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City of Booneville

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Lavaile Shields, City Clerk
Daniel K. Tucker, City Attorney
George M. Via, City Judge

Board of Alderman:
Mark McCoy, Pro-Tem
Jason Michael
William Scott
Lisa Stevens
Jeff Williams

September 24, 2018

**Office of the State Auditor
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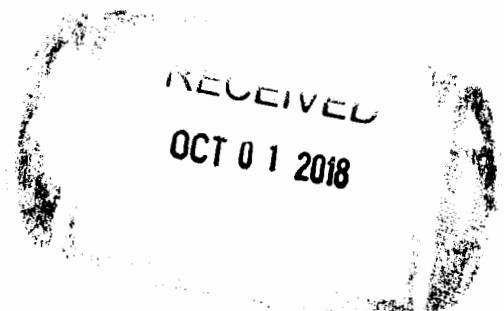
RE: Annual Municipal Audit

Accompanying this letter are two hard copies and one electronic copy of the annual audit of the City of Booneville, Mississippi for the fiscal year ended September 30, 2017. In connection with this audit, a separate management letter was written to the City. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely yours,



**Lavaile Shields
City Clerk**



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

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 76, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 77, and budgetary comparison information (Schedule 3) on pages 78 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Booneville, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements (Schedules 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements (Schedules 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements (Schedules 4 and 5) and the schedule of surety bonds for municipal officials and employees (Schedule 6) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018 on our consideration of the City of Booneville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Booneville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Booneville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

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

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

September 19, 2018

CITY OF BOONEVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2017

As management of the City of Booneville, Mississippi, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,670,878 (net position).

The government's total net position increased by \$296,925 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,848,863, an increase of \$728,806 during the current fiscal year. Approximately 71.5 percent of this total amount, or \$2,751,463, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,756,031 or 46.1 percent of total general fund expenditures.

The City had fixed asset net additions of \$671,054 during the current year. Of this amount \$264,254 occurred in the governmental activities and \$406,800 occurred in the business-type activities.

The City's total debt decreased by \$586,661 during the current fiscal year. This change resulted from new debt issued of \$80,000 and debt repayments net of amortization of \$666,661.

During the current fiscal year, the City's operating grants and contributions decreased \$2,872 (18.23 percent) mainly due to normal changes in grants received; capital grants and contributions decreased \$156,954 (72.62 percent) mainly due to receiving a \$150,000 grant to help construct the natural gas filling station during the prior year; property taxes increased \$8,982 (0.48 percent) mainly due to an increase in property assessed valuation; charges for services increased \$221,527 (2.86 percent) mainly due to the natural gas and combined water and sewer departments contracting with the State of Mississippi Highway Department to relocate utility lines; and total expenses increased \$418,695 (3.54 percent) mainly due to the cost of the relocation contract with the State of Mississippi Highway Department.

Overview of the Financial Statements

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

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

Overview of the Financial Statements – continued

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison schedules for the general fund has been provided in the financial statements on pages 78 – 81 to demonstrate compliance with those budgets. The City had no major special revenue fund which required budget comparison schedules.

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

Proprietary funds

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

Overview of the Financial Statements – continued

Proprietary funds - continued

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

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

Fiduciary funds

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 75 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the schedule of City's Proportionate share of the net pension liability, schedule of City's contributions to public employee retirement system of Mississippi, and budgetary comparison schedules for certain governmental funds referred to earlier. Required supplementary information including notes to required supplementary information can be found on pages 76 – 84 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85 – 87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Booneville, Mississippi, assets and deferred outflows of resources less liabilities and deferred inflows of resources netted to \$12,670,878 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 109.2 percent or \$13,836,339) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 6.7 percent or \$854,462) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of (approximately 15.9 percent or \$2,019,923) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$9,274,191.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in both governmental activities and government as a whole of \$3,389,139 and \$2,019,923, while all other categories of net position reported positive balances both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position increased by \$296,922 during the current fiscal year. This increase was mainly due to the increase in net position from the governmental activities of \$444,371 and the business-type activities of \$(147,449) as detailed on the City of Booneville, Mississippi's changes in net position presented on the following pages. See other detailed changes on the following pages.

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Net position

	Governmental Activities				Business-Type Activities				Total			
	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change
Current and other assets	\$ 6,256,328	\$ 5,411,018	\$ 845,310	15.6%	\$ 4,816,142	\$ 5,145,433	\$ (329,291)	-6.4%	\$ 11,072,470	\$ 10,556,451	\$ 516,019	4.9%
Capital assets	4,824,227	4,969,186	(144,959)	-2.9%	15,759,065	15,946,356	(187,291)	-1.2%	20,583,292	20,915,542	(332,250)	-1.6%
Total assets	11,080,555	10,380,204	700,351	6.7%	20,575,207	21,091,789	(516,582)	-2.4%	31,655,762	31,471,993	183,769	0.6%
Deferred outflows of resources	355,630	1,226,161	(870,531)	-71.0%	254,459	560,436	(305,977)	-54.6%	610,089	1,786,597	(1,176,508)	-65.9%
Long-term liabilities outstanding	7,798,200	8,744,753	(946,553)	-10.8%	8,555,029	9,139,876	(584,847)	-6.4%	16,353,229	17,884,629	(1,531,400)	-8.6%
Other liabilities	383,004	300,362	82,642	27.5%	740,646	873,937	(133,291)	-15.3%	1,123,650	1,174,299	(50,649)	-4.3%
Total liabilities	8,181,204	9,045,115	(863,911)	-9.6%	9,295,675	10,013,813	(718,138)	-7.2%	17,476,879	19,058,928	(1,582,049)	-8.3%
Deferred inflows of resources	2,068,723	1,819,363	249,360	13.7%	49,371	6,343	43,028	678.4%	2,118,094	1,825,706	292,388	16.0%
Net position												
Net investment in capital assets	4,243,447	4,260,141	(16,694)	-0.4%	9,592,892	9,333,503	259,389	2.8%	13,836,339	13,593,644	242,695	1.8%
Restricted	331,950	243,774	88,176	36.2%	522,512	464,108	58,404	12.6%	854,462	707,882	146,580	20.7%
Unrestricted	(3,389,139)	(3,762,028)	372,889	-9.9%	1,369,216	1,834,458	(465,242)	-25.4%	(2,019,923)	(1,927,570)	(92,353)	4.8%
Total Net Position	\$ 1,186,258	\$ 741,887	\$ 444,371	59.9%	\$ 11,484,620	\$ 11,632,069	\$ (147,449)	-1.3%	\$ 12,670,878	\$ 12,373,956	\$ 296,922	2.4%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ - 637,632	\$ 648,330	\$ (10,698)	-1.7%	\$ 7,328,969	\$ 7,096,744	\$ 232,225	3.3%	\$ 7,966,601	\$ 7,745,074	\$ 221,527	2.9%
Operating grants and contributions	12,884	15,756	(2,872)	-18.2%	-	-	-	0.0%	12,884	15,756	(2,872)	-18.2%
Capital grants and contributions	55,877	66,130	(10,253)	-15.5%	3,299	150,000	(146,701)	-97.8%	59,176	216,130	(156,954)	-72.6%
General Revenues												
Taxes												
Property taxes	1,885,358	1,876,376	8,982	0.5%	-	-	-	0.0%	1,885,358	1,876,376	8,982	0.5%
Sales tax	1,941,747	1,892,665	49,082	2.6%	-	-	-	0.0%	1,941,747	1,892,665	49,082	2.6%
Franchise tax	202,160	202,551	(391)	-0.2%	-	-	-	0.0%	202,160	202,551	(391)	-0.2%
In lieu taxes	155,670	166,739	(11,069)	-6.6%	-	-	-	0.0%	155,670	166,739	(11,069)	-6.6%
Other taxes and state shared revenues	261,433	260,762	671	0.3%	-	-	-	0.0%	261,433	260,762	671	0.3%
Investment income	1,604	-	1,604	0.0%	1,023	-	1,023	0.0%	2,627	-	2,627	0.0%
Other	49,847	40,641	9,206	22.7%	-	-	-	0.0%	49,847	40,641	9,206	22.7%
Total revenue	\$ 5,204,212	\$ 5,169,950	\$ 34,262	0.7%	\$ 7,333,291	\$ 7,246,744	\$ 86,547	1.2%	\$ 12,537,503	\$ 12,416,694	\$ 120,809	1.0%

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change	2017	2016	Increase (Decrease)	% Change
Expenses:												
General government	\$ 722,818	\$ 775,537	\$ (52,719)	-6.8%	\$ -	\$ -	\$ -	0.0%	\$ 722,818	\$ 775,537	\$ (52,719)	-6.8%
Public safety	3,467,901	3,627,933	(160,032)	-4.4%	-	-	-	0.0%	3,467,901	3,627,933	(160,032)	-4.4%
Public works	1,264,387	1,273,664	(9,277)	-0.7%	-	-	-	0.0%	1,264,387	1,273,664	(9,277)	-0.7%
Culture and recreation	662,958	696,567	(33,609)	-4.8%	-	-	-	0.0%	662,958	696,567	(33,609)	-4.8%
Economic development	80,177	82,974	(2,797)	-3.4%	-	-	-	0.0%	80,177	82,974	(2,797)	-3.4%
Interest	25,340	30,155	(4,815)	-16.0%	-	-	-	0.0%	25,340	30,155	(4,815)	-16.0%
Water and Sewer	-	-	-	0.0%	2,577,111	2,404,045	173,066	7.2%	2,577,111	2,404,045	173,066	7.2%
Natural Gas	-	-	-	0.0%	3,102,339	2,605,309	497,030	19.1%	3,102,339	2,605,309	497,030	19.1%
Sanitation	-	-	-	0.0%	359,797	347,949	11,848	3.4%	359,797	347,949	11,848	3.4%
Total expenses	<u>6,223,581</u>	<u>6,486,830</u>	<u>(263,249)</u>	<u>-4.1%</u>	<u>6,039,247</u>	<u>5,357,303</u>	<u>681,944</u>	<u>12.7%</u>	<u>12,262,828</u>	<u>11,844,133</u>	<u>418,695</u>	<u>3.5%</u>
Increase (decrease) in net assets before contributions and transfers	(1,019,369)	(1,316,880)	297,511	-22.6%	1,294,044	1,889,441	(595,397)	-31.5%	274,675	572,561	(297,886)	-52.0%
Gain (loss) on disposition of capital assets	23,200	-	23,200	0.0%	(950)	-	(950)	0.0%	22,250	-	22,250	0.0%
Transfers	<u>1,440,541</u>	<u>1,597,108</u>	<u>(156,567)</u>	<u>-9.8%</u>	<u>(1,440,541)</u>	<u>(1,597,108)</u>	<u>156,567</u>	<u>-9.8%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (decrease) in net position	444,372	280,228	164,144	58.6%	(147,447)	292,333	(439,780)	-150.4%	296,925	572,561	(275,636)	-48.1%
Rounding	(1)	-	(1)	0.0%	(2)	-	(2)	0.0%	(3)	-	(3)	0.0%
Net position--beginning of year	741,887	461,659	280,228	60.7%	11,632,069	11,339,736	292,333	2.6%	12,373,956	11,801,395	572,561	4.9%
Cumulative effect change	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Net position--end of year	<u>\$ 1,186,258</u>	<u>\$ 741,887</u>	<u>\$ 444,371</u>	<u>59.9%</u>	<u>\$ 11,484,620</u>	<u>\$11,632,069</u>	<u>\$ (147,449)</u>	<u>-1.3%</u>	<u>\$12,670,878</u>	<u>\$12,373,956</u>	<u>\$ 296,922</u>	<u>2.4%</u>

Government-wide Financial Analysis - continued

Governmental activities

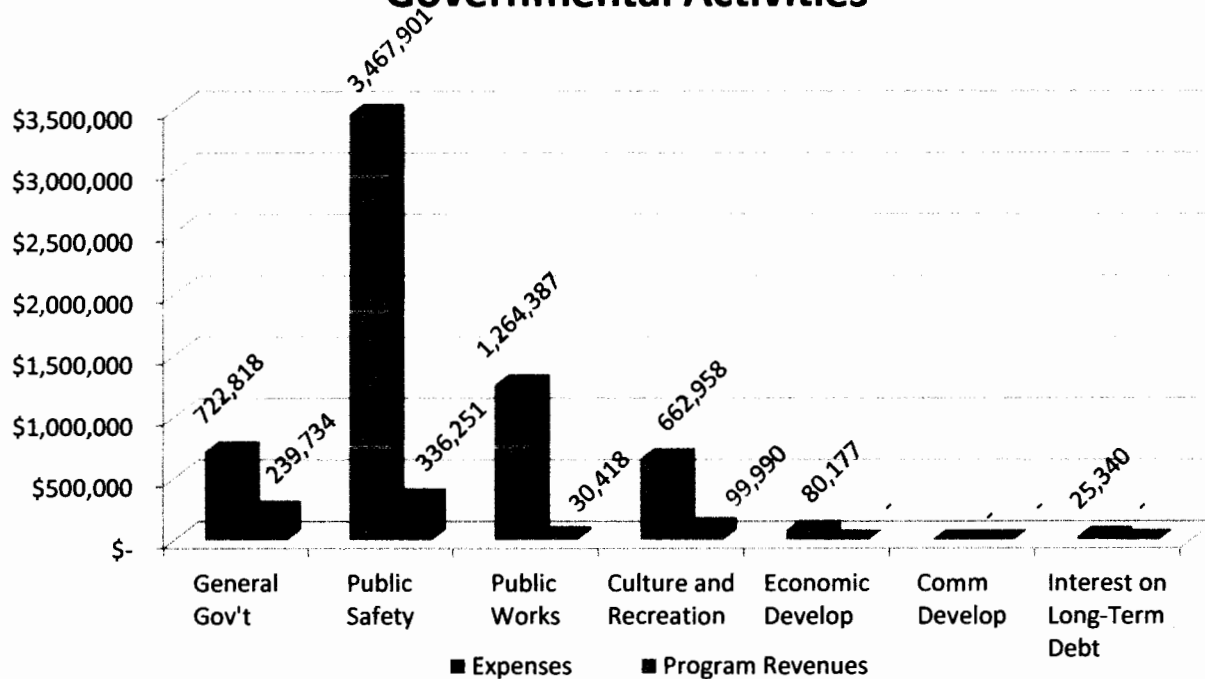
Governmental activities, including transfers from the business-type activities, increased the City's net position by \$444,371 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$280,228. Key elements of the changes are as follows:

During the year charges for services decreased by \$10,698 (approximately 2 percent), operating grants and contributions decreased by \$2,872 (approximately 18 percent), capital grants and contributions decreased by \$10,253 (approximately 16 percent), property taxes increased by \$8,982 (approximately 0 percent), sales tax increased by \$49,082 (approximately 3 percent), general government expenses decreased by \$52,719 (approximately 7 percent), public safety expenses decreased by \$160,032 (approximately 4 percent), public works expenses decreased by \$9,277 (approximately 1 percent), culture and recreation expenses decreased by \$33,609 (approximately 5 percent), and economic development expenses decreased by \$2,797 (approximately 3 percent).

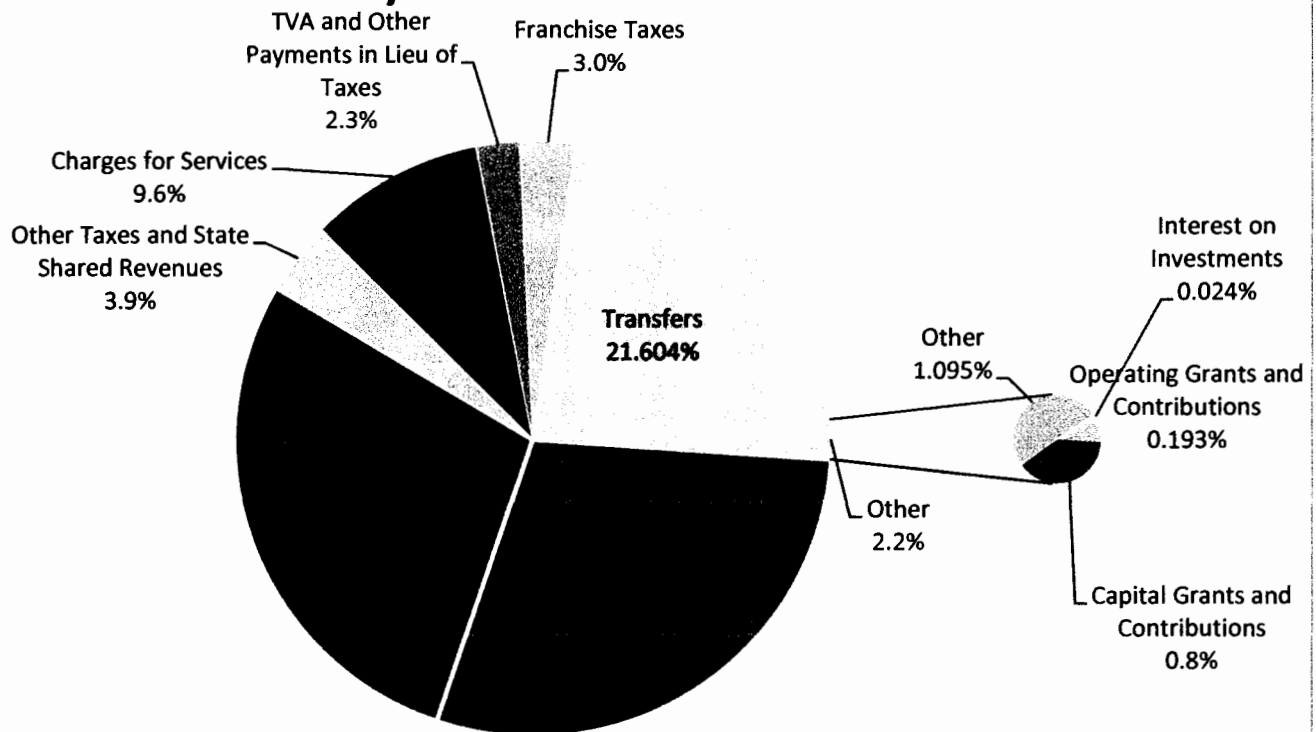
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Government-wide Financial Analysis - continued

Business-type activities

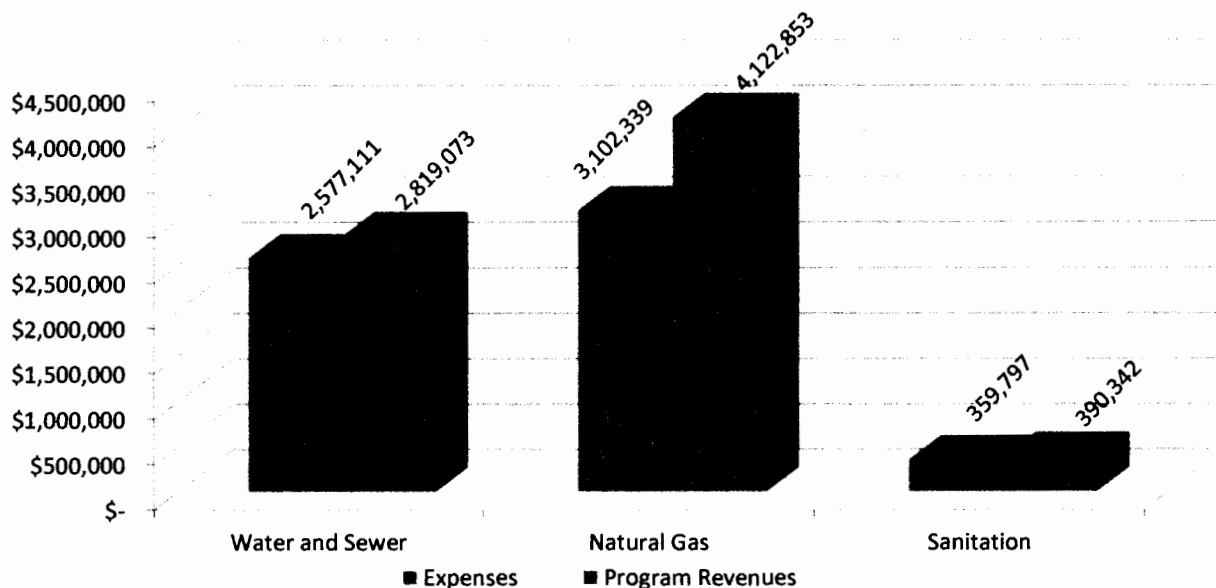
Business-type activities reported a decrease in the City's net position by \$147,447 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$292,333. Key elements of this decrease are as follows:

Charges for services for business-type activities increased \$232,225, or 3.3 percent, compared to the prior year.). This was the result of contracting with the State of Mississippi Highway Department to relocate utility lines.

Expenses increased approximately 12.7 percent or \$681,944, primarily due to water and sewer fund expenditures increased \$173,066 (7.2 percent) and natural gas fund expenditures increased \$497,030 (19.1 percent). This changed primarily due to contracting with the State of Mississippi Highway Department to relocate utility lines.

Transfers out to other funds totaled \$1,440,541 while prior year transfers out to other funds totaled \$1,597,108. Transfers out increased approximately 9.8 percent or \$156,567. Other changes are detailed in the financial analysis above.

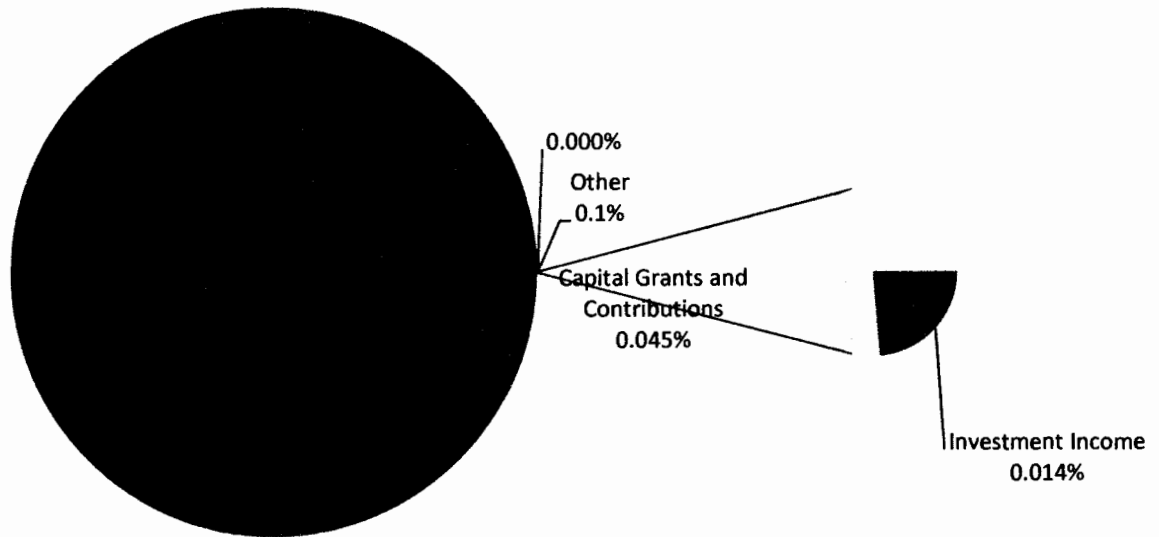
Expense and Program Revenues - Business-Type Activities



Government-wide Financial Analysis - continued

Business-type activities - continued

Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,848,863, an increase of \$728,806 compared to the prior year. Approximately 71.5 percent of this total amount, \$2,751,463 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$1,097,400 is either nonspendable, restricted by laws, regulations or by donor, committed by the Board of Alderpersons or assigned by the Mayor, to indicate that it is not available for new spending or it can be spent only for specific items.

Financial Analysis of the Government's Funds - continued

Governmental funds - continued

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,756,031 while total fund balance was \$3,521,481. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 46.1 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$640,629 during the current fiscal year. This is primarily attributable to transfers.

Proprietary funds

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

Unrestricted net position of the gas system, combined water and sewer system, and solid waste collection system funds at the end of the year amounted to \$1,065,042, \$294,789, and \$9,385, respectively. The gas system fund had a decrease in net position for the year of \$433,363, the combined water and sewer system fund had an increase in net position for the year of \$278,030, and the waste collection fund had an increase in net position for the year of \$7,886.

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

General Fund Budgetary Highlights

The City made the following amendments to its original budget: Expenditures - general government - personnel services \$(20,000), general government - other services and charges \$20,000, public safety - police - personnel \$(70,000), public safety - police - supplies \$30,000, public safety - police - other services and charges \$40,000, public property - personnel services \$10,000, public property - capital outlay \$(10,000), street - personnel services \$(59,000), street - supplies \$10,000, street - other services and charges \$45,000, street - debt service \$4,000, park operations - personnel services \$(10,000), park - other services and supplies \$10,000, park maintenance - personnel services \$10,000, park maintenance - supplies \$12,000, park maintenance - other services and charges \$9,000, and park maintenance - capital outlay \$(31,000).

During the year, general fund revenues were more than the budgetary estimates and expenditures were less than the budgetary estimates, resulting in an actual increase in fund balance that was more than the final amended budget fund balance amount by \$1,494,375.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted to \$20,583,292 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges and other infrastructure acquired after October 1, 2003. The total decrease in the City's investment in capital assets for the current fiscal year was approximately 1.6 percent (an approximate 2.9 percent decrease for governmental activities and an approximate 1.2 percent decrease for business-type activities).

Major capital asset additions are as follows:

Supervision and finance equipment	\$	1,594
Park equipment		5,616
Park buildings and improvements		52,110
Public property equipment		2,060
Street equipment		55,691
Police automotive and equipment		104,397
Fire equipment		42,786
Natural gas system buildings		29,024
Natural gas system automotive, equipment and office equipment		224,651
Natural gas system distribution system and filling station		28,007
Water and sewer system buildings		19,276
Water and sewer system automotive, equipment and office equipment		103,282
Water and sewer system distribution system		4,188

City of Booneville, Mississippi's Capital Assets - Net

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Construction in progress	-	1,628	1,628
Infrastructure	1,085,667	-	1,085,667
Building and improvements	1,017,044	508,046	1,525,090
Natural gas system	-	3,351,383	3,351,383
Water and sewer system	-	10,935,829	10,935,829
Automotive, equipment and furnishings	1,678,472	716,817	2,395,289
Total	\$ 4,824,227	\$ 15,759,065	\$ 20,583,292

Additional information on the City's capital assets can be found in Note F on pages 53 - 55 of this report and in the long-term debt section on the next page.

Capital Asset and Debt Administration - continued

Long-term debt

At the end of the current fiscal year, the City had total debt outstanding of \$6,807,779. Of this amount, \$1,930,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

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

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 285,000	\$ 1,645,000	\$ 1,930,000
Other Debts	291,780	-	291,780
Revenue bonds	-	4,585,999	4,585,999
Total	\$ 576,780	\$ 6,230,999	\$ 6,807,779

The City's total debt decreased by \$586,661 (approximately 7.9 percent) during the current fiscal year. There was new other debt obligations totaling \$80,000 issued during the year.

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

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

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$6,841,635. Additional information on the City's long-term debt can be found in Note H on pages 61 – 65 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2018 fiscal year:

The City expects its tax base to remain level.

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

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unassigned fund balance in the general fund was \$2,756,031.

Requests for Information

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

CITY OF BOONEVILLE, MISSISSIPPI

Statement of Net Position

September 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,738,268	\$ 2,261,260	\$ 5,999,528
Restricted cash and cash equivalents	-	1,528,059	1,528,059
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$195,080)	1,740,670	-	1,740,670
Police fines (net of allowances of \$1,186,939)	141,940	-	141,940
Accounts (net of allowances of \$57,727)	-	468,472	468,472
Franchise fees (net of allowances of \$0)	34,950	-	34,950
Accrued interest (net of allowances of \$117,783)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of allowances of \$0)	-	54,271	54,271
Prepaid items	57,022	23,346	80,368
Resale inventory	-	260,456	260,456
Supply inventory	-	149,268	149,268
Due from other governments	567,951	46,537	614,488
Due from other funds	(24,473)	24,473	-
Land and construction in progress	1,043,044	246,990	1,290,034
Other capital assets (net of accumulated depreciation)	3,781,183	15,512,075	19,293,258
Total Assets	11,080,555	20,575,207	31,655,762
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	355,630	189,633	545,263
Deferred outflow pertaining to loss on refunding	-	64,826	64,826
Total Deferred Outflows of Resources	355,630	254,459	610,089

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

CITY OF BOONEVILLE, MISSISSIPPI

Statement of Net Position

September 30, 2017

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 229,524	\$ 182,183	\$ 411,707
Credit balance in accounts receivable	-	6,266	6,266
Accrued interest	10,365	43,279	53,644
Accrued liabilities	138,547	40,670	179,217
Matured interest payable	568	-	568
Matured bonds payable	4,000	-	4,000
Customer deposits	-	468,248	468,248
Long-term debt and capital leases			
Bonds and notes payable due within one year	237,556	475,000	712,556
Compensated absence due within one year	24,089	6,506	30,595
Net pension liability due in more than one year	7,013,622	2,260,569	9,274,191
Bonds and notes payable due in more than one year	339,224	5,755,999	6,095,223
Compensated absense due in more than one year	183,709	56,955	240,664
Total Liabilities	8,181,204	9,295,675	17,476,879
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	349,949	49,371	399,320
Deferred inflows pertaining to unavailable revenue	1,718,774	-	1,718,774
Total Deferred Inflows of Resources	2,068,723	49,371	2,118,094
NET POSITION			
Net investment in capital assets	4,243,447	9,592,892	13,836,339
Restricted for:			
Debt service - expendable	-	483,374	483,374
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	1,418	-	1,418
Fire protection capital outlays	169,659	-	169,659
D.A.R.E. program	29,795	-	29,795
Technology	14,755	-	14,755
Rubbish	87,297	-	87,297
Tourism	29,026	-	29,026
Unemployment	-	29,138	29,138
Unrestricted (deficit)	(3,389,139)	1,369,216	(2,019,923)
TOTAL NET POSITION	\$ 1,186,258	\$ 11,484,620	\$ 12,670,878

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

Statement 2

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Activities
For the fiscal year ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 722,818	\$ 239,735	\$ (1)	\$ -	\$ (483,084)	\$ -	\$ (483,084)
Public safety	3,467,901	267,489	12,885	55,877	(3,131,650)	-	(3,131,650)
Public works	1,264,387	30,418	-	-	(1,233,969)	-	(1,233,969)
Culture and recreation	662,958	99,990	-	-	(562,968)	-	(562,968)
Economic development	80,177	-	-	-	(80,177)	-	(80,177)
Interest	25,340	-	-	-	(25,340)	-	(25,340)
Total Governmental Activities	6,223,581	637,632	12,884	55,877	(5,517,188)	-	(5,517,188)
Business-Type Activities:							
Water and Sewer	2,577,111	2,819,073	-	-	-	241,962	241,962
Natural Gas	3,102,339	4,119,554	-	3,299	-	1,020,514	1,020,514
Sanitation	359,797	390,342	-	-	-	30,545	30,545
Total Business-Type Activities	6,039,247	7,328,969	-	3,299	-	1,293,021	1,293,021
TOTAL PRIMARY GOVERNMENT	\$ 12,262,828	\$ 7,966,601	\$ 12,884	\$ 59,176	(5,517,188)	1,293,021	(4,224,167)
General Revenues							
Taxes							
Property taxes and late fees					1,885,358	-	1,885,358
Sales tax					1,941,747	-	1,941,747
Homestead					162,914	-	162,914
Franchise tax					202,160	-	202,160
TVA and other payments in lieu of taxes					155,670	-	155,670
Road tax and advalorem privilege tax					85,475	-	85,475
Municipal aid and gasoline tax					13,044	-	13,044
Investment income					1,604	1,023	2,627
Other					49,847	-	49,847
Gain (loss) on sale or retirement of capital assets					23,200	(950)	22,250
Transfers					1,440,541	(1,440,541)	-
Total					5,961,560	(1,440,468)	4,521,092
Change in Net Position					444,372	(147,447)	296,925
NET POSITION--BEGINNING					741,886	11,632,067	12,373,953
NET POSITION--ENDING					\$ 1,186,258	\$ 11,484,620	\$ 12,670,878

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2017

ASSETS	General	Nonmajor Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$3,437,783	\$ 300,486	\$ 3,738,269
Receivables (net of allowance for uncollectibles)			
Taxes	1,740,669	-	1,740,669
Police fines	141,940	-	141,940
Franchise fees	34,950	-	34,950
Due from other funds	-	2,438	2,438
Due from other governments	538,925	29,026	567,951
Prepaid items	57,022	-	57,022
Total assets	\$5,951,289	\$ 331,950	\$ 6,283,239
LIABILITIES			
Accounts payable - operations	\$ 229,522	\$ -	\$ 229,522
Accrued liabilities	138,547	-	138,547
Compensated absence	24,089	-	24,089
Due to other funds	26,911	-	26,911
Matured interest payable	-	568	568
Matured revenue bonds payable	-	4,000	4,000
Total liabilities	419,069	4,568	423,637
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	2,010,739	-	2,010,739
Total deferred inflows of resources	2,010,739	-	2,010,739
FUND BALANCES			
Nonspendable	57,022	-	57,022
Restricted	-	331,950	331,950
Committed	547,139	-	547,139
Assigned	161,289	-	161,289
Unassigned	2,756,031	(4,568)	2,751,463
Total fund balance	3,521,481	327,382	3,848,863
Total liabilities, deferred inflows of resources, and fund balances	\$5,951,289	\$ 331,950	\$ 6,283,239

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
September 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 3,848,863

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

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

Land improvements and construction in progress	1,043,044
Other capital assets	9,679,401
Less accumulated depreciation	(5,898,218)

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

Revenues - police fines	106,939
Revenues - payments in lieu of tax	134,076
Revenues - property taxes	21,896
Revenues - intergovernmental	5,463
Revenues - franchise fees	17,563
Revenues - other	6,028

Interest payable on long-term debt did not require current financial resources; therefore, interest payable was not reported as a liability in the governmental funds. (10,365)

Long-term liabilities, including bonds payable, capital leases and compensated absences not due and payable in the current period and; therefore, are not reported in the governmental funds. The long-term liabilities were adjusted as follows:

General obligation bonds	(576,780)
Compensated absences	(183,709)

Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements. (7,013,622)

Rounding (2)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the governmental fund financial statements.

Deferred outflows of resources related to pensions	355,630
Deferred inflows related to pensions	(349,949)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,186,258

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2017

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Advalorem taxes, penalties and interest	\$ 1,875,841	\$ -	\$ 1,875,841
Excess tax sale	10,805	-	10,805
Franchise taxes	202,706	-	202,706
Municipal sales tax	1,912,721	29,026	1,941,747
Permits, fees and privilege tax	40,695	-	40,695
Municipal court fines and bond fees	203,140	13,207	216,347
Intergovernmental revenues	524,238	48,951	573,189
Interest income	1,292	312	1,604
Charge for services	101,234	33,070	134,304
Collection fees	97,909	-	97,909
Administrative fees	101,126	-	101,126
Donations	3,897	-	3,897
Other	7,382	-	7,382
Total revenues	<u>5,082,986</u>	<u>124,566</u>	<u>5,207,552</u>
<u>EXPENDITURES</u>			
Current			
General government	672,520	-	672,520
Public safety	3,119,223	5,423	3,124,646
Public works	1,067,604	56	1,067,660
Culture and recreation	568,853	-	568,853
Economic development	80,177	-	80,177
Capital outlay	264,256	35,937	300,193
Principal retirement - general obligation	179,310	28,955	208,265
Interest and paying agent	23,001	6,018	29,019
Total expenditures	<u>5,974,944</u>	<u>76,389</u>	<u>6,051,333</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (891,958)</u>	<u>\$ 48,177</u>	<u>\$ (843,781)</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the fiscal year ended September 30, 2017

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from disposition of fixed assets	\$ 52,046	\$ -	\$ 52,046
Proceeds from other loans	40,000	40,000	80,000
Operating transfers in	1,440,541	1,330	1,441,871
Operating transfers out	<u>-</u>	<u>(1,330)</u>	<u>(1,330)</u>
Total other financing sources (uses)	<u>1,532,587</u>	<u>40,000</u>	<u>1,572,587</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	640,629	88,177	728,806
Fund balance - beginning of year	<u>2,880,852</u>	<u>239,205</u>	<u>3,120,057</u>
Fund balance - end of year	<u>\$ 3,521,481</u>	<u>\$ 327,382</u>	<u>\$ 3,848,863</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Governmental Activities in the Statement of Activities
For the fiscal year ended September 30, 2017

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ 728,806

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

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

Capital outlay	264,254
Basis of assets disposed of	(28,846)
Depreciation expense	(380,367)

The repayment of long-term debt is reported as an expenditure when due in governmental funds, but as a reduction of principal outstanding in the statement of activities.	208,265
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Rounding	(1)
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The proceeds from a capital lease or other debt is reported as revenue when issued in governmental funds, but as an increase in other debt capital lease outstanding in the statement of activities.	(80,000)
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Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	(1,288)
Franchise fees	(546)
Municipal court fines	10,751
Advalorem privilege tax	109
Payment in lieu of taxes	(11,518)
Charges for services	6,028
Operating grants and contributions	(846)

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

Recording of pension expense for the current period	(305,416)
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Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.

They are as follows:

(Increase) decrease in compensated absences	31,309
(Increase) decrease in accrued interest expense	3,679

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 444,373</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2017

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 1,329,717	\$ 712,606	\$ -	\$ 2,042,323
Cash and cash equivalents - restricted	632,776	131,703	-	764,479
Receivables (net of allowance for uncollectibles)				
Accounts	146,854	282,318	39,300	468,472
Other	2,811	51,460	-	54,271
Resale inventory	260,456	-	-	260,456
Supply inventory	66,473	82,795	-	149,268
Due from other governments	46,537	-	-	46,537
Due from other funds	24,473	-	-	24,473
Prepaid items	11,945	11,401	-	23,346
Total current assets	2,522,042	1,272,283	39,300	3,833,625
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,392	969,125	-	982,517
Nondepreciable land, improvements and construction in progress	208,736	38,254	-	246,990
Depreciable capital assets, net of accumulated depreciation	4,168,405	11,343,670	-	15,512,075
Total noncurrent assets	4,390,533	12,351,049	-	16,741,582
Total assets	6,912,575	13,623,332	39,300	20,575,207
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pertaining to pensions	85,135	104,498	-	189,633
Deferred outflow pertaining to loss on refunding	-	64,826	-	64,826
Total Deferred Outflows of Resources	85,135	169,324	-	254,459

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2017

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
LIABILITIES				
Current Liabilities				
Accounts payable - operations	\$ 108,854	\$ 43,414	\$ 29,915	\$ 182,183
Credit balance in accounts receivable	3,133	3,133	-	6,266
Accrued interest	-	43,279	-	43,279
Accrued liabilities	20,431	20,239	-	40,670
Customer deposits	353,550	114,698	-	468,248
Compensated absences	3,481	3,025	-	6,506
Current portion of revenue bonds payable	-	475,000	-	475,000
Total current liabilities	<u>489,449</u>	<u>702,788</u>	<u>29,915</u>	<u>1,222,152</u>
Noncurrent Liabilities				
Net pension liability	1,014,869	1,245,700	-	2,260,569
Compensated absences	15,652	41,303	-	56,955
Revenue bonds payable, less current maturities	-	5,755,999	-	5,755,999
Total noncurrent liabilities	<u>1,030,521</u>	<u>7,043,002</u>	<u>-</u>	<u>8,073,523</u>
Total liabilities	<u>1,519,970</u>	<u>7,745,790</u>	<u>29,915</u>	<u>9,295,675</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pertaining to pensions	<u>22,165</u>	<u>27,206</u>	<u>-</u>	<u>49,371</u>
Total Deferred Inflows of Resources	<u>22,165</u>	<u>27,206</u>	<u>-</u>	<u>49,371</u>
NET POSITION				
Net investment in capital assets	4,377,141	5,215,751	-	9,592,892
Restricted for debt service - expendable	-	483,374	-	483,374
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,392	15,746	-	29,138
Unrestricted	<u>1,065,042</u>	<u>294,789</u>	<u>9,385</u>	<u>1,369,216</u>
Total net position (deficit)	<u>\$ 5,455,575</u>	<u>\$ 6,019,660</u>	<u>\$ 9,385</u>	<u>\$ 11,484,620</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the fiscal year ended September 30, 2017

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 3,674,673	\$ 2,779,784	\$ 390,341	\$ 6,844,798
Charges for relocation	329,791	-	-	329,791
Service charges and other	115,090	39,289	-	154,379
Total operating revenues	4,119,554	2,819,073	390,341	7,328,968
<u>OPERATING EXPENSES</u>				
Personnel services	634,718	789,149	-	1,423,867
Professional services	25,702	108,451	-	134,153
Supplies	69,976	100,260	-	170,236
Repairs	121,210	260,828	-	382,038
Operational	160,605	435,760	-	596,365
Administrative	50,563	50,563	-	101,126
Relocation	317,978	197,851	-	515,829
Purchase of natural gas	1,539,458	-	-	1,539,458
Waste disposal	-	-	359,797	359,797
Depreciation and amortization	176,610	418,159	-	594,769
Total operating expenses	3,096,820	2,361,021	359,797	5,817,638
Operating income (loss)	1,022,734	458,052	30,544	1,511,330
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	378	646	-	1,024
Interest expense and fiscal charges	(5,519)	(216,090)	-	(221,609)
Gain (loss) on sale of fixed assets	(475)	(475)	-	(950)
Total nonoperating revenues and expenses	(5,616)	(215,919)	-	(221,535)
Income (loss) before operating transfers and contributions	1,017,118	242,133	30,544	1,289,795
Capital contributions	3,299	-	-	3,299
Operating transfers in	-	35,897	-	35,897
Operating transfers out	(1,453,780)	-	(22,658)	(1,476,438)
Changes in net position	(433,363)	278,030	7,886	(147,447)
Net position - beginning	5,888,938	5,741,630	1,499	11,632,067
Net position - ending	\$ 5,455,575	\$ 6,019,660	\$ 9,385	\$ 11,484,620

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2017

	<u>Business-Type Activities--Enterprise Fund</u>			
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	<u>Total Business-Type Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,748,388	\$ 2,620,137	\$ 390,079	\$ 6,758,604
Receipts from MDOT relocation	283,254	179,243	-	462,497
Other operating receipts	34,611	4,989	-	39,600
Payments to employees including fringe benefits	(440,716)	(688,280)	-	(1,128,996)
Payments to suppliers for goods and services	(2,045,990)	(1,014,651)	(367,421)	(3,428,062)
Payments to suppliers for MDOT relocation	<u>(317,978)</u>	<u>(197,851)</u>	<u>-</u>	<u>(515,829)</u>
Net cash provided by operating activities	<u>1,261,569</u>	<u>903,587</u>	<u>22,658</u>	<u>2,187,814</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	35,897	-	35,897
Interest paid on meter deposits	(5,520)	(1,699)	-	(7,219)
Operating transfers out	(1,453,780)	-	(22,658)	(1,476,438)
Net changes in due to/from other funds	<u>(24,473)</u>	<u>-</u>	<u>-</u>	<u>(24,473)</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (1,483,773)</u>	<u>\$ 34,198</u>	<u>\$ (22,658)</u>	<u>\$ (1,472,233)</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2017

	Business-Type Activities--Enterprise Fund			Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital contributions	\$ 3,299	\$ -	\$ -	\$ 3,299
Principal payments - revenue bonds	-	(455,000)	-	(455,000)
Payment on payables used to acquire fixed assets	(50,505)	-	-	(50,505)
Acquisition and construction of capital assets	(281,682)	(126,746)	-	(408,428)
Interest and fiscal charges paid	-	(220,401)	-	(220,401)
Net cash provided (used) by capital and related financing activities	(328,888)	(802,147)	-	(1,131,035)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	378	646	-	1,024
Net cash provided (used) by investment activities	\$ 378	\$ 646	\$ -	\$ 1,024

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2017

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in cash and cash equivalents	(550,714)	136,284	-	(414,430)
Cash and cash equivalents, beginning of year	<u>2,526,599</u>	<u>1,677,150</u>	<u>-</u>	<u>4,203,749</u>
Cash and cash equivalents, end of year	<u>\$ 1,975,885</u>	<u>\$ 1,813,434</u>	<u>\$ -</u>	<u>\$ 3,789,319</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2017

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,022,734	\$ 458,052	\$ 30,544	\$ 1,511,330
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	176,610	418,159	-	594,769
Noncash pension expense	94,185	128,154	-	222,339
(Increase) decrease in accounts receivable	8,983	(991)	(260)	7,732
(Increase) decrease in other receivables	9,637	-	(2)	9,635
(Increase) decrease in due from other governments	(46,537)	-	-	(46,537)
(Increase) decrease in resale inventory	(50,398)	-	-	(50,398)
(Increase) decrease in supply inventory	23,080	(5,016)	-	18,064
(Increase) decrease in prepaid items	(2,970)	2,667	-	(303)
Increase (decrease) in accounts payable - operations	51,266	(81,654)	(7,624)	(38,012)
Increase (decrease) in accrued liabilities - payroll and benefits	241	-	-	241
Increase (decrease) in accrued liabilities - other than payroll	-	(774)	-	(774)
Increase (decrease) in credit balance in accounts receivable	(1,140)	-	-	(1,140)
Increase (decrease) in customer deposits	(25,634)	(13,713)	-	(39,347)
Increase (decrease) in compensated absences	1,512	(1,297)	-	215
Total adjustments	238,835	445,535	(7,886)	676,484
Net cash provided (used) by operating activities	<u>\$ 1,261,569</u>	<u>\$ 903,587</u>	<u>\$ 22,658</u>	<u>\$ 2,187,814</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 30,910
Taxes receivable (net of allowances of \$203,754)	<u>2,042,444</u>
Total Assets	<u>2,073,354</u>
LIABILITIES	
Due to others	18,813
Due to other governments	898
Accounts payable due to investors	<u>11,199</u>
Total Liabilities	<u>30,910</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>2,042,444</u>
NET POSITION	<u>\$ -</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Reporting Entity - continued

Blended Component Unit

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

2. Government-Wide and Fund Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, and franchise taxes, intergovernmental revenues, interest income, etc.). When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Government-Wide and Fund Financial Statements - continued

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

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

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

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

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

Ad valorem taxes, franchise taxes, licenses, fines, interest revenues and charges for services are recognized under the susceptible to accrual concept. Fines prior to October 1, 2002 are not susceptible to accrual because the City cannot measure them until received in cash. Net fines receivable for the periods prior to October 1, 2002 are not expected to be material. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. All other revenue items are considered to be measurable and available only when cash is received by the City. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas fund, combined water and sewer fund, and waste collection fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

The following major funds are used by the City:

Governmental Funds:

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

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

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

Proprietary Funds:

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

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

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

Other Fund Types:

The City additionally reports for the following fund types:

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

Non-Current Governmental Assets/Liabilities

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

4. Statement of Cash Flows

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

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

	Gas System	Combined Water and Sewer System	Waste Collection	Total
Cash and cash equivalents	\$ 1,329,717	\$ 712,606	\$ -	\$ 2,042,323
Restricted cash and cash equivalents	<u>646,168</u>	<u>1,100,828</u>	<u>-</u>	<u>1,746,996</u>
	<u>\$ 1,975,885</u>	<u>\$ 1,813,434</u>	<u>\$ -</u>	<u>\$ 3,789,319</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

6. Inventories and Prepaid Items

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

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

7. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized phase of capital assets constructed.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets - continued

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

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

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

8. Capitalization of Interest

In conformity with Financial Accounting Standards No. 34, Capitalization of Interest Cost, the City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. Total interest, fiscal charges, and amortization of loan discount and deferred amount of refunding incurred in the enterprise funds was \$221,609. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$221,609 were charged to expense. Interest costs, net of interest earned of \$0 were capitalized as fixed assets in the enterprise funds.

9. Compensated Absences

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Long-Term Obligations

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

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are chargeable to the current period.

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

11. Payable from Restricted Assets

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

	<u>Gas System</u>	<u>Combined Water and Sewer System</u>
Customer deposits	\$ 353,550	\$ 114,698
Accrued interest payable	-	43,279
Revenue bonds payable	-	475,000
	<u>\$ 353,550</u>	<u>\$ 632,977</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Deferred Outflows/Inflows of Resources

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

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

13. Fund Equity/Net Position

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

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

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

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balances:		
Nonspendable:		
Prepaid Items	\$ 57,022	\$ -
Total - Nonspendable	\$ 57,022	\$ -

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

Fund Balances:		General Fund	Other Governmental Funds
Restricted:			
Fire protection		\$ -	\$ 169,659
Drug abuse resistance education		-	29,795
Tourism		-	29,026
Fire code		-	1,418
Technology		-	14,755
Rubbish		-	87,297
Total Restricted		<u>\$ -</u>	<u>\$ 331,950</u>
Fund Balances:			
Committed:			
Matching grants		\$ 503,293	\$ -
Special police assessment		<u>43,846</u>	<u>-</u>
Total Committed		<u>\$ 547,139</u>	<u>\$ -</u>
Fund Balance			
Assigned			
Budget shortfall		\$ 161,289	\$ -
Total Assigned		<u>\$ 161,289</u>	<u>\$ -</u>

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

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

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

14. Use of Estimates

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

15. Sales Tax

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

16. Original Issue Discount/Premium on Bonds

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

17. Pensions

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

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Booneville, Mississippi. The original General Fund budget expenditures were amended as follows: general government - personnel services \$(20,000), general government - other services and charges \$20,000, public safety - police - personnel \$(70,000), public safety - police - supplies \$30,000, public safety - police - other services and charges \$40,000, public property - personnel services \$10,000, public property - capital outlay \$(10,000), street - personnel services \$(59,000), street - supplies \$10,000, street - other services and charges \$45,000, street - debt service \$4,000, park operations - personnel services \$(10,000), park - other services and supplies \$10,000, park maintenance - personnel services \$10,000, park maintenance - supplies \$12,000, park maintenance - other services and charges \$9,000, and park maintenance - capital outlay \$(31,000) during the year ended September 30, 2017.

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

The notes to required supplementary information budgetary reporting on pages 82 - 84 also provides additional budgetary information.

NOTE C - DEPOSITS AND INVESTMENTS

At September 30, 2017, the cash and investments included the following:

<u>Account Balances</u>		<u>Ownership of Funds</u>	
Petty cash/cash on hand	\$ 3,175	Governmental Funds	\$ 3,738,268
Demand deposits	7,555,322	Enterprise Funds	3,789,319
Cash at paying agent	-	Fiduciary Fund	30,910
	<u>\$ 7,558,497</u>		<u>\$ 7,558,497</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The pooled collateral is held in the pooled participant's name by The First American National Bank (Category 2 - Collateralized with securities held by the pledging financial institution's agent in the State Treasurer's name).

The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the pooling method, the potential exists for undercollateralization, and the risk may increase in periods of high cash flows. However, the State Treasurer for Mississippi enforces strict standards of financial stability for each depository that collateralizes under the Statewide Collateral Pool Program.

At September 30, 2017, the demand deposits held with various local financial institutions had carrying amounts totaling \$7,555,322 and bank balances totaling \$7,608,312 of which \$500,000 was covered by federal depository insurance and \$7,108,312 was covered by the Statewide Collateral Pool Program.

The City has designated BancorpSouth Bank and Farmers and Merchants Bank as its official depositories.

Investments

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

The City had no investments as of or during the year ended September 30, 2017.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2017.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2017, but had demand deposits with more than 5% of the total in BancorpSouth Bank and Farmers & Merchants Bank. These demand deposits represented approximately 100% of total demand deposits.

NOTE D - PROPERTY TAX

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

Appraised values are established by Prentiss County, Mississippi at 100 percent of estimated market values. The City is required to adopt county tax rolls. The 2016 taxes are collected in December, 2016 and January, 2017. The 2016 taxes are levied to fund the 2016-2017 budget year. The assessed value upon which the 2016 taxes were based was \$58,170,146.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE D - PROPERTY TAX - CONTINUED

City property tax revenue is recorded in governmental funds as receivables and unavailable revenues at the time the tax attaches as an enforceable lien which includes the 2017 taxes intended to fund the 2017-2018 budget year of \$1,718,774. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

The 2017 taxes of \$1,718,774 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2017-2018 budget year.

The City assessed a tax rate of 35.15 mills for both the 2016 and 2017 taxes.

NOTE E - RECEIVABLES

Receivables at September 30, 2017 for the government's individual major funds and nonmajor funds, internal service, business-type funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE E - RECEIVABLES - CONTINUED

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 1,935,751	\$ -	\$ -	\$ -	\$ 2,246,198	\$ 4,181,949
Police fines	1,328,879	-	-	-	-	1,328,879
Accounts	-	170,921	314,343	40,935	-	526,199
Franchise fees	34,950	-	-	-	-	34,950
Accrued interest	-	-	-	117,783	-	117,783
Notes receivable	-	-	-	743,000	-	743,000
Other	-	2,811	51,460	-	-	54,271
Gross receivables	3,299,580	173,732	365,803	901,718	2,246,198	6,987,031
Less: Allowance for uncollectables	(1,382,019)	(24,067)	(32,025)	(862,418)	(203,754)	(2,504,283)
Net receivables	<u>\$ 1,917,561</u>	<u>\$ 149,665</u>	<u>\$ 333,778</u>	<u>\$ 39,300</u>	<u>\$ 2,042,444</u>	<u>\$ 4,482,748</u>

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance September 30, 2016	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2017
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 1,043,044	\$ -	\$ -	\$ -	\$ 1,043,044
Total capital assets not being depreciated	<u>1,043,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,044</u>
Capital assets being depreciated					
Building and improvements	2,748,459	52,110	(24,810)	-	2,775,759
Automotive and equipment	4,915,569	212,144	(244,134)	32,768	4,916,347
Infrastructure	1,987,295	-	-	-	1,987,295
Total capital assets being depreciated	<u>9,651,323</u>	<u>264,254</u>	<u>(268,944)</u>	<u>32,768</u>	<u>9,679,401</u>
Less accumulated depreciation for					
Buildings	1,731,200	47,363	(19,848)	-	1,758,715
Automotive and equipment	3,163,202	262,155	(220,250)	32,768	3,237,875
Infrastructure	830,779	70,849	-	-	901,628
Total accumulated depreciation	<u>5,725,181</u>	<u>380,367</u>	<u>(240,098)</u>	<u>32,768</u>	<u>5,898,218</u>
Total capital assets being depreciated, net	<u>3,926,142</u>	<u>(116,113)</u>	<u>(28,846)</u>	<u>-</u>	<u>3,781,183</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$ 4,969,186</u></u>	<u><u>\$ (116,113)</u></u>	<u><u>\$ (28,846)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,824,227</u></u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2016	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2017
BUSINESS-TYPE ACTIVITIES					
GAS SYSTEM					
Capital assets not being depreciated					
Land	\$ 208,736	\$ -	\$ -	\$ -	\$ 208,736
Total capital assets not being depreciated	<u>208,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,736</u>
Capital assets being depreciated					
Building	489,034	29,024	-	-	518,058
Automotive and equipment	756,726	224,651	(4,750)	(16,335)	960,292
Furniture and office equipment	75,039	-	-	-	75,039
Natural gas system	5,546,490	28,007	-	-	5,574,497
Total capital assets being depreciated	<u>6,867,289</u>	<u>281,682</u>	<u>(4,750)</u>	<u>(16,335)</u>	<u>7,127,886</u>
Less accumulated depreciation for					
Buildings	93,790	11,158	-	-	104,948
Automotive and equipment	528,848	56,925	(4,275)	(16,335)	565,163
Furniture and office equipment	58,630	7,626	-	-	66,256
Natural gas system	2,122,213	100,901	-	-	2,223,114
Total accumulated depreciation	<u>2,803,481</u>	<u>176,610</u>	<u>(4,275)</u>	<u>(16,335)</u>	<u>2,959,481</u>
Total capital assets being depreciated, net	<u>4,063,808</u>	<u>105,072</u>	<u>(475)</u>	<u>-</u>	<u>4,168,405</u>
 GAS SYSTEM CAPITAL ASSETS, NET	 <u>\$ 4,272,544</u>	 <u>\$ 105,072</u>	 <u>\$ (475)</u>	 <u>\$ -</u>	 <u>\$ 4,377,141</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2016	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2017
BUSINESS-TYPE ACTIVITIES - CONTINUED					
COMBINED WATER AND SEWER					
Capital assets not being depreciated					
Land	\$ 36,626	\$ -	\$ -	\$ -	\$ 36,626
Construction in progress	-	1,628	-	-	1,628
Total capital assets not being depreciated	<u>36,626</u>	<u>1,628</u>	<u>-</u>	<u>-</u>	<u>38,254</u>
Capital assets being depreciated					
Building	104,807	19,275	-	-	124,082
Automotive and equipment	604,211	103,284	(4,750)	(16,433)	686,312
Furniture and office equipment	82,099	-	-	-	82,099
Water and sewer system	24,590,527	2,559	-	-	24,593,086
Total capital assets being depreciated	<u>25,381,644</u>	<u>125,118</u>	<u>(4,750)</u>	<u>(16,433)</u>	<u>25,485,579</u>
Less accumulated depreciation for					
Buildings	25,445	3,701	-	-	29,146
Automotive and equipment	360,426	44,036	(4,275)	(16,433)	383,754
Furniture and office equipment	67,560	4,192	-	-	71,752
Water and sewer system	13,291,027	366,230	-	-	13,657,257
Total accumulated depreciation	<u>13,744,458</u>	<u>418,159</u>	<u>(4,275)</u>	<u>(16,433)</u>	<u>14,141,909</u>
Total capital assets being depreciated, net	<u>11,637,186</u>	<u>(293,041)</u>	<u>(475)</u>	<u>-</u>	<u>11,343,670</u>
Combined Water and Sewer Capital Asset, Net	<u>11,673,812</u>	<u>(291,413)</u>	<u>(475)</u>	<u>-</u>	<u>11,381,924</u>
BUSINESS-TYPE CAPITAL ASSETS – NET	<u>\$ 15,946,356</u>	<u>\$ (186,341)</u>	<u>\$ (950)</u>	<u>\$ -</u>	<u>\$ 15,759,065</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 8,486
Public safety	159,036
Public works	159,941
Culture and recreation	<u>52,904</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 380,367</u>
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Business-Type Activities

Natural gas	\$ 176,610
Water and sewer	<u>418,159</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 594,769</u>
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NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND 125 CAFETERIA PLAN

Other Postemployment Benefits

The City allows its retired employees under COBRA to continue on the City's health care insurance coverage for a period of 18 months (36 months if on medicare). This continuation of coverage is paid entirely by the retired employee. At September 30, 2017, the City had four retired employees participating in their health care insurance coverage.

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

Defined Benefit Pension Plan

General Information about the Pension Plan

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Defined Benefit Pension Plan - continued

General Information about the Pension Plan - continued

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

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

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

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

Contributions. PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The rate prior to June 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. City of Booneville, Mississippi contributions (employer share only) to PERS for the years ended September 30, 2017, 2016, and 2015 were \$556,932, \$580,488, and \$552,556, respectively, equal 100% of the required contributions for each year.

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Defined Benefit Pension Plan - continued

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

At September 30, 2017, the City reported a liability of \$9,274,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participation entities actuarially determined. At June 30, 2017, the City's proportion was 0.055790%, which was a decrease of 0.001338%, from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$1,069,001. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,240	\$ 67,671
Net difference between projected and actual earnings on pension plan investments	-	119,074
Changes of assumptions	206,130	15,803
Changes in proportion and differences between City contributions and proportionate share of contributions	77,787	196,772
City contributions subsequent to the measurement date	<u>128,106</u>	<u>-</u>
	<u>\$ 545,263</u>	<u>\$ 399,320</u>

\$128,106 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018.

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

Year ended September 30	
2018	\$ 108,641
2019	102,265
2020	(13,923)
2021	<u>(179,146)</u>
	<u>\$ 17,837</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Defined Benefit Pension Plan - continued

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

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	3.00 percent
Salary increases	3.75-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 with rates set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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 are summarized in the following table

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Broad	27.00%	4.60%
International Equity	18.00%	4.50%
Emerging Markets Equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed Income	18.00%	0.75%
Real Estate	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	<u>1.00%</u>	0.00%
Total	<u>100.00%</u>	

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Defined Benefit Pension Plan - continued

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

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate 9.00 percent and that employer contributions will be made at the rate set in the Board's Funding Policy. 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's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability of the cost sharing plan, calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 12,163,721	\$ 9,274,191	\$ 6,875,254

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued 2016 PERS Comprehensive Annual Report on the PERS website, www.pers.ms.gov for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

Changes of Assumptions

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2017, 1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives, 2) the wage inflation assumption was reduced from 3.75% to 3.25%, 3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience, and 4) the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Defined Benefit Pension Plan - continued

Payables to the Pension Plan

At September 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the required amount due for the month ended September 30, 2017.

Section 125 Cafeteria Reduction Plan

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$129,126.

NOTE H - LONG-TERM AND SHORT-TERM DEBT

General Long-Term Debt

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

General long-term debt balances and transactions for the year ended September 30, 2017 are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance 10/1/2016</u>	<u>Additions Changes</u>	<u>Repayments Changes</u>	<u>Ending Balance 9/30/2017</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds							
General Obligation Public							
Improvement Bonds – Series 2004	5/19/2019	4.25%	\$ 420,000	\$ -	\$ 135,000	\$ 285,000	\$ 140,000
Total general obligation bonds			420,000	-	135,000	285,000	140,000
Other Debt							
Northeast Mississippi Planning and Development District	3/1/2019	2.00%	12,059	-	3,940	8,119	4,046
BancorpSouth Bank	1/20/2019	2.26%	75,879	-	23,910	51,969	25,289
BancorpSouth Bank	11/1/2020	2.55%	121,175	-	20,711	100,464	23,651
First American National Bank	1/18/2021	2.23%	-	80,000	-	80,000	19,275
Renasant Bank	1/26/2019	2.44%	75,932	-	24,704	51,228	25,295
Total other debt			285,045	80,000	73,265	291,780	97,556
Net pension liability	---	---	7,817,253	-	803,631	7,013,622	-
Compensated absences	---	---	222,455	-	14,657	207,798	24,089
TOTAL GOVERNMENTAL ACTIVITIES			\$ 8,744,753	\$ 80,000	\$ 1,026,553	\$ 7,798,200	\$ 261,645

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

GOVERNMENTAL ACTIVITIES - continued

The principal and interest requirements of the above general obligation debt and other debt payable at September 30, 2017 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 140,000	\$ 12,113	\$ 152,113	\$ 97,556	\$ 6,947	\$ 104,503
2019	145,000	6,163	151,163	100,765	4,571	105,336
2020	-	-	-	45,088	2,192	47,280
2021	-	-	-	48,371	1,090	49,461
2022	-	-	-	-	-	-
Total	<u>\$ 285,000</u>	<u>\$ 18,276</u>	<u>\$ 303,276</u>	<u>\$ 291,780</u>	<u>\$ 14,800</u>	<u>\$ 306,580</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2018	\$ 237,556	\$ 19,060	\$ 256,616
2019	245,765	10,734	256,499
2020	45,088	2,192	47,280
2021	48,371	1,090	49,461
2022	-	-	-
Total	<u>\$ 576,780</u>	<u>\$ 33,076</u>	<u>\$ 609,856</u>

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2016	Additions Changes	Repayments Changes	Ending Balance 9/30/2017	Amounts Due Within One Year
<u>Combined Water and Sewer System Fund:</u>							
General Obligation Bonds							
General Obligation Utility Bonds, Series 2012	9/30/2032	2.4% - 3.40%	\$ 1,720,000	\$ -	\$ 75,000	\$ 1,645,000	\$ 80,000
Total general obligation bonds			1,720,000	-	75,000	1,645,000	80,000
Revenue Bonds							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013	8/1/2027	2.5%- 4.00%	4,945,000	-	380,000	4,565,000	395,000
Total revenue bonds			4,945,000	-	380,000	4,565,000	395,000
Plus unamortized premium			24,395	-	3,396	20,999	-
Net revenue bonds			4,969,395	-	383,396	4,585,999	395,000
Net pension liability			1,315,034	-	69,334	1,245,700	-
Compensated absences	---	---	45,625	-	1,297	44,328	3,025
Total combined water and sewer system fund			8,050,054	-	529,027	7,521,027	478,025
<u>Gas System Fund</u>							
Net pension liability			1,072,201	-	57,332	1,014,869	-
Compensated absences	---	---	17,621	1,512	-	19,133	3,481
Total gas system fund			1,089,822	1,512	57,332	1,034,002	3,481
TOTAL BUSINESS TYPE ACTIVITIES			\$ 9,139,876	\$ 1,512	\$ 586,359	\$ 8,555,029	\$ 481,506

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above revenue bonds and lease obligations payable at September 30, 2017 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 80,000	\$ 45,684	\$ 125,684	\$ 395,000	\$ 148,438	\$ 543,438
2019	85,000	42,964	127,964	405,000	138,563	543,563
2020	90,000	40,074	130,074	415,000	128,437	543,437
2021	90,000	37,014	127,014	430,000	117,544	547,544
2022	95,000	33,954	128,954	445,000	104,644	549,644
2023 - 2027	540,000	128,539	668,539	2,475,000	289,412	2,764,412
2028 - 2032	665,000	55,834	720,834	-	-	-
Total	<u>\$ 1,645,000</u>	<u>\$ 384,063</u>	<u>\$ 2,029,063</u>	<u>\$ 4,565,000</u>	<u>\$ 927,038</u>	<u>\$ 5,492,038</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
2018	\$ 475,000	\$ 194,122	\$ 669,122
2019	490,000	181,527	671,527
2020	505,000	168,511	673,511
2021	520,000	154,558	674,558
2022	540,000	138,598	678,598
2023 - 2027	3,015,000	417,951	3,432,951
2028 - 2032	665,000	55,834	720,834
Total	<u>\$ 6,210,000</u>	<u>\$ 1,311,101</u>	<u>\$ 7,521,101</u>

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

The unamortized deferred loss on refundings relates to Water and Sewer Revenue Refunding Bonds for business-type activities. The deferred loss on refundings totaling \$64,826 resulted from refunding the 2002 bond issue in 2013 and is reported as deferred outflow pertaining to loss on refunding in the accompanying financial statements.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE I - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund

	Gas System Fund Cash	Combined Water and Sewer System Fund Cash	Total
Current Debt Service	\$ -	\$ 483,374	\$ 483,374
Contingency Reserve	47,911	5,000	52,911
Depreciation Reserve	-	5,000	5,000
Customer Deposits	413,839	131,703	545,542
Unemployment	13,392	15,746	29,138
Construction	171,026	460,005	631,031
Total	<u>\$ 646,168</u>	<u>\$ 1,100,828</u>	<u>\$ 1,746,996</u>

The ordinances authorizing the Combined Water, Sewer and Solid Waste Disposal System Revenue Bonds require that the City establish the above revenue bond reserves. At September 30, 2017, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

NOTE J - INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2017 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 26,911
Nonmajor Funds - Other Governmental Funds	2,438	-
Gas System Fund	24,473	-
	<u>\$ 26,911</u>	<u>\$ 26,911</u>

The General Fund payable of \$26,911 represents the portion of police fines collected by the general fund for nonmajor funds and a general fund expense paid by the natural gas system. These payables will be reimbursed in 2018.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

Transfers between funds during the year were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds:		
General Fund	\$ 1,440,541	\$ -
Total Major Governmental Funds	<u>\$ 1,440,541</u>	<u>\$ -</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,453,780
Combined Water and Sewer System Fund	<u>35,897</u>	<u>-</u>
Total Major Enterprise Funds	<u>\$ 35,897</u>	<u>\$ 1,453,780</u>
Nonmajor Governmental Funds	\$ 1,330	\$ 1,330
Nonmajor Enterprise Funds	<u>-</u>	<u>22,658</u>
Total Nonmajor Funds	<u>\$ 1,330</u>	<u>\$ 23,988</u>
Total all funds	<u>\$ 1,477,768</u>	<u>\$ 1,477,768</u>

The General Fund received transfers of \$1,440,541 from the Gas System Fund. The \$1,440,541 transfer from the Gas System Fund consisted of a \$1,400,000 authorized surplus fund transfer and \$40,541 General Fund portion of the Internal Service Fund expenditures paid by the Gas System Fund.

The Combined Water and Sewer System Fund received transfers of \$35,897 from the Gas System Fund and Waste Collection Fund. The \$22,658 transfer from the Waste Collection Fund resulted from revenues exceeding expenditures and all collections being deposited into the Combined Water and Sewer System Fund. The \$13,239 transfer from the Gas System Fund resulted from the Combined Water and Sewer System Fund portion of the Internal Service Fund expenditures being paid by the

As required by the conditions of the Fire Code Fund, the funds not expended within one year of \$1,330 was transferred to the Fire Protection Fund.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE K - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues include the following:

Major Governmental Funds

General Fund

Fire protection – Prentiss County	\$ 36,500
Municipal aid – revolving fund and gasoline tax – State of Mississippi	13,043
Homestead exemption – State of Mississippi	162,914
TVA and other payments in lieu of taxes	167,188
Road tax – Prentiss County	63,515
Solid waste – District	42,467
Police academy – State of Mississippi	3,600
Advalorem privilege tax – Prentiss County	21,851
Fire grant – federal	4,880
Police grant – federal	1,953
Homeland Security – federal	4,365
Department of Transportation – street lights – federal	<u>1,962</u>

Total General Fund	<u>\$ 524,238</u>
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Nonmajor Governmental Funds

Special Revenue Funds

Fire Code Fund	
Fire Code – State of Mississippi	\$ 1,473
Fire Protection Fund	
Fire Protection – State of Mississippi	<u>47,478</u>

Total Nonmajor Governmental Funds	<u>48,951</u>
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Total Governmental Funds	<u>\$ 573,189</u>
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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE L - LEASES

Capital Leases

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

Operating Lease

During the year ended September 30, 2017, the City General Fund paid rent for office equipment and park equipment totaling \$4,711. At September 30, 2017, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2018 \$3,821, 2019 \$956, 2020 \$0, 2021 \$0, and 2022 \$0.

During the year ended September 30, 2017, the City Enterprise Fund paid rent for office equipment totaling \$764. At September 30, 2017, the City Enterprise Fund was obligated to rent this office equipment during the years ended September 30, as follows: 2018 \$191, 2019 \$0, 2020 \$0, 2021 \$0, and 2022 \$0.

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

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

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

<u>Purpose of Levy</u>	<u>Mills</u>
General district expense	44.600
Bonded indebtedness	5.830
Other debt	3.270
Shortfall	1.820
	<u>55.520</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

The City did not comply with all the requirements of the State Department of Audit or grant and loan requirements as set forth in the Municipal Compliance Questionnaire and grant and loan contracts. The results of our tests disclosed the instances of noncompliance listed in the schedule of findings and responses on pages 93 - 98. The ultimate resolution of these findings cannot presently be determined. Accordingly, no provision for any liability, if any, that may result has been recognized in the accompanying financial statements.

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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

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

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

The individual Enterprise Funds have the following net working capital (deficit) (current assets less current liabilities) at September 30, 2017:

Gas System	\$ 2,032,593
Combined Water and Sewer System	569,495
Waste Collection System	<u>9,385</u>
Total	<u>\$ 2,611,473</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

Enterprise Funds operate in the City of Booneville, Mississippi geographic area. Their revenues are subject to the economic conditions of Booneville, Mississippi. At September 30, 2017, the Gas System Fund had extended credit to customers totaling \$146,854 and to others totaling \$2,811. Gas System Fund receivables are secured by customer deposits totaling \$353,550. No other collateral has been obtained.

At September 30, 2017, the Combined Water and Sewer System Fund had extended credit to customers totaling \$282,318 and to others totaling \$51,460. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$114,698. No other collateral has been obtained.

At September 30, 2017, the Nonmajor Enterprise Fund had extended credit to customers totaling \$39,300. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$71,448 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$25,057 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$29,915 for contract waste collection and dumping fees.

NOTE P - RELATED PARTY TRANSACTIONS

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

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

The City has no open lawsuit claims. The City is covered by insurance of \$500,000 per claim. Management does not expect any claims to exceed its insurance coverage. It is at least reasonably possible that the City's estimate of claims liability could change in the near term.

Loan Agreements

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Grant Audit

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

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

Maintenance Contracts

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

The 200,000 gallon elevated water tank contract requires a monthly payment of \$568 beginning December 15, 2013. The fee will remain constant for 5 years of the agreement and adjusted to reflect the current cost of service each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$0 for the year ending September 30, 2018.

The two 500,000 gallon elevated water tank contract requires a monthly payment of \$1,602 until October 15, 2019. The fee will be adjusted to reflect the current cost of service on October 15, 2019 and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$19,224 for the year ending September 30, 2018.

The 500,000 gallon elevated water tank contract requires a monthly payment of \$733 until December 15, 2015. The fee will be adjusted to reflect the current cost of service on December 15, 2020 (of \$879.53 per month) and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$10,554 for the year ending September 30, 2018.

Joint Ventures

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE R - DONATED SERVICES

During the year ended September 30, 2017, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 66,393	\$ 288,671
National Guard Armory	627	997
Booneville Municipal Separate School System	<u>18,401</u>	<u>-</u>
Total	<u>\$ 85,421</u>	<u>\$ 289,668</u>

NOTE S - JOINT VENTURE

Booneville/Baldwyn Airport operates a local airport in Prentiss County, Mississippi. Its board of directors is comprised of one director appointed by the City of Booneville, Mississippi, one director appointed by the City of Baldwyn, Mississippi, and one director appointed by Prentiss County, Mississippi. The Booneville/Baldwyn Airport does not issue a separate financial statement. All financial transactions are handled as a part of Prentiss County, Mississippi's transactions. The City of Booneville paid Prentiss County, Mississippi \$11,333 during the year for its share of the Booneville/Baldwyn Airport expenditures. The City's equity interest in the Booneville/Baldwyn Airport approximates zero; therefore, the investment in this joint venture is not reflected in the government-wide financial statements.

Northeast Mississippi Solid Waste Management Authority owns a landfill and contracts out operations and receives royalties from the contractor based on tonnage dumped. This is a joint venture comprising the Mississippi cities of Booneville and Ripley and the Mississippi counties of Benton, Prentiss, and Tippah. Each member appoints one director. The Northeast Mississippi Solid Waste Management Authority's financial statements are available by request from the Authority at P. O. Box 320, Booneville, MS 38829. The City received rebates from the Authority totaling \$42,467 during the year ended September 30, 2017.

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

NOTE T - ECONOMIC DEPENDENCE

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE U - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

Significant losses are covered by commercial insurance for all major programs except unemployment for the Enterprise Funds. The City has segregated cash and reserved \$13,392 for the Gas System Fund net position and \$15,746 for the Combined Water and Sewer System Fund net position for future unemployment charges. There were no material unemployment charges to these funds during the current year or the three previous years.

The City is a member of the Mississippi Municipal Service Company which provides general liability and worker's compensation. The City pays insurance premiums based on experience ratios. Settlement amounts have not exceeded insurance coverage for the current or three prior years. There were outstanding open claims at September 30, 2017. No liability has been recognized for the open claims due to these claims being covered by the plan. It is at least reasonably possible that management's estimate of no liability in excess of insurance coverage could change in the near term.

NOTE V - NET POSITION

The government-wide statement of net position reports \$854,462 of restricted net position, of which \$0 is restricted by enabling legislation.

NOTE W - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and construction in progress	\$ 1,043,044	\$ 246,990
Other capital assets (net of accumulated depreciation)	3,781,183	15,512,075
Deferred loss on refunding	-	64,826
Less matured bonds payable	(4,000)	-
Less bonds and notes payable	<u>(576,780)</u>	<u>(6,230,999)</u>
Net investment in capital asset	<u>\$ 4,243,447</u>	<u>\$ 9,592,892</u>

NOTE X - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted (deficit) net position amount of (\$3,389,139) includes the effect of deferred inflows/outflows of resources related to pension. A portion of the deferred outflows of resources related to pensions in the amount of \$96,620 resulted from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$259,010 balance of deferred outflow of resources related to pensions at September 30, 2017 will be recognized in pension expense over the next four years. The \$349,949 balance of the deferred inflows of resources related to pensions at September 30, 2017 will be recognized in pension expense over the next four years.

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE X - EFFECT OF DEFERRED AMOUNTS ON NET POSITION - CONTINUED

The business type activities' unrestricted net position amount of \$1,369,216 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$31,486 resulted from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$158,147 balance of deferred outflow of resources related to pensions at September 30, 2017 will be recognized in pension expense over the next four years. The \$49,371 balance of the deferred inflows of resources related to pensions at September 30, 2017 will be recognized in pension expense over the next four years.

NOTE Y - TAX ABATEMENTS

The City of Booneville enters into property tax abatements with local businesses under Section 27-31-101, Miss. Code (Ann.) 1972. Under the act any person, firm or corporation who owns or operates a manufacturing or other enterprise of public utility as enumerated in Section 27-31-101, Miss. Code (Ann.) 1972 and who makes additions to or expansions of the facilities or properties or replaces equipment used in connection with or necessary to the operation of such enterprise may be granted an exemption from ad valorem taxation, except state ad valorem taxation, upon each addition to or expansion of the facility or property or replacement of equipment, within the discretion of the county board of supervisors and municipal authorities; however, such governing authorities shall not exempt ad valorem taxes for school district purposes on such additions or expansions of the facility or property, or replacement of equipment.

For the year ended September 30, 2017, the City abated property taxes totaling \$687,961 under this program to induce companies to add additional production facilities or by acquiring equipment to be used in its facilities and thereby inducing the company to remain in operation at the facility located in the City of Booneville. These tax abatements include the following agreements that each industry exceed 10% of the total amount abated:

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2008 to 2017 with a total cost or value of \$96,433,140 beginning for the tax rolls as follows: 2008 \$26,363, 2009 \$185,617, 2010 \$31,076, 2011 \$28,060, 2012 \$39,230, 2013 \$35,259, 2014 \$39,322, 2015 \$36,088, 2016 \$48,663, and 2017 \$38,766. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$508,444.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2008 to 2017 with a total cost or value of \$16,694,408 beginning for the tax rolls as follows: 2008 \$7,909, 2009 \$10,790, 2010 \$10,592, 2011 \$6,790, 2012 \$20,601, 2013 \$7,909, 2014 \$9,391, 2015 \$6,855, 2016 \$3,600, and 2017 \$3,584. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$88,021.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE Y - TAX ABATEMENTS - CONTINUED

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2008 to 2017 with a total cost or value of \$16,120,072 beginning for the tax rolls as follows: 2008 \$794, 2009 \$2,605, 2010 \$2,279, 2011 \$3,167, 2012 \$15,004, 2013 \$2,281, 2014 \$12,707, 2015 \$9,806, 2016 \$6,626, and 2017 \$29,724. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$84,993.

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Public Employee Retirement System of Mississippi
Last 10 Fiscal Years*
For the fiscal year ended September 30, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%	0.055790%
City's proportionate share of the net pension liability (asset)	\$ 6,953,593	\$ 8,694,676	\$ 10,204,488	\$ 9,274,191
City's covered payroll	\$ 3,462,408	\$ 3,502,243	\$ 3,664,265	\$ 3,507,997
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	200.83%	248.26%	278.49%	264.37%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%

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

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Last 10 Fiscal Years*
For the fiscal year ended September 30, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122	\$ 552,509
Contributions in relation to the statutorily required contribution	<u>(545,329)</u>	<u>(551,603)</u>	<u>(577,122)</u>	<u>(552,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,462,408	\$ 3,502,343	\$ 3,664,265	\$ 3,507,997
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

*

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

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>						
Ad valorem taxes, penalties and interest	\$ 2,190,000	\$ 2,190,000	\$ 1,875,841	\$ (489)	\$ 1,875,352	\$ (314,648)
Franchise taxes	162,000	162,000	202,706	20,580	223,286	61,286
Municipal sales tax	1,500,000	1,500,000	1,912,721	6,785	1,919,506	419,506
Permits, fees, and privilege tax	30,000	30,000	40,695	-	40,695	10,695
Municipal court fines and bond fees	200,000	200,000	203,140	22,374	225,514	25,514
Intergovernmental revenues	316,500	316,500	524,238	(51,286)	472,952	156,452
Interest income	-	-	1,292	-	1,292	1,292
Charge for services	81,000	81,000	101,234	-	101,234	20,234
Collection fees	70,000	70,000	97,909	-	97,909	27,909
Administrative fees	101,126	101,126	101,126	-	101,126	-
Donations	-	-	3,897	-	3,897	3,897
Other	-	-	7,382	-	7,382	7,382
Total revenues	<u>4,650,626</u>	<u>4,650,626</u>	<u>5,072,181</u>	<u>(2,036)</u>	<u>5,070,145</u>	<u>419,519</u>
<u>EXPENDITURES</u>						
General Government						
Personnel services	590,472	570,472	501,919	(2,944)	498,975	71,497
Supplies	24,000	24,000	20,988	759	21,747	2,253
Other services and charges	250,000	270,000	149,613	94,745	244,358	25,642
Capital outlay	35,000	35,000	3,126	6,186	9,312	25,688
Total	<u>\$ 899,472</u>	<u>\$ 899,472</u>	<u>\$ 675,646</u>	<u>\$ 98,746</u>	<u>\$ 774,392</u>	<u>\$ 125,080</u>

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>EXPENDITURES - continued</u>						
Public Safety - Fire						
Personnel services	\$ 1,577,139	\$ 1,577,139	\$ 1,399,994	\$ (9,463)	\$ 1,390,531	\$ 186,608
Supplies	60,000	60,000	41,512	2,863	44,375	15,625
Other services and charges	70,000	70,000	61,237	(2,646)	58,591	11,409
Debt service	-	-	4,208	(4,208)	-	-
Capital outlay	68,500	68,500	48,026	4,208	52,234	16,266
Total	1,775,639	1,775,639	1,554,977	(9,246)	1,545,731	229,908
Public Safety - Police						
Personnel services	1,720,367	1,650,367	1,183,555	3,113	1,186,668	463,699
Supplies	90,000	120,000	119,784	(1,977)	117,807	2,193
Other services and charges	275,000	315,000	313,141	(19,818)	293,323	21,677
Debt service	-	-	44,215	(44,185)	30	(30)
Capital outlay	49,780	49,780	77,030	44,185	121,215	(71,435)
Total	2,135,147	2,135,147	1,737,725	(18,682)	1,719,043	416,104
Public Property						
Personnel services	150,113	160,113	130,794	41	130,835	29,278
Supplies	25,000	25,000	25,672	(49)	25,623	(623)
Other services and charges	100,000	100,000	139,783	(4,635)	135,148	(35,148)
Capital outlay	135,000	125,000	2,143	430	2,573	122,427
Total	\$ 410,113	\$ 410,113	\$ 298,392	\$ (4,213)	\$ 294,179	\$ 115,934

The accompanying notes to required supplementary information is an integral part of this schedule.

Schedule 3

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2017

	Budgeted Amounts		Actual Amounts		Variance with	
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	Final Budget Positive (Negative)
<u>EXPENDITURES - continued</u>						
Street						
Personnel services	\$ 534,872	\$ 475,872	\$ 457,348	\$ (3,117)	\$ 454,231	\$ 21,641
Supplies	90,000	100,000	97,252	2,422	99,674	326
Other services and charges	160,000	205,000	216,755	(18,007)	198,748	6,252
Debt service	150,000	154,000	153,888	-	153,888	112
Capital outlay	65,000	65,000	55,691	-	55,691	9,309
Total	999,872	999,872	980,934	(18,702)	962,232	37,640
Park Operations						
Personnel services	200,000	190,000	167,836	(3,225)	164,611	25,389
Supplies	45,000	45,000	38,045	(265)	37,780	7,220
Other services and charges	19,000	29,000	19,864	697	20,561	8,439
Total	264,000	264,000	225,745	(2,793)	222,952	41,048
Park Maintenance						
Personnel services	230,693	240,693	234,717	58	234,775	5,918
Supplies	50,000	62,000	56,901	1,610	58,511	3,489
Other services and charges	40,000	49,000	51,490	(16)	51,474	(2,474)
Capital outlay	109,990	78,990	78,240	-	78,240	750
Total	\$ 430,683	\$ 430,683	\$ 421,348	\$ 1,652	\$ 423,000	\$ 7,683

The accompanying notes to required supplementary information is an integral part of this schedule.

Schedule 3

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>EXPENDITURES - continued</u>						
Economic Development						
Other services and charges	\$ -	\$ -	\$ 80,177	\$ (80,339)	\$ (162)	\$ 162
Total	-	-	80,177	(80,339)	(162)	162
Total expenditures	6,914,926	6,914,926	5,974,944	(33,577)	5,941,367	973,559
Excess (deficit) of revenues over (under) expenditures	(2,264,300)	(2,264,300)	(902,763)	31,541	(871,222)	1,393,078
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from other loans	-	-	40,000	-	40,000	40,000
Non-revenue receipts	-	-	52,046	-	52,046	52,046
Operating transfers in	1,400,000	1,400,000	1,440,541	(31,290)	1,409,251	9,251
Total other financing sources (uses)	1,400,000	1,400,000	1,532,587	(31,290)	1,501,297	101,297
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(864,300)	(864,300)	629,824	251	630,075	1,494,375
Fund balances - beginning of year	2,880,852	2,880,852	2,880,852	-	2,880,852	-
Fund balances - end of year	\$ 2,016,552	\$ 2,016,552	\$ 3,510,676	\$ 251	\$ 3,510,927	\$ 1,494,375

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2017

NOTE 1 - PENSION SCHEDULES

- A. *Changes of benefit provisions.* In 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.
- B. *Changes in assumptions.* Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

In 2015, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015; (2) the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; (4) the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and (5) the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

In 2017, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives; (2) the wage inflation assumption was reduced from 3.75% to 3.25%; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; and (4) the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

- C. *Changes in size or composition of the population covered by the benefit terms.* None were identified during the periods presented in the required supplementary information.
- D. *Changes in benefit provisions.* Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2017

NOTE 1 - PENSION SCHEDULES - CONTINUED

- E. *Method and assumptions used in calculations of actuarially determined contributions.* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentages of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

NOTE 2 - BUDGETARY INFORMATION

- A. *Budgetary information.* The City is legally subject to the budgetary control requirements of the State of Mississippi. The City follows the following procedures in establishing the budgetary comparison schedule:
- 1 Prior to September 1, the City Clerk submits to the Board of Alderpersons a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The State of Mississippi requires at a minimum expenditures be adopted in four categories (personnel services, supplies, other services and charges, and capital outlays).
 - 2 Public hearings are conducted to obtain taxpayer comments.
 - 3 Prior to September 15, the budget is legally enacted through passage of an ordinance.
 - 4 The budget must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
 - 5 The budget must be amended when necessary.
 - 6 Debt cannot be entered into unless permitted by law.
 - 7 Expenditures, except for capital outlays, cannot exceed budget appropriations.
 - 8 Expenditures cannot be made unless authorized in the budget.
 - 9 Appropriations lapse at the end of each fiscal year.

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2017

NOTE 2 - BUDGETARY INFORMATION - CONTINUED

B. *Basis of Presentation.* Budgets are adopted on a modified cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires the budgetary comparison schedule be prepared according to budgetary laws, which is the modified cash basis (GAAP).

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

Revenues

Deferred revenues	\$ 13,534
Receivables	(37,944)
Payables	<u>22,374</u>
Total	<u>(2,036)</u>

Expenditures

Accounts payable paid after 30 days	12,355
Accrued liabilities paid after 30 days	1,564
Prepaid expenses	449
Vacation accrual paid after 30 days	(16,655)
Reclassification of \$80,339 economic development other services and charges budgeted in general government other services and charges	-
Internal Service Fund expenses budgeted on Gas System Fund included in expense on actual	<u>(31,290)</u>
Total	<u>(33,577)</u>

Other Financing Sources (Uses)

Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual	<u>(31,290)</u>
Total	<u>(31,290)</u>

Net difference in budgetary basis and actual

\$ 251

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2017

ASSETS	Fire Protection	Tourism	Drug Abuse Resistance Education	Home Loan Program	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 169,659	\$ -	\$ 28,158	\$ -	\$ 1,418	\$ 13,954	\$ 87,297	\$ -	\$ 300,486
Due from other funds	-	-	1,637	-	-	801	-	-	2,438
Due from other governments	-	29,026	-	-	-	-	-	-	29,026
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-	-
Total assets and other debits	\$ 169,659	\$ 29,026	\$ 29,795	\$ -	\$ 1,418	\$ 14,755	\$ 87,297	\$ -	\$ 331,950
LIABILITIES									
Matured interest payable	-	-	-	-	-	-	-	568	568
Matured revenue bonds payable	-	-	-	-	-	-	-	4,000	4,000
Total liabilities	-	-	-	-	-	-	-	4,568	4,568
FUND BALANCES									
Restricted	169,659	29,026	29,795	-	1,418	14,755	87,297	-	331,950
Unassigned	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	169,659	29,026	29,795	-	1,418	14,755	87,297	(4,568)	327,382
Total liabilities and fund balances	\$ 169,659	\$ 29,026	\$ 29,795	\$ -	\$ 1,418	\$ 14,755	\$ 87,297	\$ -	\$ 331,950

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2017

	Fire Protection	Tourism	Drug Abuse Resistance Education	Home Loan Program	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>									
Municipal sales tax	\$ -	\$ 29,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,026
Municipal court fines and bond fees	-	-	8,909	-	-	4,298	-	-	13,207
Intergovernmental revenues	47,478	-	-	-	1,473	-	-	-	48,951
Interest income	176	-	21	-	2	17	96	-	312
Charge for services	-	-	-	-	-	-	33,070	-	33,070
Total revenues	<u>47,654</u>	<u>29,026</u>	<u>8,930</u>	<u>-</u>	<u>1,475</u>	<u>4,315</u>	<u>33,166</u>	<u>-</u>	<u>124,566</u>
<u>EXPENDITURES</u>									
Current									
Public safety	56	-	2,904	-	191	2,272	-	-	5,423
Public works	-	-	-	-	-	-	56	-	56
Capital outlay	-	-	35,937	-	-	-	-	-	35,937
Debt Service									
Principal retirement - general obligation	-	-	8,244	-	-	-	20,711	-	28,955
Interest and paying agent	-	-	576	-	-	-	5,442	-	6,018
Total expenditures	<u>56</u>	<u>-</u>	<u>47,661</u>	<u>-</u>	<u>191</u>	<u>2,272</u>	<u>26,209</u>	<u>-</u>	<u>76,389</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 47,598</u>	<u>\$ 29,026</u>	<u>\$ (38,731)</u>	<u>\$ -</u>	<u>\$ 1,284</u>	<u>\$ 2,043</u>	<u>\$ 6,957</u>	<u>\$ -</u>	<u>\$ 48,177</u>

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2017

	<u>Fire Protection</u>	<u>Tourism</u>	<u>Drug Abuse Resistance Education</u>	<u>Home Loan Program</u>	<u>Fire Code</u>	<u>Technology</u>	<u>Rubbish</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>									
Proceeds from other loans	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Operating transfers in	1,330	-	-	-	-	-	-	-	1,330
Operating transfers out	-	-	-	-	(1,330)	-	-	-	(1,330)
Total other financing sources (uses)	<u>1,330</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>(1,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	48,928	29,026	1,269	-	(46)	2,043	6,957	-	88,177
Fund balance - beginning of year	<u>120,731</u>	<u>-</u>	<u>28,526</u>	<u>-</u>	<u>1,464</u>	<u>12,712</u>	<u>80,340</u>	<u>(4,568)</u>	<u>239,205</u>
Fund balance - end of year	<u>\$ 169,659</u>	<u>\$ 29,026</u>	<u>\$ 29,795</u>	<u>\$ -</u>	<u>\$ 1,418</u>	<u>\$ 14,755</u>	<u>\$ 87,297</u>	<u>\$ (4,568)</u>	<u>\$ 327,382</u>

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2017

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Chris Lindley	Mayor	\$ 100,000	St Paul	7/3/2018
Lisa Stevens	Aldersperson	100,000	St Paul	7/3/2018
William Scott	Aldersperson	100,000	St Paul	7/3/2018
Mark McCoy	Aldersperson	100,000	St Paul	7/3/2018
Jason Michael	Aldersperson	100,000	St Paul	7/3/2018
Jeff Williams	Aldersperson	100,000	St Paul	7/3/2018
Jana Lindsey	City Clerk	100,000	Brierfield Ins. Co.	1/2/2018
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2018
Janet Boren	Department Head	50,000	Brierfield Ins. Co.	3/10/2018
Wendell Yates	Department Head	50,000	Travelers Casualty	2/28/2018
Billy Joe Spencer	Department Head	50,000	Travelers Casualty	2/28/2018
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2018
Valeria Colette Gardner	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Amanda Bland	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2018
Melissa Harris	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2018
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2018
Tameka C Holland	Clerk	50,000	RLI Surety	2/18/2018
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2018
Lacinda Steward	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Micki Breedlove	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Mitzi Stennett	Clerk	50,000	Brierfield Ins. Co.	3/10/2018
Gayla Dawn Stevenson	Clerk	50,000	Travelers Casualty	2/17/2018
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2018
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2018
Oscar Joshlin, Jr	Customer Service	50,000	Brierfield Ins. Co.	3/10/2018
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2018
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2018
James E Tucker	Animal Control Officer	50,000	Brierfield Ins. Co.	4/19/2018
Eric Knight	Animal Control Officer	50,001	Brierfield Ins. Co.	3/10/2018
Julie Lynn Barrett	Animal Control Officer	50,000	Brierfield Ins. Co.	1/18/2018
Robbie Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2018

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 19, 2018.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are labeled as items 2017-001, 2017-002, 2017-003, and 2017-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. They are labeled as items 2017-005, 2017-006, and 2017-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Booneville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-008 and 2017-009.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated September 19, 2018.

City of Booneville, Mississippi's Response to Findings

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

Purpose of this Report

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

Sincerely yours,



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

September 19, 2018

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

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

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

Honorable Mayor and Board of Alderpersons
City of Booneville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2017, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 19, 2018.

Compliance

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

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which is described in the accompanying schedule of findings and responses as items 2017-008 and 2017-009.

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

City of Booneville, Mississippi's Response to Findings

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

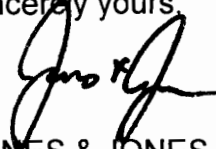
Purpose of this Report

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

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

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

Sincerely yours,



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

September 19, 2018

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENT

MATERIAL WEAKNESSES

2017-001. Segregation of Duties

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

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

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

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

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

Response: We concur with the recommendation.

2017-002. Property Tax Collection

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

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

Effect: At September 30, 2017 the City had outstanding taxes of \$2,548 from the 2003 tax year, \$5,329 from the 2004 tax year, \$7,491 from the 2005 tax year, \$5,857 from the 2006 tax year, \$6,461 from the 2007 tax year, \$22,254 from the 2008 tax year, \$20,648 from the 2009 tax year, \$13,661 from the 2010 tax year, \$16,683 from the 2011 tax year, \$19,860 from the 2012 tax year, \$9,846 from the 2013 tax year, \$8,061 from the 2014 tax year, \$18,964 from the 2015 tax year, and \$40,839 from the 2016 tax year.

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2017-002. Property Tax Collection - continued

Response: We concur with the recommendation.

2017-003. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

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

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

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

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

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

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

2017-004. Police Fine Collection Efforts

Condition: The delinquent police fine receivables are increasing.

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

Effect: The police fine receivables increased by \$111,501 during the year ended September 30, 2017.

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2017-004. Police Fine Collection Efforts - continued

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

SIGNIFICANT DEFICIENCIES

2017-005. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2017-008 and 2017-009, there were violations of State of Mississippi laws and regulations.

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

Effect: The City did not comply with budget laws and regulations and purchase laws. See additional information in finding numbers 2017-008 and 2017-009.

Cause: See cause in finding numbers 2017-008 and 2017-009.

Recommendation: See recommendation in finding numbers 2017-008 and 2017-009. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

2017-006. Home Loan Notes Receivable

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

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

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

Cause: The City has not been requesting these documents.

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES - CONTINUED

2017-006. Home Loan Notes Receivable - continued

Response: We requested monthly financial statements from our two Home Loan recipients, but neither has provided us with monthly or annual financial statements.

2017-007. Unaccounted for Natural Gas

Condition: Unaccounted for natural gas per City records was 11.56%.

Criteria: Internal controls should be in place and functioning to monitor and investigate the differences between natural gas sold and natural gas purchased for sale.

Effect: The City records reflected sales of 336,943 MCF compared to 381,008 MCF purchased. The difference of 44,065 MCF (11.56%) cost the City approximately \$178,725 in cost of gas and/or \$489,602 in potential lost sales volume.

Cause: Management stated they had determined some large meters were not programmed correctly for the auto-read function.

Recommendation: We recommend the City test meters to determine they are programmed correctly. If it is determined that there were reading errors in the amounts charged customers, the City should determine the correct amount due and bill customers for the error.

Response: We have reprogrammed several meters and we have seen an improvement in the unaccounted for gas.

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2017-008. Budget

Condition: Expenditures exceeded the budget in various categories.

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS - CONTINUED

2017-008. Budget - continued

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

General Fund – public safety – police – debt service	\$ 30
General Fund – public property – supplies	623
General Fund – public property – other services and charges	35,148
General Fund – park maintenance – other services and charges	2,474

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

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

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

2017-009. Invoice was Double Billed and Double Paid

Condition: A company doing business with the City was overpaid \$50,074 and neither the City or the company discovered the error.

Criteria: State law prevents payments to a company in excess of the total contract amount due.

Effect: A company doing work for the City sent a bill requesting a payment of \$50,074 that was approved for payment and paid. The company apparently discovered an error in their original bill and resubmitted another bill for \$54,617 which included the \$50,074 that had been previously billed. The City paid the company the entire \$54,617 resulting in the company being overpaid by \$50,074. No one discovered this error until our tests discovered the error.

Cause: The company sent a corrected invoice without notifying the City of the correction. City personnel paid both invoices. The City personnel did not have a control in place to balance all payments made to the contract total.

Recommendation: The City should request a \$50,074 reimbursement from the company. Management should install a procedure to develop a file on each contract and keep a record of payments made on the contract in the file to ensure no payments exceed the contract amount.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2017

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS - CONTINUED

2017-009. Invoice was Double Billed and Double Paid - continued

Response: We will install a procedure to compare payments made on contracts to the total contract amount. The City recovered these overpaid funds in August 2018.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Year Findings
For the fiscal year ended September 30, 2017

Financial Statement Findings

Finding Number	Finding Title	Status
2016-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2017-001.
2016-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2017-002.
2016-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2017-003.
2016-004	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2017-004.
2016-005	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2017-005.
2016-006	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2017-006.
2016-007	Budget (original finding 2011-012).	Repeated - see current year finding 2017-008.
2016-008	City Vehicles Not Properly Identified	The City's vehicles now contain the proper identification.

Federal Award Findings and Questioned Costs

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