| Beginning of Year | 235,112 | 235,112 | - | 210,749 |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| End of Year | \$ 235,112 | 350,456 | \$ 115,344 | 235,112 |
| Adjustments to Generally Accepted | | | | |
| Accounting Principles: | | | | |
| Revenue Accruals | | - | | - |
| FUND BALANCE (GAAP-BASIS) - | | | | |
| End of Year | | \$ 350,456 | | \$ 235,112 |

CITY OF TUPELO
CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | Variance | F.Y.E. |
|---|-------------------------|------------------|----------------------|------------------|
| | Budget | Actual | Favorable | 9/30/2015 |
| | | | (Unfavorable) | Actual |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ - | \$ 173 | \$ 173 | \$ 80 |
| TOTAL REVENUES | - | 173 | 173 | 80 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Certificates Redeemed | 730,000 | 730,000 | - | 705,000 |
| Interest | 235,900 | 235,900 | - | 264,100 |
| Paying Agent Fees | 5,000 | 2,892 | 2,108 | 3,245 |
| Total Debt Service | 970,900 | 968,792 | 2,108 | 972,345 |
| TOTAL EXPENDITURES | 970,900 | 968,792 | 2,108 | 972,345 |
| EXCESS OF REVENUES OVER | | | | |
| (UNDER) EXPENDITURES | (970,900) | (968,619) | 2,281 | (972,265) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer from Coliseum Project Fund | 1,037,668 | 968,792 | (68,876) | 972,345 |
| Transfer to City Bond and Interest Fund | (66,768) | (66,754) | 14 | 0 |
| TOTAL OTHER FINANCING | | | | |
| SOURCES (USES) | 970,900 | 902,038 | (68,862) | 972,345 |

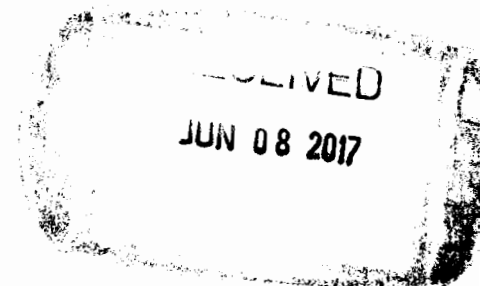
CITY OF TUPELO
CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 |
|--|------------------|---------------|--|---------------------|
| | Budget | Actual | Variance Favorable (UNFAVORABLE) | Actual |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) | \$ - | \$ (66,581) | \$ (66,581) | \$ 80 |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year | <u>66,646</u> | <u>66,646</u> | <u>-</u> | <u>66,566</u> |
| FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year | \$ <u>66,646</u> | 65 | \$ <u>(66,581)</u> | 66,646 |
| Adjustments to Generally Accepted Accounting Principles: Revenue Accruals | | <u>-</u> | | <u>-</u> |
| FUND BALANCE (GAAP BASIS) End of Year | | \$ <u>65</u> | | \$ <u>66,646</u> |



CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

| | F.Y.E. 9/30/2016 | | | F.Y.E. |
|---|------------------|------------------|--|---------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | 9/30/2015 Actual |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ - | \$ 179 | \$ 179 | \$ 28 |
| Lease Income | - | - | - | - |
| TOTAL REVENUES | - | 179 | 179 | 28 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Special Obligations: | | | | |
| Bonds Redeemed | 245,000 | 245,000 | - | 230,000 |
| Interest | 191,634 | 191,634 | - | 205,100 |
| Paying Agent Fees | 2,500 | 2,500 | - | 2,500 |
| Total Debt Service | 439,134 | 439,134 | - | 437,600 |
| TOTAL EXPENDITURES | 439,134 | 439,134 | - | 437,600 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (439,134) | (438,955) | 179 | (437,572) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer from Coliseum Project Fund | 300,000 | 300,000 | - | 300,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | 300,000 | 300,000 | - | 300,000 |

CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|--|------------------|--------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES AND | | | | |
| OTHER SOURCES (USES) | \$ (139,134) | \$ (138,955) | \$ 179 | \$ (137,572) |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| Beginning of Year | 403,680 | 403,680 | - | 541,252 |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| End of Year | \$ 264,546 | 264,725 | \$ 179 | 403,680 |
| Adjustments to Generally Accepted | | | | |
| Accounting Principles: | | | | |
| Revenue Accruals | | - | | - |
| FUND BALANCE (GAAP-BASIS) - | | | | |
| End of Year | | \$ 264,725 | | \$ 403,680 |

CITY OF TUPELO
MISSISSIPPI DEVELOPMENT BANK 2007 ISSUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

| | <u>F.Y.E. 9/30/2016</u> | | | <u>F.Y.E.</u> |
|--------------------------------|-------------------------|----------------|---|-----------------------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> | <u>9/30/2015</u> <u>Actual</u> |
| REVENUES | | | | |
| Miscellaneous Revenues: | | | | |
| Interest | \$ - | \$ 123 | \$ 123 | \$ 114 |
| TOTAL REVENUES | <u>-</u> | <u>123</u> | <u>123</u> | <u>114</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Special Obligations: | | | | |
| Bonds Redeemed | 210,000 | 74,515 | 135,485 | 72,740 |
| Interest | 71,656 | 25,427 | 46,229 | 28,700 |
| Paying Agent Fees | 1,500 | 1,200 | 300 | 1,200 |
| Total Debt Service | <u>283,156</u> | <u>101,142</u> | <u>182,014</u> | <u>102,640</u> |
| TOTAL EXPENDITURES | <u>283,156</u> | <u>101,142</u> | <u>182,014</u> | <u>102,640</u> |
| EXCESS OF REVENUES OVER | | | | |
| (UNDER) EXPENDITURES | (283,156) | (101,019) | 182,137 | (102,526) |
| OTHER FINANCING SOURCES | | | | |
| (USES): | | | | |
| Transfer from CVB Fund | <u>100,000</u> | <u>96,895</u> | <u>(3,105)</u> | <u>103,000</u> |
| TOTAL OTHER FINANCING | | | | |
| SOURCES (USES) | <u>100,000</u> | <u>96,895</u> | <u>(3,105)</u> | <u>103,000</u> |

CITY OF TUPELO
MISSISSIPPI DEVELOPMENT BANK 2007 ISSUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

| | F.Y.E. 9/30/2016 | | | F.Y.E. 9/30/2015 Actual |
|---|---------------------|--------------|--|-------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES AND | | | | |
| OTHER SOURCES (USES) | \$ (183,156) | \$ (4,124) | \$ 179,032 | \$ 474 |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| Beginning of Year | <u>4,124</u> | <u>4,124</u> | <u>-</u> | <u>3,650</u> |
| FUND BALANCE (NON-GAAP | | | | |
| BUDGETARY BASIS) - | | | | |
| End of Year | \$ <u>(179,032)</u> | - | \$ <u>179,032</u> | 4,124 |
| Adjustments to Generally Accepted Accounting Principles: | | | | |
| Revenue Accruals | | <u>-</u> | | <u>-</u> |
| FUND BALANCE (GAAP-BASIS) - | | | | |
| End of Year | | \$ <u>-</u> | | \$ <u>4,124</u> |

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments and/or other funds

Metro Vice Seized Fund – This fund is used to account for assets seized by the narcotics unit and held in escrow pending distribution to applicable parties.

City Court Restitution Fund – This fund is used to account for assets held for complainants as restitution to them.

Flexible Spending Fund – This fund is used to account for assets held for employees in accordance with provisions of Internal Revenue Code Section 125.

Self Insurance Fund – This fund is used to account for assets held to fund self insurance claims.

Arts Committee Fund – This fund is used to account for assets held by the Art Committee which evaluates and selects local works of art to be placed on display in City Hall.

**CITY OF TUPELO
AGENCY FUNDS
COMBINING BALANCE SHEET**

September 30, 2016

With Comparative Totals for September 30, 2015

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| | Metro Vice Seized Fund | City Court Restitution Fund | Flexible Spending Fund | Self Insurance Fund | Arts Committee Fund | Totals | |
|--------------------------|---------------------------------|--------------------------------------|------------------------------|---------------------------|---------------------------|---------------------|---------------------|
| | | | | | | 9/30/16 | 9/30/15 |
| ASSETS | | | | | | | |
| Cash | \$ 131,402 | \$ 6,965 | \$ 10,900 | \$ 1,344,582 | \$ 735 | \$ 1,494,584 | \$ 1,349,751 |
| Investments | - | - | - | 500 | - | 500 | 500 |
| Due from Employees | - | - | - | - | - | - | 2,111 |
| Interest Receivable | - | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 131,402 | \$ 6,965 | \$ 10,900 | \$ 1,345,082 | \$ 735 | \$ 1,495,084 | \$ 1,352,362 |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 101,271 | \$ - | \$ 101,271 | \$ 9,752 |
| Due to Other Funds | - | - | 8,824 | - | - | 8,824 | 8,822 |
| Due to Complainants | - | 6,965 | - | - | - | 6,965 | 6,964 |
| Due to Arts Committee | - | - | - | - | 735 | 735 | 735 |
| Due to Employees | - | - | 2,076 | - | - | 2,076 | - |
| Due to Insured Employees | - | - | - | 1,243,811 | - | 1,243,811 | 1,226,647 |
| Seized Money Held | 131,402 | - | - | - | - | 131,402 | 99,442 |
| TOTAL LIABILITIES | \$ 131,402 | \$ 6,965 | \$ 10,900 | \$ 1,345,082 | \$ 735 | \$ 1,495,084 | \$ 1,352,362 |

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2016

| | Balance September 30, 2015 | Debits | Credits | Balance September 30, 2016 |
|------------------------------------|----------------------------------|------------|------------|----------------------------------|
| METRO VICE SEIZED FUND | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 99,442 | \$ 141,551 | \$ 109,591 | \$ 131,402 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ - | \$ 6,113 | \$ 6,113 | \$ - |
| Seized Money Held | 99,442 | 115,704 | 147,664 | 131,402 |
| Total Liabilities | \$ 99,442 | \$ 121,817 | \$ 153,777 | \$ 131,402 |
| CITY COURT RESTITUTION FUND | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 6,964 | \$ 22 | \$ 22 | \$ 6,964 |
| <u>LIABILITIES</u> | | | | |
| Due to Complainants | \$ 6,964 | \$ - | \$ - | \$ 6,964 |
| FLEXIBLE SPENDING FUND | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 6,711 | \$ 29,676 | \$ 25,487 | \$ 10,900 |
| <u>LIABILITIES</u> | | | | |
| Due to Other Funds | \$ 8,822 | \$ - | \$ 2 | \$ 8,824 |
| Due to Employees | (2,111) | 25,487 | 29,674 | 2,076 |
| Total Liabilities | \$ 6,711 | \$ 25,487 | \$ 29,676 | \$ 10,900 |
| TUPELO ARTS COMMITTEE | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 735 | \$ 1 | \$ - | \$ 736 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Deposits - Arts Committee | 735 | - | 1 | 736 |
| Total Liabilities | \$ 735 | \$ - | \$ 1 | \$ 736 |

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2016

-Continued-

| | Balance September 30, 2015 | Debits | Credits | Balance September 30, 2016 |
|-------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| SELF INSURANCE FUND | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 1,235,899 | \$ 235,952 | \$ 127,269 | \$ 1,344,582 |
| Investments | 500 | - | - | 500 |
| Interest Receivable | - | - | - | - |
| Total Assets | <u>\$ 1,236,399</u> | <u>\$ 235,952</u> | <u>\$ 127,269</u> | <u>\$ 1,345,082</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 9,752 | \$ 202,648 | \$ 294,167 | \$ 101,271 |
| Due to Insured Employees | 1,226,647 | - | 17,164 | 1,243,811 |
| Total Liabilities | <u>\$ 1,236,399</u> | <u>\$ 202,648</u> | <u>\$ 311,331</u> | <u>\$ 1,345,082</u> |
| TOTAL ALL AGENCY FUNDS | | | | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 1,349,751 | \$ 407,202 | \$ 262,369 | \$ 1,494,584 |
| Investments | 500 | - | - | 500 |
| Receivables | - | - | - | - |
| Total Assets | <u>\$ 1,350,251</u> | <u>\$ 407,202</u> | <u>\$ 262,369</u> | <u>\$ 1,495,084</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 9,752 | \$ 208,761 | \$ 300,280 | \$ 101,271 |
| Due to Other Funds | 8,822 | - | 2 | 8,824 |
| Seized Money Held | 99,442 | 115,704 | 147,664 | 131,402 |
| Deposits - Arts Committee | 735 | - | 1 | 736 |
| Due to Complainants | 6,964 | - | - | 6,964 |
| Due to Insured Employees | 1,226,647 | - | 17,164 | 1,243,811 |
| Due to Employees | (2,111) | 25,487 | 29,674 | 2,076 |
| Total Liabilities | <u>\$ 1,350,251</u> | <u>\$ 349,952</u> | <u>\$ 494,785</u> | <u>\$ 1,495,084</u> |

OTHER SUPPLEMENTAL INFORMATION

CITY OF TUPELO
SCHEDULE OF INVESTMENTS
September 30, 2016

| INVESTMENT OWNED BY | TYPE OF INVESTMENT | DATE ACQ'D | MATURITY DATE | INTEREST RATE | CARRYING VALUE |
|----------------------------------|--|---------------|------------------|------------------|----------------------|
| GOVERNMENTAL FUNDS: | | | | | |
| Debt Service Funds: | | | | | |
| Water G. O. Bonds Fund | U.S. Government Securities Fund | Var | N/A | Var | \$ 12,950,106 |
| Urban Renewal Bond Fund | U.S. Government Securities Fund | Var | N/A | Var | 44,700 |
| Cert. of Part. Debt Service Fund | U.S. Government Securities Fund | Var | N/A | Var | <u>65</u> |
| | Total Investments - Debt Service Funds | | | | <u>12,994,871</u> |
| | Total Investments - Governmental Funds | | | | <u>12,994,871</u> |
| FIDUCIARY FUNDS: | | | | | |
| Agency Funds: | | | | | |
| Deferred Comp. Fund | Self-Insurance Trust Fund | Var | N/A | N/A | <u>500</u> |
| | Total Investments - Agency Funds | | | | <u>500</u> |
| | Total Investments - Fiduciary Funds | | | | <u>500</u> |
| | Total Investments - All Funds | | | | <u>\$ 12,995,371</u> |

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT
Year Ended September 30, 2016

| | INTEREST RATE | ISSUE DATE | FINAL MATURITY DATE | BALANCE OUTSTANDING SEPTEMBER 30, 2015 | ISSUED | (REDEEMED) | BALANCE OUTSTANDING SEPTEMBER 30, 2016 | CURRENT MATURITIES | CURRENT INTEREST PAYABLE |
|---|------------------|---------------|---------------------------|---|-------------------|--------------------|---|-----------------------|--------------------------------|
| GENERAL OBLIGATION BONDS: | | | | | | | | | |
| General City Bonds | | | | | | | | | |
| G.O. - Series 2012 | 2.000 - 2.375% | 5/1/12 | 11/1/32 | \$ 5,760,000 | \$ - | \$ (120,000) | \$ 5,640,000 | \$ 120,000 | \$ 117,563 |
| G.O. - Series 2013 | 2.100 - 3.000% | 4/10/13 | 9/30/33 | 5,760,000 | - | (120,000) | 5,640,000 | 120,000 | 135,426 |
| G.O. - Series 2013 | 2.500 - 3.250% | 9/1/13 | 9/30/28 | 2,675,000 | - | (170,000) | 2,505,000 | 175,000 | 69,050 |
| G.O. - Series 2011 | 2.100 - 2.875% | 12/1/11 | 12/1/30 | 3,695,000 | - | (100,000) | 3,595,000 | 100,000 | 85,014 |
| G.O. Refunding - Series A | 2.000 - 3.000% | 6/21/11 | 7/1/19 | 3,145,000 | - | (755,000) | 2,390,000 | 775,000 | 63,850 |
| G.O. Refunding - Series B | 2.000 - 4.375% | 6/21/11 | 7/1/23 | 4,130,000 | - | (455,000) | 3,675,000 | 465,000 | 138,644 |
| G.O. Refunding - Series 2001 | variable | 7/1/01 | 9/1/16 | 125,000 | - | (125,000) | - | - | - |
| G.O. - Series 2007 (refunded) | 3.750 - 5.250% | 2/1/07 | 2/1/21 | 5,165,000 | - | (5,165,000) | - | - | - |
| G.O. - Series 2015 | 1.310 - 3.280% | 7/28/15 | 7/1/29 | 4,000,000 | - | (100,000) | 3,900,000 | 100,000 | 105,190 |
| G.O. Refunding - Series 2016 | 1.100 - 1.970% | 1/28/16 | 2/1/22 | - | 4,580,000 | - | 4,580,000 | 770,000 | 66,962 |
| G.O. - Series 2016 | 2.313 - 2.685% | 5/12/16 | 4/1/36 | - | 6,000,000 | - | 6,000,000 | 100,000 | 136,454 |
| G.O. Combined Refunding-Series 2016 | 3.000 - 5.000% | 8/4/16 | 7/1/26 | - | 9,230,000 | - | 9,230,000 | 1,250,000 | 330,361 |
| Total General City Bonds | | | | 34,455,000 | 19,810,000 | (7,110,000) | 47,155,000 | 3,975,000 | 1,248,514 |
| Water Bonds | | | | | | | | | |
| Series 2008 - Refunding Bonds | 3.91 - 5.51% | 12/17/08 | 12/1/33 | 8,575,000 | - | (280,000) | 8,295,000 | 295,000 | 366,879 |
| Total Water Bonds | | | | 8,575,000 | - | (280,000) | 8,295,000 | 295,000 | 366,879 |
| Special Assessments General Obligation Bonds | | | | | | | | | |
| Series 1996 | variable | 9/1/96 | 9/1/16 | 25,000 | - | (25,000) | - | - | - |
| Series 2000 | variable | 8/1/00 | 8/1/20 | 155,000 | - | (25,000) | 130,000 | 30,000 | 6,880 |
| Total Special Assessments General Obligations Bonds | | | | 180,000 | - | (50,000) | 130,000 | 30,000 | 6,880 |
| TOTAL GENERAL OBLIGATION BONDS | | | | 43,210,000 | 19,810,000 | (7,440,000) | 55,580,000 | 4,300,000 | 1,622,273 |
| OTHER LONG-TERM DEBT: | | | | | | | | | |
| General City Notes Payable | | | | | | | | | |
| Capital Improvements Revolving Loan | 3.00% | 8/24/09 | 2/1/33 | 1,340,660 | - | (58,764) | 1,281,896 | 61,763 | 37,614 |
| Tupelo Airport Authority Capital Acquisition | 3.00% | 6/22/11 | 7/1/25 | 1,162,591 | - | (90,772) | 1,071,819 | 93,495 | 32,155 |
| Bank of America ESCO | 2.62% | 10/9/15 | 4/9/32 | - | 4,353,000 | - | 4,353,000 | 168,796 | 170,346 |
| Total General City Notes Payable | | | | 2,503,251 | 4,353,000 | (149,536) | 6,706,715 | 324,054 | 240,115 |

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT - Continued
Year Ended September 30, 2016

| | INTEREST RATE | ISSUE DATE | FINAL MATURITY DATE | BALANCE OUTSTANDING SEPTEMBER 30, 2015 | ISSUED | (REDEEMED) | BALANCE OUTSTANDING SEPTEMBER 30, 2016 | CURRENT MATURITIES | CURRENT INTEREST PAYABLE |
|---|------------------|---------------|---------------------------|---|----------------------|------------------------|---|-----------------------|--------------------------------|
| OTHER LONG-TERM DEBT - Continued: | | | | | | | | | |
| Water and Sewer Notes Payable | | | | | | | | | |
| Drinking Water Loan | 4.00% | 9/1/05 | 5/1/25 | \$ 625,202 | \$ - | \$ (54,066) | \$ 571,136 | \$ 56,269 | \$ 21,821 |
| Drinking Water Loan | 1.95% | 6/14/06 | 12/1/27 | 336,054 | - | (24,527) | 311,527 | 25,010 | 5,852 |
| Capital Improvements Revolving Loan | 1.75% | 11/19/04 | 6/1/26 | 3,947,087 | - | (336,675) | 3,610,412 | 342,614 | 60,443 |
| Capital Improvements Revolving Loan | 1.75% | 9/30/04 | 11/1/27 | 15,876,407 | - | (1,181,310) | 14,695,097 | 1,202,150 | 247,552 |
| SRF - MDA Revolving Loan | 1.95% | 6/1/16 | 12/1/35 | 2,818,943 | 983,506 | (53,331) | 3,749,118 | 162,087 | 71,664 |
| SRF - Annexed Sewer Loan 2014 | 1.75% | 8/1/16 | 12/1/35 | 2,077,252 | 2,375,937 | (16,144) | 4,437,045 | 195,578 | 76,085 |
| SRF - Chemical Addition | 1.75% | 6/1/16 | 2/1/36 | 1,382,799 | 2,120,996 | (37,401) | 3,466,394 | 151,248 | 59,453 |
| SRF - Annexed Water | | In progress | | 1,031,236 | 991,227 | - | 2,022,463 | - | - |
| SRF - 2015 Water | | In progress | | - | 53,560 | - | 53,560 | - | - |
| SRF - Annex Sewer 2014 | | In progress | | - | 1,110,973 | - | 1,110,973 | - | - |
| Total Water and Sewer Notes Payable | | | | 28,094,980 | 7,636,199 | (1,703,454) | 34,027,725 | 2,134,956 | 542,870 |
| Special Obligation Bonds | | | | | | | | | |
| Series 2007 (refunded) | 4.000 - 5.000% | 7/25/07 | 7/1/22 | 1,710,000 | - | (1,710,000) | - | - | - |
| Tupelo Convention Center (refunded) | 4.000 - 4.250% | 6/6/07 | 7/1/22 | 5,785,000 | - | (5,785,000) | - | - | - |
| Convention Center (refunded) | 5.125 - 5.600% | 10/1/05 | 1/1/26 | 3,645,000 | - | (3,645,000) | - | - | - |
| Total Special Obligation Bonds | | | | 11,140,000 | - | (11,140,000) | - | - | - |
| Mississippi Development Lease | 4.000 - 5.000% | 9/21/00 | 7/1/25 | 283,725 | - | (29,647) | 254,078 | 29,647 | 3,176 |
| Tax Increment Limited Obligation Bonds | | | | | | | | | |
| Series 1998 | 5.70% | 2/1/98 | 3/1/18 | 155,000 | - | (50,000) | 105,000 | 50,000 | 4,560 |
| Series 2009 | 4.50% | 5/13/09 | 5/1/24 | 440,000 | - | (40,000) | 400,000 | 40,000 | 18,000 |
| Total Tax Increment Limited Obligation Bonds | | | | 595,000 | - | (90,000) | 505,000 | 90,000 | 22,560 |
| Northeast MS Regional Water Supply District | | | | | | | | | |
| State Revolving Loan | 3.00% | 9/1/98 | 8/1/22 | 1,021,187 | - | (151,520) | 869,667 | 156,127 | 23,955 |
| Tupelo Airport Authority | | | | | | | | | |
| Notes Payable | 3.00% | 9/1/00 | 8/1/22 | 164,584 | - | (18,509) | 146,075 | 19,064 | 4,382 |
| TOTAL OTHER LONG-TERM DEBT | | | | 41,299,476 | 7,636,199 | (13,133,130) | 35,802,545 | 2,429,794 | 596,943 |
| TOTAL LONG-TERM DEBT | | | | \$ 87,012,727 | \$ 31,799,199 | \$ (20,722,666) | \$ 98,089,260 | \$ 7,053,848 | \$ 2,459,331 |

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2016

| | <u>MUNICIPAL</u> | <u>SCHOOL</u> | <u>TAX</u> |
|-------------------------------------|-----------------------|----------------------|----------------------|
| Adjusted Assessed Valuation: | | | |
| Realty | \$ 318,692,151 | \$ 12,887,561 | |
| Personal | 88,082,476 | 28,553,754 | |
| Personal - Auto (From County) | <u>55,591,379</u> | <u>4,208,876</u> | |
| Total Municipal at 96.58 Mills | \$ <u>462,366,006</u> | | \$ 44,650,685 |
| Total School at 64.11 Mills | | \$ <u>45,650,191</u> | 2,926,177 |
| Collections Adjustments: | | | |
| Add: | | | |
| Municipal Homestead Reimbursement | | \$ 531,900 | |
| School Homestead Reimbursement | | 449,387 | |
| Prior Year Tax Collections | | 331,937 | |
| Penalties and Interest | | 74,334 | |
| In-Lieu Taxes | | 891,305 | |
| Heavy Duty Truck Tax | | 65,039 | |
| Special Assessments | | 93,319 | |
| Prior Year Tax Collections | | <u>-</u> | 2,437,221 |
| Less: | | | |
| Cost of Collections | | 291,620 | |
| School Homestead Loss | | <u>795,757</u> | <u>1,087,377</u> |
| TOTAL TO BE ACCOUNTED FOR | | | \$ <u>48,926,706</u> |

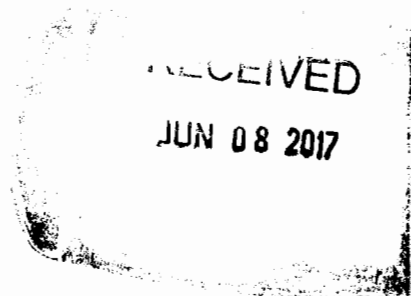


CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2016
-Continued-

| | <u>TAXES</u> | <u>HOMESTEAD REIMBURSEMENT</u> | <u>TOTALS</u> |
|---|----------------------|------------------------------------|----------------------|
| Collection Credits to Funds: | | | |
| Municipal General Fund | \$ 6,834,839 | \$ 218,406 | \$ 7,053,245 |
| Special Assessments Fund | 93,318 | - | 93,318 |
| Tax Increment Bond Fund | 233,896 | - | 233,896 |
| City Bond & Interest Fund | 3,161,769 | 111,333 | 3,273,102 |
| Library Fund | 459,492 | 16,179 | 475,671 |
| Firemen & Policemen Retirement Fund | 732,190 | 25,791 | 757,981 |
| City Special Levy Street Improvements Fund | 4,549,476 | 160,191 | 4,709,667 |
| School Maintenance Fund | 27,126,240 | 449,387 | 27,575,627 |
| School Bond and Interest Fund | 3,096,468 | - | 3,096,468 |
| Tupelo/Lee County Vo-Tech | 1,420 | - | 1,420 |
| School Notes - Shortfall Note | <u>1,523,760</u> | <u>-</u> | <u>1,523,760</u> |
| Total Collections | <u>\$ 47,812,868</u> | <u>\$ 981,287</u> | <u>48,794,155</u> |
| Balance Represented By: | | | |
| Unpaid Property Taxes | | \$ 132,540 | |
| Unaccounted For (Over) | | <u>11</u> | <u>132,551</u> |
| TOTAL ACCOUNTED FOR | | | <u>\$ 48,926,706</u> |

CITY OF TUPELO
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2016

| NAME | POSITION | BOND | INSURANCE COMPANY |
|----------------|-----------------|------------|--|
| Jason Shelton | Mayor | \$ 100,000 | Travelers Casualty & Surety Co. of America |
| Kim Hanna | City Clerk | 50,000 | Travelers Casualty & Surety Co. of America |
| Bart Aguirre | Chief of Police | 75,000 | Western Surety Company |
| City of Tupelo | Blanket Policy | 50,000 | Western Surety Company |
| City of Tupelo | Per Councilman | 100,000 | Travelers Casualty & Surety Co. of America |



CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

| Federal Grantor/ Pass Through Grantor/ Program Title | Grantor Agency ID Number | Federal CFDA Number | Federal Expenditures |
|---|---|------------------------------------|---------------------------------|
| PRIMARY GOVERNMENT: | | | |
| U. S. Department of Housing and Urban Development | | | |
| Passed through State Office of: | | | |
| Mississippi Development Authority: | | | |
| Community Development Block Grant | 1131-14-366-ED-01 | 14.228 | \$ 481,897 |
| Community Development Block Grant | 1132-15-366-PF-01 | 14.228 | 8,000 |
| Total U.S. Department of Housing and Urban Development | | | \$ 489,897 |
| Environmental Protection Agency | | | |
| Passed through State Office of: | | | |
| Mississippi Department of Environmental Quality | | | |
| Capitalization Grants for Drinking Water | | | |
| State Revolving Loans | DWI-L1410015-03-0 | 66.468 | \$ 444,120 |
| Capitalization Grants for Drinking Water | | | |
| State Revolving Loans | DWI-L1410015-04-0 | 66.468 | 67,240 |
| Capitalization Grants for Drinking Water | | | |
| State Revolving Loans | DWI-L1410015-05-0 | 66.468 | 43,260 |
| Total Environmental Protection Agency | | | \$ 554,620 |
| U. S. Department of Justice | | | |
| Justice Assistance | 2014-DJBX-0504 | 16.738 | \$ 14,332 |
| US Marshall Service | JELO | 16.111 | 5,951 |
| Bulletproof Vest Partnership Program | | 16.607 | 4,863 |
| Federal Equitable Sharing Agreement | 11-DEA-541721 | 16.000 | 7,759 |
| Total U.S. Department of Justice | | | \$ 32,905 |
| Executive Office of the President | | | |
| Passed through State Office of: | | | |
| Department of Public Safety | | | |
| High Intensity Drug Trafficking Areas Program | G15GC0003A/G16GC0003A | 95.001 | 14,139 |
| Total Executive Office of the President | | | 14,139 |

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

| Federal Grantor/ Pass Through Grantor/ Program Title | Grantor Agency ID Number | Federal CFDA Number | Federal Expenditures |
|---|---|------------------------------------|---------------------------------|
| U. S. Department of Transportation | | | |
| Passed through State Office of: | | | |
| Mississippi Department of Transportation: | | | |
| Highway Planning and Construction Grant* | STP-9480-00(007) | 20.205 | \$ 102,617 |
| Highway Planning and Construction Grant* | STP-0430-00(19) | 20.205 | 360,659 |
| Highway Planning and Construction Grant* | STP-0430-00(16) | 20.205 | 1,128,490 |
| Highway Planning and Construction Grant* | STP-0430-00(16) | 20.205 | 56,405 |
| Total U.S. Department of Transportation | | | \$ 1,648,171 |
| U.S. Department of Agriculture | | | |
| Natural Resources Conservation Service Grant | 68-4423-16-2488 | 10.932 | \$ 97,100 |
| Total U.S. Department of Agriculture | | | \$ 97,100 |
| U. S. Department of Homeland Security | | | |
| Passed through State Office of: | | | |
| Mississippi Emergency Management Agency: | | | |
| Homeland Security Grant | S14HS366T | 97.039 | \$ 8,000 |
| Homeland Security Grant | 14HS366T | 97.039 | 60,000 |
| Homeland Security Grant | 14LE366 | 97.039 | 5,138 |
| Hazard Mitigation Grant | HM-1604-0515 | 97.039 | 66,686 |
| Hazard Mitigation Grant | HM-1604-0516 | 97.039 | 63,205 |
| Total U. S. Department of Homeland Security | | | \$ 203,029 |
| Department of the Interior | | | |
| Land and Water Conservation Fund Grant | 28-00644 | 15.916 | \$ 150,000 |
| Total Department of the Interior | | | \$ 150,000 |
| TOTAL FEDERAL EXPENDITURES | | | \$ 3,189,861 |

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

| Federal Grantor/ Pass Through Grantor/ Program Title | Grantor Agency ID Number | Federal CFDA Number | Federal Expenditures |
|---|---|------------------------------------|---------------------------------|
|---|---|------------------------------------|---------------------------------|

SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of expenditures of federal awards includes the federal award activity of the City of Tupelo, 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

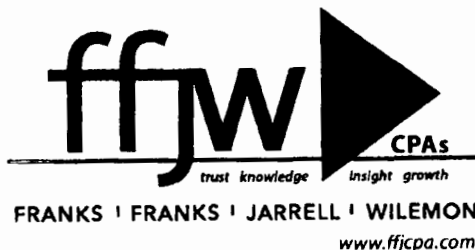
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

* - Major Program

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (emeritus)

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

Honorable Mayor and City Council
City of Tupelo, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tupelo, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Tupelo, Mississippi's basic financial statements, and have issued our report thereon dated March 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tupelo, Mississippi's internal control over financial reporting 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 Tupelo, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tupelo, Mississippi's internal control.

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

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tupelo, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017

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

Honorable Mayor and City Council
City of Tupelo, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Tupelo, 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 Tupelo, Mississippi's major federal programs for the year ended September 30, 2016. The City of Tupelo, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tupelo, 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 Tupelo, 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 Tupelo, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tupelo, 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 Tupelo, 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 Tupelo, 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 Tupelo, 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.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017

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**CITY OF TUPELO, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2016**

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness identified? Yes X No
Significant deficiency identified
not considered to be a material weakness? Yes X None reported
Noncompliance material to financial statements
noted? Yes X No

Federal Awards

Internal Control over major programs:
Material weakness identified? Yes X No
Significant deficiency identified
not considered to be a material weakness? Yes X None reported

Type of auditors' report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? Yes X No

Identification of major program:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| <u>20.205</u> | <u>U.S. Department of Transportation – Highway Planning and Construction Grant</u> |

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

None

SECTION 3 – FEDERAL AWARD FINDINGS:

None

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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Mayor and City Council
City of Tupelo, Mississippi

We have audited the financial statements of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 22, 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 the *Government Auditing Standards*.

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 general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of 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.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell, & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017

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