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September 19, 2019

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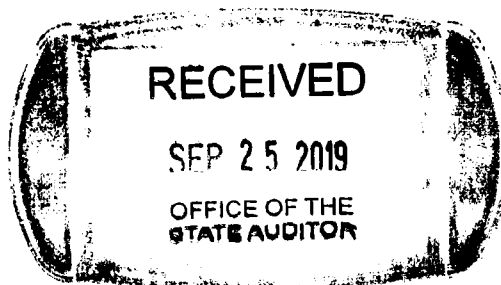
RE: Annual Municipal Audit

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, 2018. 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



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

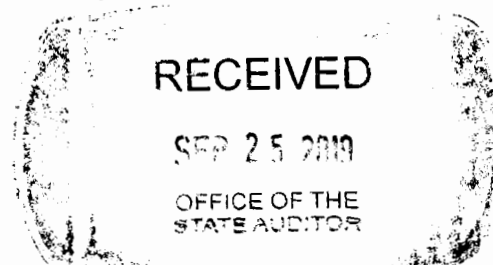
Kermit V. Jones Jr., C.P.A. Christopher D. Jones, C.P.A. Jeremy D. Jones, C.P.A. David W. Jones, C.P.A.

**Mayor and Board of Alderpersons
City of Booneville, Mississippi**

In planning and performing our audit of the financial statements of the City of Booneville, Mississippi as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Booneville, Mississippi's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters.

1. The City needs to establish policies pertaining to cell phone use. The City should receive a detailed list of cell phone calls and review monthly to determine City use and personal use. The cell phones should be used for City business only.
2. The City presently allows certain employees (police and firemen and certain department heads) to accumulate personal leave for working during a holiday or unusual overtime. At present the City has no limit on the amount of personal leave that can be accumulated or a Board approved policy pertaining to accumulated personal leave for department heads. The City, if it wishes to continue this procedure, should consider setting maximum days that can be carried forward similar to maximum vacation days that can be carried forward and establishing when salaried department heads are eligible for accumulated personal leave. Future payments required when employees retire or quit could have a significant effect on the City's cash flows and Public Employee Retirement.
3. The City's internal controls require the utility department to send a disconnect notice on all users who do not pay their utility bills by a specified date. The internal controls require the City to disconnect utility services if payment is not received by the disconnect date. At September 30, 2018, the City had accounts that were receiving current utilities and had balances owed in excess of 60 days. The City has customers in areas who are provided water by a local water association but receives sewer services and waste collection services from the City. The sewer services cannot be turned off. We recommend these customers be reviewed and discussed with the City attorney to determine enforcement action.



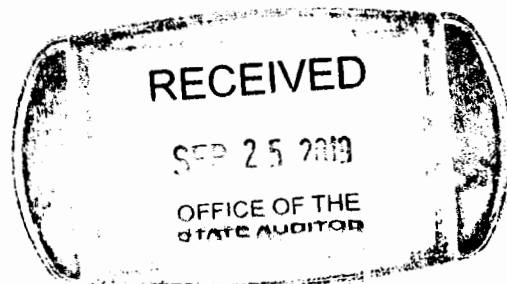
4. During the year ended September 30, 2018, the City pumped 466,761,000 gallons of water. During this same period, the City sold 273,839,000 gallons of water, used 11,593,000 gallons of water in backwashing wells, and used 54,860,000 for various city usage. The City had 126,469,000 gallons of unaccounted for water. Unaccounted for water was 27.10% of pumped water compared to normal unaccounted for water of 20%. This compares to the prior year unaccounted for water of 26.66%.
5. Management, as part of their formal risk assessment and monitoring program, should periodically review the following steps to help prevent the occurrence of fraud. Personnel have already implemented some of these items, but all are listed for reference purposes.

Control the mail – In governments, management should either personally pick up the mail, or have the mail picked up by an employee who has no responsibilities related to the handling or recording of deposits, accounts receivable records or revenues. All remittances from customers should be directed to a post office box. Limiting access to the City's mail is essential in preventing the unauthorized negotiation of cash receipts.

Control the accounts receivable – Management should limit access to accounts receivable records, and in particular, the ability to issue credit memoranda, discounts and refunds. Accounts receivable detail ledgers should be balanced with the control account at regular intervals and any differences should be investigated promptly. Only the Board of Alderpersons should be authorized to charge off accounts deemed uncollectible. Any discrepancies reported by customers should be investigated promptly. Aged accounts should be reviewed monthly and past due accounts investigated.

Control the bank statements – Similarly, management should personally pick up the City's bank statements directly from the bank, or have them picked up by an employee who has no related responsibilities and delivered to the Mayor unopened. Management should review the contents of the statements before they are reconciled. Specific items that management should be alert to include:

1. Missing checks
2. Checks issued out of sequence
3. Unknown payees
4. Checks that appear to have been altered
5. Checks not signed by authorized signatories
6. Other unusual items



Control the inventory – Management should carefully monitor gross profit, and investigate any unexpected variances. Access to inventories should be limited as much as possible, and the use of surveillance equipment may deter inventory theft. If a perpetual inventory is used, periodic counts should be performed at regular intervals for comparison with the perpetual records.

Control the accounts payable – Establish and monitor approved vendor lists. Management should periodically review the list of approved vendors, being alert to:

1. Unknown vendors
2. Vendors with names similar to other known vendors
3. Vendors with no physical address or telephone number
4. Vendors whose addresses match employee addresses

Limit the number of authorized check signers – If possible, only the Mayor and City Clerk should be authorized to sign checks. If not possible, consider requiring two signatures on checks, at least those over a specified amount. The use of facsimile signatures should be avoided if at all possible. Never sign checks in the blank. Review supporting documentation when checks are signed and investigate any discrepancies.

Account for sequences – Whether it is checks, invoices, credit memoranda, receiving reports, shipping documents, or other prenumbered items, all sequences should be accounted for. Voided documents should be defaced to prevent unauthorized use and retained to complete sequences.

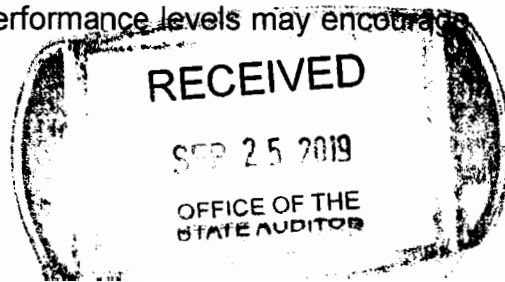
Control general journal entries – Management should either make or personally review and approve all general journal entries. Supporting documentation should be reviewed before approving general journal entries. In particular, the following items should be investigated:

1. Entries made to unrelated accounts
2. Entries made to receivables or revenues at or near the close of a period
3. Entries made by persons whose responsibilities are not consistent with the accounts being adjusted

Monitor exception reports – Unprocessed transactions should be carefully examined for propriety. This includes revenues, expenses, purchasing and payroll transactions.

Establish a budget – Management should establish an operating budget and monitor actual results monthly. Any significant variances should be investigated.

Establish reasonable performance targets – Setting incentive compensation arrangements at unrealistic performance levels may encourage misstatement of financial results.



Perform thorough background checks on all new employees – Call former employers and educational institutions for verification of previous employment and education. Beware of “gaps” in employment or educational history. Consider obtaining a credit report (if authorized by the candidate) before employment.

Require uninterrupted vacations for all employees and establish a schedule of rotation of employee responsibilities – More than just good management, rotation of duties provides a strong disincentive to commit fraud. In addition, it provides an opportunity to discover fraud that has already occurred.

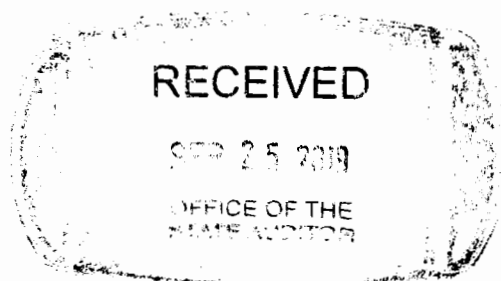
Provide employees an opportunity to report the occurrence of fraud or other abuse anonymously – In a recent survey, one in five employees said they were personally aware of the occurrence of fraud in the workplace. Eighty percent said they would be willing to report fraud if they did not have to identify themselves. Management can establish hotlines, “suggestion boxes” or other means to enable employees to bring the occurrence of fraud to its attention without requiring employees to give their names.

Clearly communicate to employees the behavior that is expected of them – Believe it or not, ignorance has been cited as a common cause of fraud. Some employees have been trained to commit fraudulent acts without knowing what they were doing, just assuming that “that’s the way it’s done”.

Be alert to changes in employee attitudes, behavior and lifestyle – Because of day-to-day contact, management is in the best position to observe the unusual – attitudes that are hostile or defensive toward management or the City in general, changes in behavior that are inconsistent with employees’ normal disposition or lifestyles that are not reasonable based on the employees’ level of compensation. Matters that may be of particular concern include:

1. Indications of dissatisfaction with compensation, lack of promotion
2. Indications of gambling
3. Indications of drug use or excessive use of alcohol
4. Indications of financial distress
5. Indications of infidelity
6. Indications of serious illness
7. Indications of excessive nervousness
8. Indications of severe stress

Take strong action against employees who commit fraud – Call the police or other law enforcement agency and press charges. Failing to do so sends a message to other employees that management doesn’t take fraud seriously.



Conduct your own activities on a high ethical level – Employees will follow the lead of management, whether that lead is ethical or not. More than what is said or included in a policy manual, the actions of management establish behavioral norms.

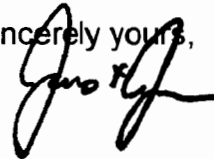
Obtain reasonable fidelity bond coverage – If the unthinkable occurs, insurance coverage is the most likely means of recovery of amounts misappropriated. The amount of coverage should be reviewed periodically for adequacy.

Separate reports dated September 17, 2019, contain our communication of significant deficiencies or material weaknesses in the City's internal control. This letter does not affect our report dated September 17, 2019, on the financial statements of the City of Booneville, Mississippi.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

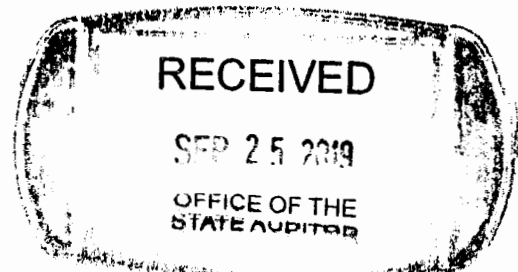
This communication is intended solely for the information and use of management, the Board of Alderpersons, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely yours,



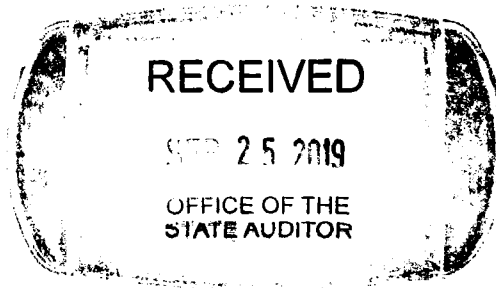
JONES & JONES
Certified Public Accountants
of Booneville, P.A.
Booneville, Mississippi

September 17, 2019



CITY OF BOONEVILLE, MISSISSIPPI
Basic Financial Statements
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September 30, 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 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, 2018, 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, 2018, 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 79, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 80, and budgetary comparison information (Schedule 3) on pages 81 through 86 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 17, 2019 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.

Change in Accounting Principle

As described in Note Z to the financial statements, effective October 1, 2017, the City adopted new accounting guidance, GASB Statement No. 84, Fudiciary Activities and GASB Statement No. 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. Our opinion is not modified with respect to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", is written over the typed name.

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

September 17, 2019

CITY OF BOONEVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2018

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, 2018. 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 \$14,491,493 (net position).

The government's total net position increased by \$1,820,608 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,971,214, an increase of \$122,349 during the current fiscal year. Approximately 70.6 percent of this total amount, or \$2,803,075, 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 \$2,807,643 or 44.0 percent of total general fund expenditures.

The City had fixed asset net additions of \$2,217,387 during the current year. Of this amount \$1,780,022 occurred in the governmental activities and \$437,365 occurred in the business-type activities.

The City's total debt decreased by \$718,856 during the current fiscal year. This change resulted from new debt issued of \$0 and debt repayments net of amortization of \$718,856.

During the current fiscal year, the City's operating grants and contributions decreased \$2,794 (21.69 percent) mainly due to normal changes in grants received; capital grants and contributions increased \$731,332 (1235.86 percent) mainly due to receiving a \$740,000 grant to help beautify downtown; property taxes decreased \$11,818 (0.63 percent) mainly due to increased allowance for uncollectable taxes; charges for services increased \$564,237 (7.08 percent) mainly due to increases in charges for natural gas and water and sewer; and total expenses increased \$112,847 (0.92 percent) mainly due to the increase in public safety and the adding of a tourism 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 Booneville 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 ten 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 and the grants fund have been provided in the financial statements on pages 81 – 86 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 three 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.

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 statements can be found on page 34 - 35 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 36 – 78 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 79 – 89 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 90 – 92 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 \$14,491,493 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 108.4 percent or \$15,714,433) 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 9.5 percent or \$1,374,099) 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 17.9 percent or \$2,597,039) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$9,400,456.

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 \$3,685,190 and \$2,597,039, 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 \$1,820,608 during the current fiscal year. This increase was mainly due to the increase in net position from the governmental activities of \$1,580,760 and the business-type activities of \$239,848 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			
	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change
Current and other assets	\$ 6,483,156	\$ 6,256,328	\$ 226,828	3.6%	\$ 4,965,491	\$ 4,816,142	\$ 149,349	3.1%	\$ 11,448,647	\$ 11,072,470	\$ 376,177	3.4%
Capital assets	6,171,283	4,824,227	1,347,056	27.9%	15,582,252	15,759,065	(176,813)	-1.1%	21,753,535	20,583,292	1,170,243	5.7%
Total assets	12,654,439	11,080,555	1,573,884	14.2%	20,547,743	20,575,207	(27,464)	-0.1%	33,202,182	31,655,762	1,546,420	4.9%
Deferred outflows of resources	310,691	355,630	(44,939)	-12.6%	113,040	254,459	(141,419)	-55.6%	423,731	610,089	(186,358)	-30.5%
Long-term liabilities outstanding	7,743,439	7,798,200	(54,761)	-0.7%	7,994,751	8,555,029	(560,278)	-6.5%	15,738,190	16,353,229	(615,039)	-3.8%
Other liabilities	407,116	383,004	24,112	6.3%	827,317	740,646	86,671	11.7%	1,234,433	1,123,650	110,783	9.9%
Total liabilities	8,150,555	8,181,204	(30,649)	-0.4%	8,822,068	9,295,675	(473,607)	-5.1%	16,972,623	17,476,879	(504,256)	-2.9%
Deferred inflows of resources	2,047,552	2,068,723	(21,171)	-1.0%	114,245	49,371	64,874	131.4%	2,161,797	2,118,094	43,703	2.1%
Net position												
Net investment in capital assets	5,831,144	4,243,447	1,587,697	37.4%	9,883,289	9,592,892	290,397	3.0%	15,714,433	13,836,339	1,878,094	13.6%
Restricted	621,069	331,950	289,119	87.1%	753,030	522,512	230,518	44.1%	1,374,099	854,462	519,637	60.8%
Unrestricted	(3,685,190)	(3,389,139)	(296,051)	8.7%	1,088,151	1,369,216	(281,065)	-20.5%	(2,597,039)	(2,019,923)	(577,116)	28.6%
Total Net Position	\$ 2,767,023	\$ 1,186,258	\$ 1,580,765	133.3%	\$ 11,724,470	\$ 11,484,620	\$ 239,850	2.1%	\$ 14,491,493	\$ 12,670,878	\$ 1,820,615	14.4%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 683,938	\$ 637,632	\$ 46,306	7.3%	\$ 7,846,900	\$ 7,328,969	\$ 517,931	7.1%	\$ 8,530,838	\$ 7,966,601	\$ 564,237	7.1%
Operating grants and contributions	10,090	12,884	(2,794)	-21.7%	-	-	-	0.0%	10,090	12,884	(2,794)	-21.7%
Capital grants and contributions	790,508	55,877	734,631	1314.7%	-	3,299	(3,299)	-100.0%	790,508	59,176	731,332	1235.9%
General Revenues												
Taxes												
Property taxes	1,873,540	1,885,358	(11,818)	-0.6%	-	-	-	0.0%	1,873,540	1,885,358	(11,818)	-0.6%
Sales tax	2,327,502	1,941,747	385,755	19.9%	-	-	-	0.0%	2,327,502	1,941,747	385,755	19.9%
Franchise tax	205,752	202,160	3,592	1.8%	-	-	-	0.0%	205,752	202,160	3,592	1.8%
In lieu taxes	156,021	155,670	351	0.2%	-	-	-	0.0%	156,021	155,670	351	0.2%
Other taxes and state shared revenues	255,877	261,433	(5,556)	-2.1%	-	-	-	0.0%	255,877	261,433	(5,556)	-2.1%
Investment income	23,971	1,604	22,367	1394.5%	17,976	1,023	16,953	1657.2%	41,947	2,627	39,320	1496.8%
Other	45,547	49,847	(4,300)	-8.6%	-	-	-	0.0%	45,547	49,847	(4,300)	-8.6%
Total revenue	\$ 6,372,746	\$ 5,204,212	\$ 1,168,534	22.5%	\$ 7,864,876	\$ 7,333,291	\$ 531,585	7.2%	\$ 14,237,622	\$ 12,537,503	\$ 1,700,119	13.6%

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Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change
Expenses:												
General government	\$ 749,234	\$ 722,818	\$ 26,416	3.7%	\$ -	\$ -	\$ -	0.0%	\$ 749,234	\$ 722,818	\$ 26,416	3.7%
Public safety	3,560,347	3,467,901	92,446	2.7%	-	-	-	0.0%	3,560,347	3,467,901	92,446	2.7%
Public works	1,289,852	1,264,387	25,465	2.0%	-	-	-	0.0%	1,289,852	1,264,387	25,465	2.0%
Culture and recreation	617,854	662,958	(45,104)	-6.8%	-	-	-	0.0%	617,854	662,958	(45,104)	-6.8%
Tourism	35,854	-	35,854	0.0%	-	-	-	0.0%	35,854	-	35,854	0.0%
Economic development	64,157	80,177	(16,020)	-20.0%	-	-	-	0.0%	64,157	80,177	(16,020)	-20.0%
Interest	12,416	25,340	(12,924)	-51.0%	-	-	-	0.0%	12,416	25,340	(12,924)	-51.0%
Water and Sewer	-	-	-	0.0%	2,392,071	2,577,111	(185,040)	-7.2%	2,392,071	2,577,111	(185,040)	-7.2%
Natural Gas	-	-	-	0.0%	3,289,803	3,102,339	187,464	6.0%	3,289,803	3,102,339	187,464	6.0%
Sanitation	-	-	-	0.0%	364,087	359,797	4,290	1.2%	364,087	359,797	4,290	1.2%
Total expenses	<u>6,329,714</u>	<u>6,223,581</u>	<u>106,133</u>	<u>1.7%</u>	<u>6,045,961</u>	<u>6,039,247</u>	<u>6,714</u>	<u>0.1%</u>	<u>12,375,675</u>	<u>12,262,828</u>	<u>112,847</u>	<u>0.9%</u>
Increase (decrease) in net assets before contributions and transfers	43,032	(1,019,369)	1,062,401	-104.2%	1,818,915	1,294,044	524,871	40.6%	1,861,947	274,675	1,587,272	577.9%
Gain (loss) on disposition of capital assets	(41,339)	23,200	(64,539)	-278.2%	-	(950)	950	-100.0%	(41,339)	22,250	(63,589)	-285.8%
Transfers	<u>1,579,067</u>	<u>1,440,541</u>	<u>138,526</u>	<u>9.6%</u>	<u>(1,579,067)</u>	<u>(1,440,541)</u>	<u>(138,526)</u>	<u>9.6%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (decrease) in net position	1,580,760	444,372	1,136,388	255.7%	239,848	(147,447)	387,295	-262.7%	1,820,608	296,925	1,523,683	513.2%
Rounding	5	-	5	0.0%	2	-	2	0.0%	7	-	7	0.0%
Net position--beginning of year	<u>1,186,258</u>	<u>741,886</u>	<u>444,372</u>	<u>59.9%</u>	<u>11,484,620</u>	<u>11,632,067</u>	<u>(147,447)</u>	<u>-1.3%</u>	<u>12,670,878</u>	<u>12,373,953</u>	<u>296,925</u>	<u>2.4%</u>
Net position--end of year	<u>\$ 2,767,023</u>	<u>\$ 1,186,258</u>	<u>\$ 1,580,765</u>	<u>133.3%</u>	<u>\$ 11,724,470</u>	<u>\$11,484,620</u>	<u>\$ 239,850</u>	<u>2.1%</u>	<u>\$14,491,493</u>	<u>\$12,670,878</u>	<u>\$ 1,820,615</u>	<u>14.4%</u>

Government-wide Financial Analysis - continued

Governmental activities

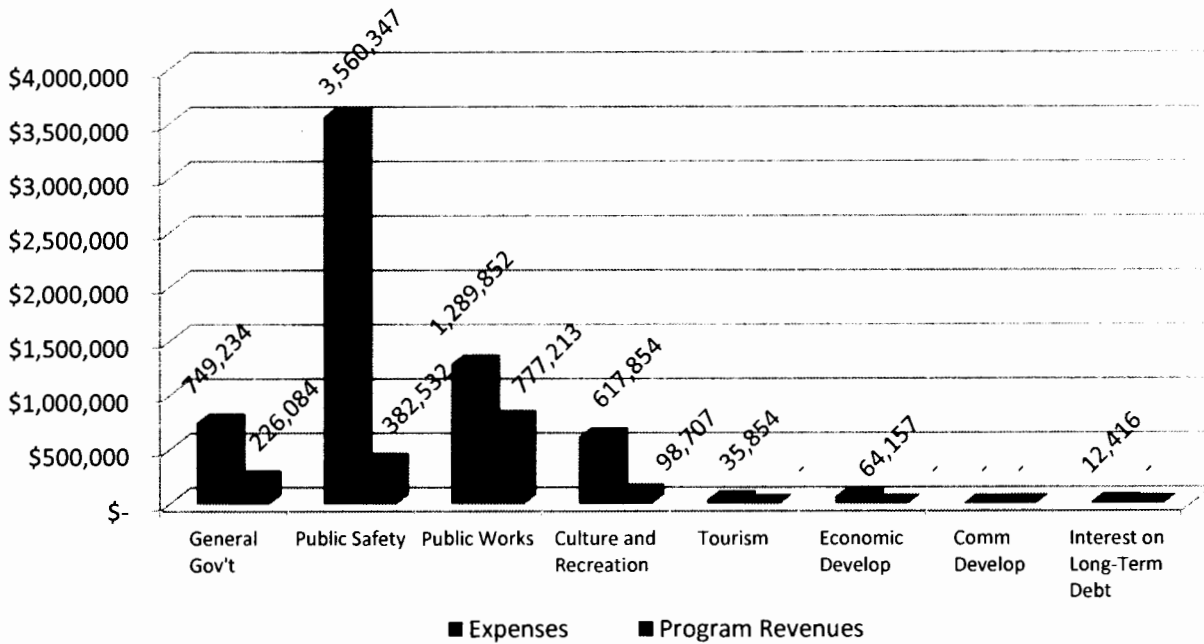
Governmental activities, including transfers from the business-type activities, increased the City's net position by \$1,580,765 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$444,372. Key elements of the changes are as follows:

During the year charges for services increased by \$46,306 (approximately 7 percent), operating grants and contributions decreased by \$2,794 (approximately 22 percent), capital grants and contributions increased by \$734,631 (approximately 1315 percent), property taxes decreased by \$11,818 (approximately 1 percent), sales tax increased by \$385,755 (approximately 20 percent), general government expenses increased by \$26,416 (approximately 4 percent), public safety expenses increased by \$92,446 (approximately 3 percent), public works expenses increased by \$25,465 (approximately 2 percent), culture and recreation expenses decreased by \$45,104 (approximately 7 percent), tourism expense increased by \$35,854 (approximately 0 percent), and economic development expenses decreased by \$16,020 (approximately 20 percent).

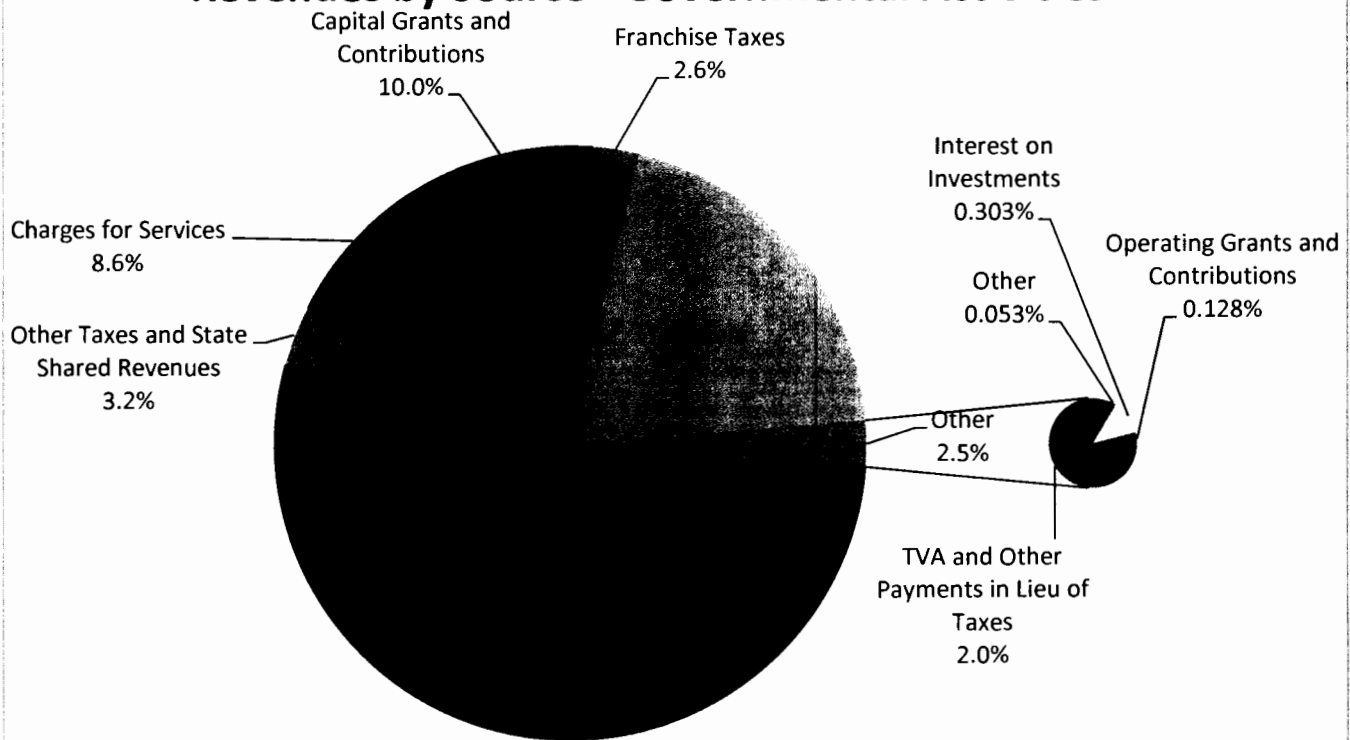
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Government-wide Financial Analysis - continued

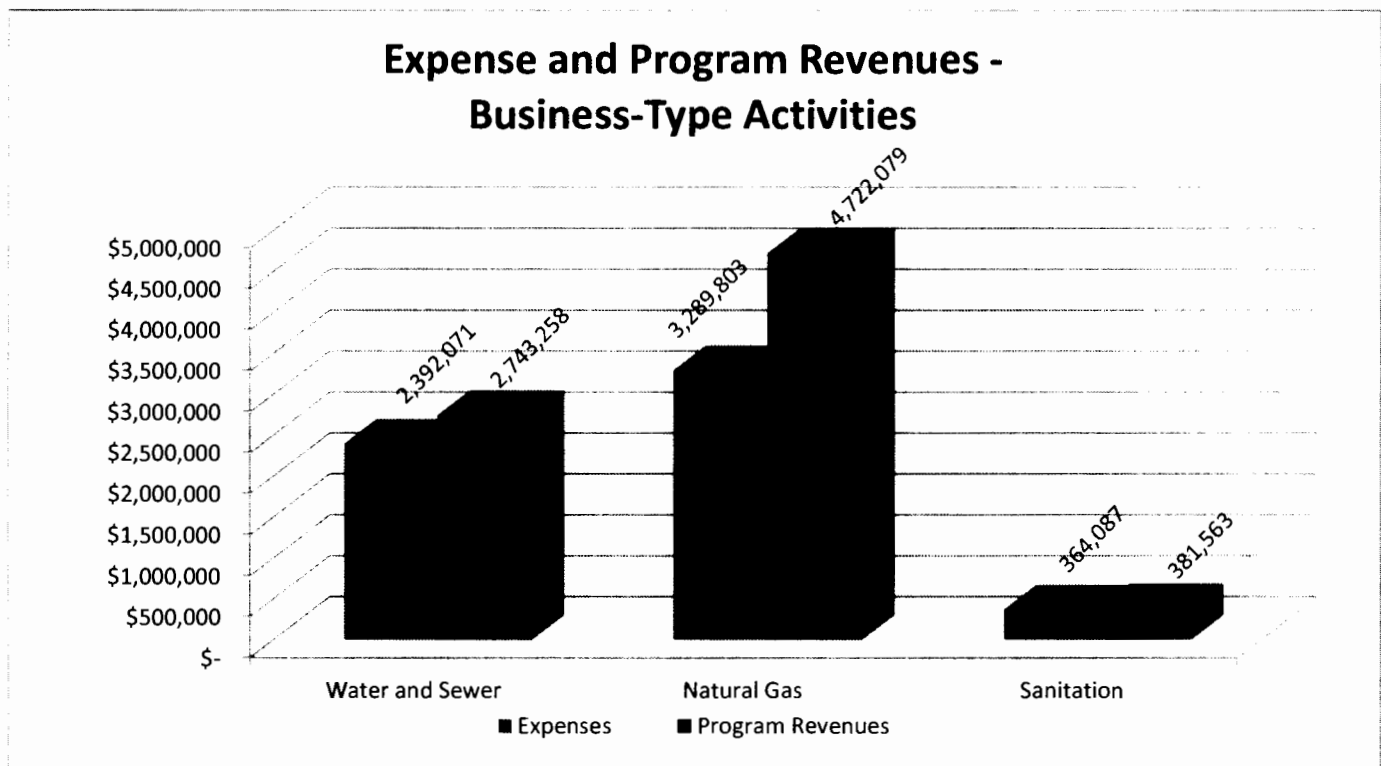
Business-type activities

Business-type activities reported an increase in the City's net position by \$239,848 during the current year. By comparison, business-type activities reported a decrease in net position the previous fiscal year of \$147,447. Key elements of this increase are as follows:

Charges for services for business-type activities increased \$517,931, or 7.1 percent, compared to the prior year.). This was the result of increased rates and usage

Expenses increased approximately 0.1 percent or \$6,714, primarily due to water and sewer fund expenditures decreased \$185,040 (7.2 percent) and natural gas fund expenditures increased \$187,464 (6.0 percent). This change resulted for normal operating variances.

Transfers out to other funds totaled \$1,579,067 while prior year transfers out to other funds totaled \$1,440,541. Transfers out increased approximately 9.6 percent or \$138,526. Other changes are detailed in the financial analysis above.



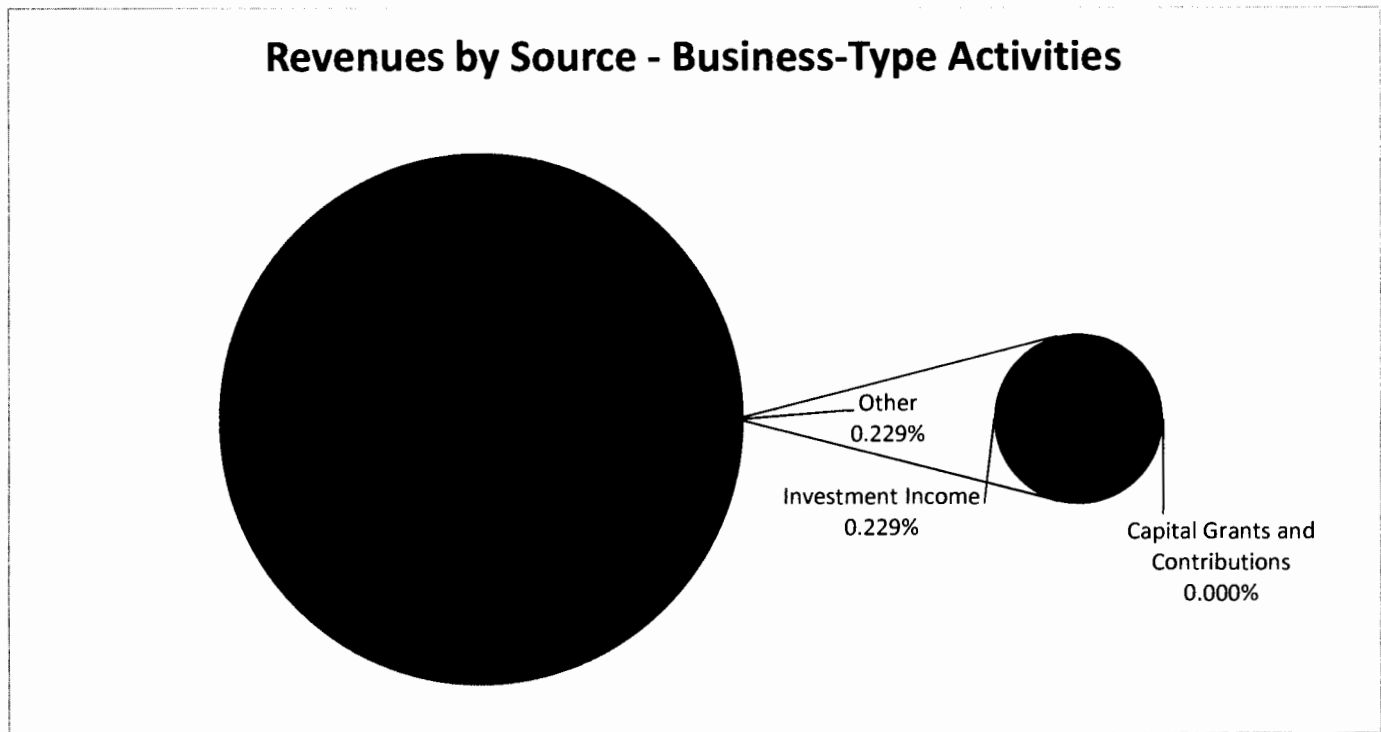
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Government-wide Financial Analysis - continued

Business-type activities - continued



Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,971,214, an increase of \$122,349 compared to the prior year. Approximately 70.6 percent of this total amount, \$2,803,075 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$1,168,139 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 \$2,807,643 while total fund balance was \$3,132,661. 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 44.0 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$388,822 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 \$815,341, \$273,468, and \$(657), respectively. The gas system fund had a decrease in net position for the year of \$148,809, the combined water and sewer system fund had an increase in net position for the year of \$398,700, and the waste collection fund had a decrease in net position for the year of \$10,043.

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 - supplies \$8,000, general government - other services and charges (\$8,000), public safety - fire - personnel \$(20,000), public safety - fire - supplies \$10,000, public safety - fire - capital outlay \$10,000, public safety - police - personnel \$88,000, public safety - police - supplies \$9,500, public safety - police - other services and charges \$75,500, public safety - police - capital outlay \$(63,000), public property - supplies \$5,000, public property - other services and charges \$4,000, public property - capital outlay \$(9,000), street - supplies \$25,000, street - other services and charges \$7,000, street - capital outlay \$(32,000), park operations - personnel services \$(5,000), park - other services and supplies \$5,000, park maintenance - supplies \$3,000, park maintenance - other services and charges \$3,000, park maintenance - capital outlay \$(6,000), tourism - personnel services \$(110,000), tourism - supplies \$2,000, and tourism - other services and charges \$(2,000).

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 \$252,530.

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, 2018, amounted to \$21,753,535 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges and other infrastructure acquired after October 1, 2003. The total increase in the City's investment in capital assets for the current fiscal year was approximately 5.7 percent (an approximate 27.9 percent increase for governmental activities and an approximate 1.1 percent decrease for business-type activities).

Major capital asset additions are as follows:

Supervision and finance equipment and automotive	\$	32,310
Supervision and finance building		13,584
Park equipment		75,950
Downtown development		1,358,576
Street equipment		13,700
Police automotive and equipment		195,163
Fire building		961
Fire equipment		89,778
Natural gas system buildings		88,785
Natural gas system automotive, equipment and office equipment		166,650
Natural gas system distribution system and filling station		37,062
Water and sewer system buildings		88,613
Water and sewer system automotive, equipment and office equipment		18,997
Water and sewer system distribution system		37,258

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	-	37,401	37,401
Infrastructure	2,369,114	-	2,369,114
Building and improvements	989,109	668,055	1,657,164
Natural gas system	-	3,287,101	3,287,101
Water and sewer system	-	10,571,053	10,571,053
Automotive, equipment and furnishings	1,770,016	773,280	2,543,296
Total	\$ 6,171,283	\$ 15,582,252	\$ 21,753,535

Additional information on the City's capital assets can be found in Note F on pages 54 - 57 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 \$6,088,923. Of this amount, \$1,710,000 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 Notes from Direct Borrowings and Direct Placements

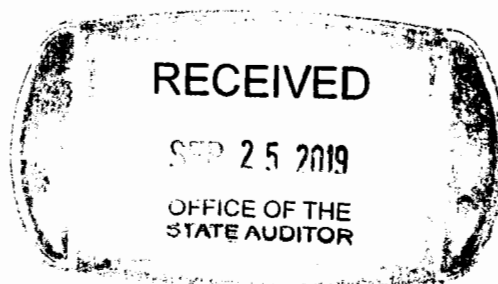
	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 145,000	\$ 1,565,000	\$ 1,710,000
Notes from direct borrowings	191,139	4,187,784	4,378,923
Total	\$ 336,139	\$ 5,752,784	\$ 6,088,923

The City's total debt decreased by \$718,856 (approximately 10.6 percent) during the current fiscal year. There was new debt obligations totaling \$0 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 \$7,351,611. Additional information on the City's long-term debt can be found in Note H on pages 62 – 67 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 2019 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 \$2,807,643.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,888,654	\$ 1,905,715	\$ 5,794,369
Restricted cash and cash equivalents	-	2,022,380	2,022,380
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$228,412)	1,838,145	-	1,838,145
Police fines (net of allowances of \$1,186,939)	160,660	-	160,660
Accounts (net of allowances of \$59,531)	-	537,824	537,824
Franchise fees (net of allowances of \$0)	36,450	-	36,450
Accrued interest (net of allowances of \$125,213)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of governmental allowances of \$10,150)	-	8,617	8,617
Prepaid items	51,027	31,533	82,560
Resale inventory	-	259,697	259,697
Supply inventory	-	147,430	147,430
Due from other governments	560,515	-	560,515
Due from other funds	(52,295)	52,295	-
Land and construction in progress	1,043,044	282,763	1,325,807
Other capital assets (net of accumulated depreciation)	5,128,239	15,299,489	20,427,728
Total Assets	12,654,439	20,547,743	33,202,182
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	310,691	59,219	369,910
Deferred outflows pertaining to loss on refunding	-	53,821	53,821
Total Deferred Outflows of Resources	310,691	113,040	423,731

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

CITY OF BOONEVILLE, MISSISSIPPI

Statement of Net Position

September 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 228,810	\$ 207,772	\$ 436,582
Accounts payable - capital assets	-	8,686	8,686
Credit balance in accounts receivable	-	12,997	12,997
Accrued interest	6,331	41,453	47,784
Accrued liabilities	167,407	39,742	207,149
Matured interest payable	568	-	568
Matured bonds payable	4,000	-	4,000
Customer deposits	-	516,667	516,667
Long-term debt and capital leases			
Bonds and notes payable due within one year	244,953	490,000	734,953
Compensated absence due within one year	5,741	10,617	16,358
Net pension liability due in more than one year	7,223,525	2,176,931	9,400,456
Bonds and notes payable due in more than one year	91,186	5,262,784	5,353,970
Compensated absense due in more than one year	178,034	54,419	232,453
Total Liabilities	8,150,555	8,822,068	16,972,623
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	278,462	114,245	392,707
Deferred inflows pertaining to unavailable revenue	1,769,090	-	1,769,090
Total Deferred Inflows of Resources	2,047,552	114,245	2,161,797
NET POSITION			
Net investment in capital assets	5,831,144	9,883,289	15,714,433
Restricted for:			
Debt service - expendable	-	713,799	713,799
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	1,447	-	1,447
Fire protection capital outlays	219,277	-	219,277
D.A.R.E. program	17,897	-	17,897
Technology	20,225	-	20,225
Rubbish	93,283	-	93,283
Tourism	268,940	-	268,940
Unemployment	-	29,231	29,231
Unrestricted (deficit)	(3,685,190)	1,088,151	(2,597,039)
TOTAL NET POSITION	\$ 2,767,023	\$ 11,724,470	\$ 14,491,493

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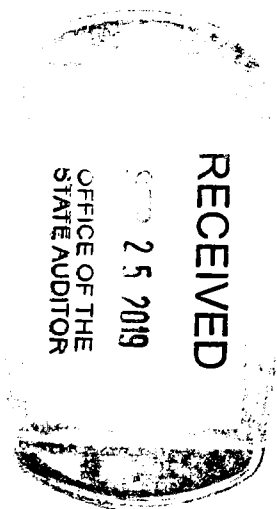
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The accompanying notes are an integral part of this financial statement.

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Activities
For the fiscal year ended September 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 749,234	\$ 224,585	\$ (1)	\$ 1,500	\$ (523,150)	\$ -	\$ (523,150)
Public safety	3,560,347	323,495	10,091	48,946	(3,177,815)	-	(3,177,815)
Public works	1,289,852	37,151	-	740,062	(512,639)	-	(512,639)
Culture and recreation	617,854	98,707	-	-	(519,147)	-	(519,147)
Tourism	35,854	-	-	-	(35,854)	-	(35,854)
Economic development	64,157	-	-	-	(64,157)	-	(64,157)
Interest	12,416	-	-	-	(12,416)	-	(12,416)
Total Governmental Activities	6,329,714	683,938	10,090	790,508	(4,845,178)	-	(4,845,178)
Business-Type Activities:							
Water and Sewer	2,392,071	2,743,258	-	-	-	351,187	351,187
Natural Gas	3,289,803	4,722,079	-	-	-	1,432,276	1,432,276
Sanitation	364,087	381,563	-	-	-	17,476	17,476
Total Business-Type Activities	6,045,961	7,846,900	-	-	-	1,800,939	1,800,939
TOTAL PRIMARY GOVERNMENT	\$ 12,375,675	\$ 8,530,838	\$ 10,090	\$ 790,508	(4,845,178)	1,800,939	(3,044,239)
General Revenues							
Taxes							
Property taxes and late fees					1,873,540	-	1,873,540
Sales tax					2,327,502	-	2,327,502
Homestead					159,132	-	159,132
Franchise tax					205,752	-	205,752
TVA and other payments in lieu of taxes					156,021	-	156,021
Road tax and advalorem privilege tax					83,701	-	83,701
Other state shared taxes					13,044	-	13,044
Investment income					23,971	17,976	41,947
Other					45,547	-	45,547
Gain (loss) on sale or retirement of capital assets					(41,339)	-	(41,339)
Transfers					1,579,067	(1,579,067)	-
Total					6,425,938	(1,561,091)	4,864,847
Change in Net Position					1,580,760	239,848	1,820,608
NET POSITION--BEGINNING					1,186,263	11,484,622	12,670,885
NET POSITION--ENDING					\$ 2,767,023	\$ 11,724,470	\$ 14,491,493

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



CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2018

			<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Grants</u>		
ASSETS				
Cash and cash equivalents	\$ 3,057,123	\$ 275,181	\$ 556,348	\$ 3,888,652
Receivables (net of allowance for uncollectibles)				
Taxes (net of allowances of \$228,412)	1,838,149	-	-	1,838,149
Police fines (net of allowances of \$1,186,939)	160,660	-	-	160,660
Cleanup fees (net of allowances of \$10,150)	-	-	-	-
Franchise fees	36,450	-	-	36,450
Due from other funds	4,830	-	1,692	6,522
Due from other governments	496,095	-	64,420	560,515
Prepaid items	51,027	-	-	51,027
Total assets	<u>\$ 5,644,334</u>	<u>\$ 275,181</u>	<u>\$ 622,460</u>	<u>\$ 6,541,975</u>
LIABILITIES				
Accounts payable - operations	\$ 174,290	\$ 53,129	\$ 1,391	\$ 228,810
Accrued liabilities	167,407	-	-	167,407
Compensated absence	5,741	-	-	5,741
Due to other funds	58,817	-	-	58,817
Matured interest payable	-	-	568	568
Matured revenue bonds payable	-	-	4,000	4,000
Total liabilities	<u>406,255</u>	<u>53,129</u>	<u>5,959</u>	<u>465,343</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>2,105,418</u>	<u>-</u>	<u>-</u>	<u>2,105,418</u>
Total deferred inflows of resources	<u>2,105,418</u>	<u>-</u>	<u>-</u>	<u>2,105,418</u>
FUND BALANCES				
Nonspendable	51,027	-	-	51,027
Restricted	-	-	621,069	621,069
Committed	40,491	222,052	-	262,543
Assigned	233,500	-	-	233,500
Unassigned	<u>2,807,643</u>	<u>-</u>	<u>(4,568)</u>	<u>2,803,075</u>
Total fund balance	<u>3,132,661</u>	<u>222,052</u>	<u>616,501</u>	<u>3,971,214</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,644,334</u>	<u>\$ 275,181</u>	<u>\$ 622,460</u>	<u>\$ 6,541,975</u>

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, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 3,971,214
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	11,030,011
Less accumulated depreciation	(5,901,772)
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	123,159
Revenues - payments in lieu of tax	134,862
Revenues - property taxes	56,725
Revenues - intergovernmental	5,656
Revenues - franchise fees	15,926
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.	(6,331)
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	(336,139)
Compensated absences	(178,034)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements.	(7,223,525)
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	310,691
Deferred inflows related to pensions	(278,462)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,767,023</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, 2018

	<u>General</u>	<u>Grants</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Advalorem taxes, penalties and interest	\$ 1,828,150	\$ -	\$ -	\$ 1,828,150
Excess tax sale	10,562	-	-	10,562
Franchise taxes	207,389	-	-	207,389
Municipal sales tax	1,939,495	-	388,006	2,327,501
Permits, fees and privilege tax	30,313	-	-	30,313
Municipal court fines and bond fees	253,090	-	14,736	267,826
Intergovernmental revenues	507,066	740,062	49,907	1,297,035
Interest income	9,597	1,432	1,544	12,573
Charge for services	106,198	-	32,880	139,078
Collection fees	92,876	-	-	92,876
Administrative fees	101,126	-	-	101,126
Donations	1,300	-	500	1,800
Other	6,126	-	-	6,126
Total revenues	<u>5,093,288</u>	<u>741,494</u>	<u>487,573</u>	<u>6,322,355</u>
<u>EXPENDITURES</u>				
Current				
General government	704,702	-	-	704,702
Public safety	3,259,758	-	3,357	3,263,115
Public works	1,076,719	3,000	1,044	1,080,763
Culture and recreation	551,943	-	-	551,943
Tourism	32,871	-	1,981	34,852
Economic development	64,157	-	-	64,157
Capital outlay	484,409	1,314,236	35,036	1,833,681
Debt Service				
Principal retirement - general obligation	196,672	-	43,969	240,641
Interest and paying agent	14,883	-	1,567	16,450
Total expenditures	<u>6,386,114</u>	<u>1,317,236</u>	<u>86,954</u>	<u>7,790,304</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (1,292,826)</u>	<u>\$ (575,742)</u>	<u>\$ 400,619</u>	<u>\$ (1,467,949)</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, 2018

	<u>General</u>	<u>Grants</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from disposition of fixed assets	\$ 11,231	\$ -	\$ -	\$ 11,231
Operating transfers in	1,579,067	797,794	-	2,376,861
Operating transfers out	(686,294)	-	(111,500)	(797,794)
Total other financing sources (uses)	<u>904,004</u>	<u>797,794</u>	<u>(111,500)</u>	<u>1,590,298</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(388,822)	222,052	289,119	122,349
Fund balance - beginning of year	<u>3,521,483</u>	<u>-</u>	<u>327,382</u>	<u>3,848,865</u>
Fund balance - end of year	<u>\$ 3,132,661</u>	<u>\$ 222,052</u>	<u>\$ 616,501</u>	<u>\$ 3,971,214</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Governmental Activities in the Statement of Activities
For the fiscal year ended September 30, 2018

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ 122,349

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	1,780,022
Basis of assets disposed of	(52,570)
Depreciation expense	(380,396)

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.	240,641
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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	34,828
Franchise fees	(1,637)
Municipal court fines	16,219
Advalorem privilege tax	(151)
Payment in lieu of taxes	787
Operating grants and contributions	345
Workers compensation	(6,028)

Rounding	(3)
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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	(183,355)
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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	5,675
(Increase) decrease in accrued interest expense	4,034

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,580,760</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, 2018

	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	\$ 1,194,335	\$ 711,380	\$ -	\$ 1,905,715
Cash and cash equivalents - restricted	659,643	131,366	-	791,009
Receivables (net of allowance for uncollectibles)				
Accounts	154,315	353,802	29,707	537,824
Other	5,637	2,980	-	8,617
Resale inventory	259,697	-	-	259,697
Supply inventory	65,582	81,848	-	147,430
Due from other funds	58,738	-	-	58,738
Prepaid items	15,967	15,566	-	31,533
Total current assets	2,413,914	1,296,942	29,707	3,740,563
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,435	1,217,936	-	1,231,371
Nondepreciable land, improvements and construction in progress	208,736	74,027	-	282,763
Depreciable capital assets, net of accumulated depreciation	4,269,256	11,030,233	-	15,299,489
Total noncurrent assets	4,491,427	12,322,196	-	16,813,623
Total assets	6,905,341	13,619,138	29,707	20,554,186
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pertaining to pensions	27,660	31,559	-	59,219
Deferred outflows pertaining to loss on refunding	-	53,821	-	53,821
Total deferred outflows of resources	27,660	85,380	-	113,040

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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, 2018

	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	\$ 113,885	\$ 63,523	\$ 30,364	\$ 207,772
Accounts payable - fixed assets	3,525	5,161	-	8,686
Credit balance in accounts receivable	11,511	1,486	-	12,997
Accrued interest	698	40,755	-	41,453
Accrued liabilities	20,777	18,965	-	39,742
Customer deposits	386,029	130,638	-	516,667
Compensated absences	4,676	5,941	-	10,617
Due to other funds	-	6,443	-	6,443
Current portion of revenue bonds payable	-	490,000	-	490,000
Total current liabilities	541,101	762,912	30,364	1,334,377
Noncurrent Liabilities				
Net pension liability	1,016,808	1,160,123	-	2,176,931
Compensated absences	14,963	39,456	-	54,419
Revenue bonds payable, less current maturities	-	5,262,784	-	5,262,784
Total noncurrent liabilities	1,031,771	6,462,363	-	7,494,134
Total liabilities	1,572,872	7,225,275	30,364	8,828,511
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pertaining to pensions	53,362	60,883	-	114,245
Total deferred inflows of resources	53,362	60,883	-	114,245
NET POSITION				
Net investment in capital assets	4,477,992	5,405,297	-	9,883,289
Restricted for debt service - expendable	-	713,799	-	713,799
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,435	15,796	-	29,231
Unrestricted	815,340	273,468	(657)	1,088,151
Total net position (deficit)	\$ 5,306,767	\$ 6,418,360	\$ (657)	\$ 11,724,470

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, 2018

	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	\$ 4,574,146	\$ 2,697,590	\$ 381,563	\$ 7,653,299
Service charges and other	147,933	45,668	-	193,601
Total operating revenues	4,722,079	2,743,258	381,563	7,846,900
<u>OPERATING EXPENSES</u>				
Personnel services	646,422	635,622	-	1,282,044
Professional services	91,072	148,415	-	239,487
Supplies	149,453	79,787	-	229,240
Repairs	110,150	391,726	-	501,876
Operational	173,217	453,570	-	626,787
Administrative	50,563	50,563	-	101,126
Purchase of natural gas	1,869,639	-	-	1,869,639
Waste disposal	-	5,759	364,087	369,846
Depreciation and amortization	191,646	422,532	-	614,178
Total operating expenses	3,282,162	2,187,974	364,087	5,834,223
Operating income (loss)	1,439,917	555,284	17,476	2,012,677
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	9,887	8,089	-	17,976
Interest expense and fiscal charges	(7,641)	(204,097)	-	(211,738)
Total nonoperating revenues and expenses	2,246	(196,008)	-	(193,762)
Income (loss) before operating transfers and contributions	1,442,163	359,276	17,476	1,818,915
Operating transfers in	-	39,424	-	39,424
Operating transfers out	(1,590,972)	-	(27,519)	(1,618,491)
Changes in net position	(148,809)	398,700	(10,043)	239,848
Net position - beginning	5,455,576	6,019,660	9,386	11,484,622
Net position - ending	\$ 5,306,767	\$ 6,418,360	\$ (657)	\$ 11,724,470

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

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CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2018

	Business-Type Activities--Enterprise Fund			Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,715,565	\$ 2,729,953	\$ 391,157	\$ 7,836,675
Receipts from MDOT relocation	46,537	-	-	46,537
Other operating receipts	28,612	4,592	-	33,204
Payments to employees including fringe benefits	(552,194)	(605,302)	-	(1,157,496)
Payments to suppliers for goods and services	<u>(2,435,727)</u>	<u>(1,111,410)</u>	<u>(363,638)</u>	<u>(3,910,775)</u>
Net cash provided by operating activities	<u>1,802,793</u>	<u>1,017,833</u>	<u>27,519</u>	<u>2,848,145</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	39,424	-	39,424
Interest paid on meter deposits	(6,943)	(2,209)	-	(9,152)
Operating transfers out	(1,590,972)	-	(27,519)	(1,618,491)
Net changes in due to/from other funds	<u>(34,265)</u>	<u>6,443</u>	<u>-</u>	<u>(27,822)</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (1,632,180)</u>	<u>\$ 43,658</u>	<u>\$ (27,519)</u>	<u>\$ (1,616,041)</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, 2018

	<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>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments - revenue bonds	\$ -	\$ (475,000)	\$ -	\$ (475,000)
Acquisition and construction of capital assets	(292,497)	(144,868)	-	(437,365)
Interest and fiscal charges paid	-	(207,625)	-	(207,625)
Net cash provided (used) by capital and related financing activities	<u>(292,497)</u>	<u>(827,493)</u>	<u>-</u>	<u>(1,119,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>9,887</u>	<u>8,089</u>	<u>-</u>	<u>17,976</u>
Net cash provided (used) by investment activities	<u>\$ 9,887</u>	<u>\$ 8,089</u>	<u>\$ -</u>	<u>\$ 17,976</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, 2018

	<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				
Acquisition of fixed assets on account and capital lease	\$ 3,525	\$ 5,161	\$ -	\$ 8,686
Net effect of non cash transactions	3,525	5,161	-	8,686
Net increase (decrease) in cash and cash equivalents	(108,472)	247,248	-	138,776
Cash and cash equivalents, beginning of year	1,975,885	1,813,434	-	3,789,319
Cash and cash equivalents, end of year	<u>\$ 1,867,413</u>	<u>\$ 2,060,682</u>	<u>\$ -</u>	<u>\$ 3,928,095</u>

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

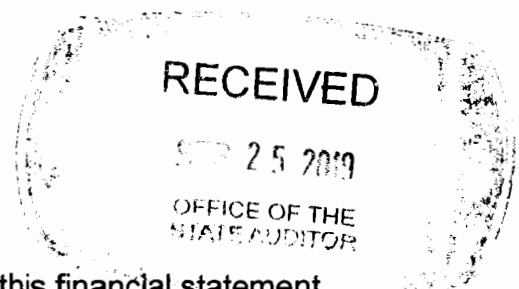
CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2018

	<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)	\$ 1,439,917	\$ 555,284	\$ 17,476	\$ 2,012,677
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	191,646	422,532	-	614,178
Noncash pension expense	90,611	32,044	-	122,655
(Increase) decrease in accounts receivable	(7,460)	(24,653)	9,594	(22,519)
(Increase) decrease in other receivables	(2,826)	-	-	(2,826)
(Increase) decrease in due from other governments	46,537	-	-	46,537
(Increase) decrease in resale inventory	759	-	-	759
(Increase) decrease in supply inventory	891	947	-	1,838
(Increase) decrease in prepaid items	(4,022)	(4,165)	-	(8,187)
Increase (decrease) in accounts payable - operations	5,031	20,109	449	25,589
Increase (decrease) in accrued liabilities - payroll and benefits	346	-	-	346
Increase (decrease) in accrued liabilities - other than payroll	-	(1,274)	-	(1,274)
Increase (decrease) in credit balance in accounts receivable	8,378	-	-	8,378
Increase (decrease) in customer deposits	32,479	15,940	-	48,419
Increase (decrease) in compensated absences	506	1,069	-	1,575
Total adjustments	362,876	462,549	10,043	835,468
Net cash provided (used) by operating activities	\$ 1,802,793	\$ 1,017,833	\$ 27,519	\$ 2,848,145

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2018

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 99,170
Receivables:	
Taxes receivable (net of allowances of \$234,153)	<u>2,231,593</u>
Total receivables	<u>2,231,593</u>
Total Assets	<u>2,330,763</u>
LIABILITIES	
Due to other governments	84,849
Due to investors	<u>4,513</u>
Total Liabilities	<u>89,362</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>2,220,105</u>
Total Deferred Inflows of Resources	<u>2,220,105</u>
NET POSITION	
Restricted	<u>21,296</u>
Total Net Position	<u>\$ 21,296</u>



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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
September 30, 2018

	<u>Custodial Funds</u>
ADDITIONS	
Collections:	
Property tax and interest collections for City and other governments	\$ 3,452,008
Property tax and interest collections for tax sale investors	257,541
Cash bonds collected for police fines	<u>27,307</u>
Total Collections	3,736,856
Interest earned	<u>1,399</u>
Total Additions	<u>3,738,255</u>
DEDUCTIONS	
Payment of property tax and interest collections to City and other governments	3,360,191
Payment of property tax and interest collections to tax sale investors	230,804
Payments of bonds collected to satisfy police fines	22,568
Bond payments returned to payer in excess of police fines	2,669
Administrative handling charges	<u>119,852</u>
Total Deductions	<u>3,736,084</u>
Net increase (decrease) in fiduciary net position	2,171
Net Position - beginning	<u>19,125</u>
Net Position - ending	<u>\$ 21,296</u>

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018

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, 2018

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 funds are the general fund and the grant 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.

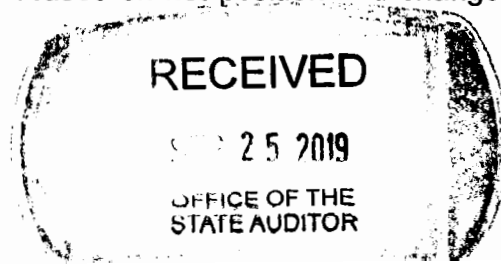
Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statement. The costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.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

The City's each type of fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements. Since by definition these assets are being held as a fiduciary activity 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. Fiduciary fund reporting focuses on net position and changes in net position.



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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.

Grant Fund accounts for the City's grant revenues received and the local matching portion required by the grant conditions.

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

Proprietary Funds:

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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:

Custodial Funds are used to account for assets held by the City in a fiduciary activity. These funds are used to account for (1) law enforcement bonds received prior to the courts confiscating the bond for a police fine or returning the bond to the individual; (2) collection of property taxes and related interest prior to separating and remitting to the appropriate government; and (3) collection of delinquent property taxes and related interest for property sold to investors.

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	\$ 1,194,335	\$ 711,380	\$ -	\$ 1,905,715
Restricted cash and cash equivalents	673,078	1,349,302	-	2,022,380
	<u>\$ 1,867,413</u>	<u>\$ 2,060,682</u>	<u>\$ -</u>	<u>\$ 3,928,095</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 \$211,738. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$211,738 were charged to expense. Interest costs, net of interest earned of \$0, were capitalized as fixed assets in the enterprise funds.

9. Compensated Absences

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

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

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

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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	\$ 386,029	\$ 130,638
Accrued interest payable	698	40,755
Revenue bonds payable	-	490,000
	<u>\$ 386,727</u>	<u>\$ 661,393</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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>Grants Fund</u>	<u>Nonmajor Other Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	\$ 51,027	\$ -	\$ -
Total - Nonspendable	<u>\$ 51,027</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

Fund Balances:			Nonmajor Other Governmental Funds
Restricted:	<u>General Fund</u>	<u>Grants Fund</u>	
Fire protection	\$ -	\$ -	\$ 219,277
DARE	-	-	17,897
Tourism	-	-	268,940
Fire code	-	-	1,447
Technology	-	-	20,225
Rubbish	-	-	93,283
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,069</u>
Fund Balances:			
Committed:			
Matching grants	\$ -	\$ 222,052	\$ -
Special police assessment	40,491	-	-
Total Committed	<u>\$ 40,491</u>	<u>\$ 222,052</u>	<u>\$ -</u>
Fund Balance			
Assigned			
Budget shortfall	\$ 233,500	\$ -	\$ -
Total Assigned	<u>\$ 233,500</u>	<u>\$ -</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, 2018

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, 2018

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 - supplies \$8,000, general government - other services and charges \$(8,000), public safety - police - personnel \$88,000, public safety - police - supplies \$9,500, public safety - police - other services and charges \$75,500, public safety - police - capital outlay \$(63,000), public safety - fire - personnel \$(20,000), public safety - fire - supplies \$10,000, public safety - fire - capital outlay \$10,000, public property - supplies \$5,000, public property - other services and charges \$4,000, public property - capital outlay \$(9,000), street - supplies \$25,000, street - other services and charges \$7,000, street - capital outlay \$(32,000), park operations - personnel services \$(5,000), park - other charges and services \$5,000, park maintenance - supplies \$3,000, park maintenance - other services and charges \$3,000, and park maintenance - capital outlay \$(6,000), tourism - personnel services \$(110,000), tourism - supplies \$2,000, and tourism - other services and charges \$(2,000). There were no changes in the grant fund budget during the year ended September 30, 2018.

A comparison of the General Fund and Grant Fund budgets with statements of budgetary basis revenues and expenditures is included in required supplementary information as Schedules 3 and 4. This budgetary comparison schedule reflects General Fund expenditures and grant fund expenditures exceeding budgets. See Schedules 3 and 4 for General Fund and Grant Fund expenditures exceeding budgeted amounts.

The notes to required supplementary information budgetary reporting on pages 87 - 89 also provides additional budgetary information.

NOTE C - DEPOSITS AND INVESTMENTS

At September 30, 2018, 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	\$ 3,888,654
Demand deposits	7,912,744	Enterprise Funds	3,928,095
Cash at paying agent	-	Fiduciary Fund	99,170
	<u>\$ 7,915,919</u>		<u>\$ 7,915,919</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the demand deposits held with various local financial institutions had carrying amounts totaling \$7,912,744 and bank balances totaling \$7,931,778 of which \$250,000 was covered by federal depository insurance and \$7,681,778 was covered by the Statewide Collateral Pool Program.

The City has designated 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, 2018.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 Farmers and Merchants 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 depository, Farmers and Merchants Bank, has a five star rating by Bankrate.

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, 2018.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2018, but had demand deposits with more than 5% of the total in 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 2017 taxes are collected in December, 2017 and January, 2018. The 2017 taxes are levied to fund the 2017-2018 budget year. The assessed value upon which the 2017 taxes were based was \$58,768,636.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 2018 taxes intended to fund the 2018-2019 budget year of \$1,769,090. 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 2018 taxes of \$1,769,090 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2018-2019 budget year.

The City assessed a tax rate of 35.15 mills for both the 2017 and 2018 taxes.

NOTE E - RECEIVABLES

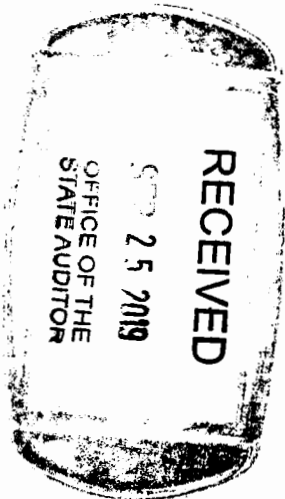
Receivables at September 30, 2018 for the government's individual major funds and nonmajor funds, internal service, business-type funds and each fiduciary fund type in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE E - RECEIVABLES - CONTINUED

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 2,066,557	\$ -	\$ -	\$ -	\$ 2,465,747	\$ 4,532,304
Police fines	1,347,599	-	-	-	-	1,347,599
Accounts	-	167,927	387,814	41,614	-	597,355
Franchise fees	36,450	-	-	-	-	36,450
Accrued interest	-	-	-	125,213	-	125,213
Notes receivable	-	-	-	743,000	-	743,000
Other	10,150	5,637	2,980	-	-	18,767
Gross receivables	3,460,756	173,564	390,794	909,827	2,465,747	7,400,688
Less: Allowance for uncollectables	(1,425,501)	(13,612)	(34,012)	(880,120)	(234,153)	(2,587,398)
Net receivables	<u>\$ 2,035,255</u>	<u>\$ 159,952</u>	<u>\$ 356,782</u>	<u>\$ 29,707</u>	<u>\$ 2,231,594</u>	<u>\$ 4,813,290</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, 2018**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance September 30, 2017	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2018
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	2,775,759	14,545	-	-	2,790,304
Automotive and equipment	4,916,347	406,901	(443,218)	13,806	4,893,836
Infrastructure	1,987,295	1,358,576	-	-	3,345,871
Total capital assets being depreciated	<u>9,679,401</u>	<u>1,780,022</u>	<u>(443,218)</u>	<u>13,806</u>	<u>11,030,011</u>
Less accumulated depreciation for					
Buildings	1,758,715	42,480	-	-	1,801,195
Automotive and equipment	3,237,875	262,787	(390,648)	13,806	3,123,820
Infrastructure	901,628	75,129	-	-	976,757
Total accumulated depreciation	<u>5,898,218</u>	<u>380,396</u>	<u>(390,648)</u>	<u>13,806</u>	<u>5,901,772</u>
Total capital assets being depreciated, net	<u>3,781,183</u>	<u>1,399,626</u>	<u>(52,570)</u>	<u>-</u>	<u>5,128,239</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 4,824,227</u>	<u>\$ 1,399,626</u>	<u>\$ (52,570)</u>	<u>\$ -</u>	<u>\$ 6,171,283</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2017	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2018
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	518,058	88,785	-	-	606,843
Automotive and equipment	960,292	166,650	-	-	1,126,942
Furniture and office equipment	75,039	-	-	-	75,039
Natural gas system	<u>5,574,497</u>	<u>37,062</u>	<u>-</u>	<u>-</u>	<u>5,611,559</u>
Total capital assets being depreciated	<u>7,127,886</u>	<u>292,497</u>	<u>-</u>	<u>-</u>	<u>7,420,383</u>
Less accumulated depreciation for					
Buildings	104,948	12,526	-	-	117,474
Automotive and equipment	565,163	74,259	-	-	639,422
Furniture and office equipment	66,256	3,517	-	-	69,773
Natural gas system	<u>2,223,114</u>	<u>101,344</u>	<u>-</u>	<u>-</u>	<u>2,324,458</u>
Total accumulated depreciation	<u>2,959,481</u>	<u>191,646</u>	<u>-</u>	<u>-</u>	<u>3,151,127</u>
Total capital assets being depreciated, net	<u>4,168,405</u>	<u>100,851</u>	<u>-</u>	<u>-</u>	<u>4,269,256</u>
 GAS SYSTEM CAPITAL ASSETS, NET	 <u>\$ 4,377,141</u>	 <u>\$ 100,851</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,477,992</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2017	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2018
BUSINESS-TYPE ACTIVITIES - CONTINUED					
COMBINED WATER AND SEWER					
Capital assets not being depreciated					
Land	\$ 36,626	\$ -	\$ -	\$ -	\$ 36,626
Construction in progress	1,628	35,773	-	-	37,401
Total capital assets not being depreciated	<u>38,254</u>	<u>35,773</u>	<u>-</u>	<u>-</u>	<u>74,027</u>
Capital assets being depreciated					
Building	124,082	88,613	-	-	212,695
Automotive and equipment	686,312	18,997	-	-	705,309
Furniture and office equipment	82,099	-	-	-	82,099
Water and sewer system	24,593,086	1,485	-	-	24,594,571
Total capital assets being depreciated	<u>25,485,579</u>	<u>109,095</u>	<u>-</u>	<u>-</u>	<u>25,594,674</u>
Less accumulated depreciation for					
Buildings	29,146	4,863	-	-	34,009
Automotive and equipment	383,754	47,672	-	-	431,426
Furniture and office equipment	71,752	3,736	-	-	75,488
Water and sewer system	13,657,257	366,261	-	-	14,023,518
Total accumulated depreciation	<u>14,141,909</u>	<u>422,532</u>	<u>-</u>	<u>-</u>	<u>14,564,441</u>
Total capital assets being depreciated, net	<u>11,343,670</u>	<u>(313,437)</u>	<u>-</u>	<u>-</u>	<u>11,030,233</u>
Combined Water and Sewer Capital Asset, Net	<u>11,381,924</u>	<u>(277,664)</u>	<u>-</u>	<u>-</u>	<u>11,104,260</u>
BUSINESS-TYPE CAPITAL ASSETS – NET	<u><u>\$ 15,759,065</u></u>	<u><u>\$ (176,813)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,582,252</u></u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 12,340
Public safety	154,356
Public works	162,007
Culture and recreation	<u>51,693</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 380,396</u>
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Business-Type Activities

Natural gas	\$ 191,646
Water and sewer	<u>422,532</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 614,178</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, 2018, the City had two 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, 2018**

**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

The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' Retirement System available at www.PERS.ms.gov.

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 (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011). Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership 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. In the event of death prior to retirement of any member whose spouse and/or children are not eligible to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The 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, 2018 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, 2018, 2017, and 2016 were \$581,992, \$556,932, and \$580,488, respectively, equal 100% of the required contributions for each year.

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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**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, 2018, the City reported a liability of \$9,400,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.056517%, which was an increase of 0.000727%, from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$876,276. At September 30, 2018, 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	\$ 41,211	\$ 39,628
Net difference between projected and actual earnings on pension plan investments	-	186,868
Changes of assumptions	5,546	5,192
Changes in proportion and differences between City contributions and proportionate share of contributions	183,245	161,019
City contributions subsequent to the measurement date	<u>139,908</u>	<u>-</u>
	<u>\$ 369,910</u>	<u>\$ 392,707</u>

\$139,908 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, 2019.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**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**

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	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2019	\$ 119,820	\$ (24,302)	\$ 95,518
2020	60,682	(83,140)	(22,458)
2021	49,501	(242,991)	(193,490)
2022	-	(42,274)	(42,274)
	<u>\$ 230,003</u>	<u>\$ (392,707)</u>	<u>\$ (162,704)</u>

Acturial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods 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, 2018 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.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**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**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 Assets	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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 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 Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 12,377,704	\$ 9,400,456	\$ 6,925,971

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.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**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**

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued 2018 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 2018 there were no changes of assumptions.

Payables to the Pension Plan

At September 30, 2018, 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, 2018.

Section 125 Cafeteria Reduction Plan

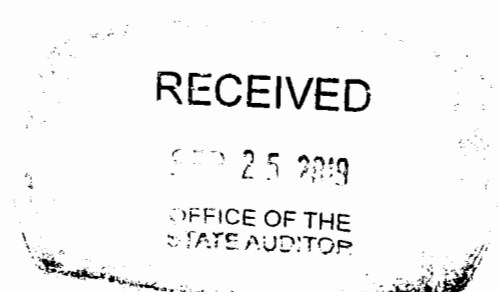
Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$123,748.

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, 2018**

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

General long-term debt balances and transactions for the year ended September 30, 2018 are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance 10/1/2017</u>	<u>Additions Changes</u>	<u>Repayments Changes</u>	<u>Ending Balance 9/30/2018</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds							
General Obligation Public							
Improvement Bonds – Series 2004	5/19/2019	4.25%	<u>\$ 285,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>
Total general obligation bonds			<u>285,000</u>	<u>-</u>	<u>140,000</u>	<u>145,000</u>	<u>145,000</u>
Notes from Direct Borrowings and Direct Placements							
Northeast Mississippi Planning and							
Development District	3/1/2019	2.00%	8,119	-	4,043	4,076	4,076
BancorpSouth Bank	1/20/2019	2.26%	51,969	-	26,101	25,868	25,868
BancorpSouth Bank	11/1/2020	2.55%	100,464	-	25,902	74,562	24,251
First American National Bank	1/18/2021	2.23%	80,000	-	19,275	60,725	19,850
Renasant Bank	1/26/2019	2.44%	51,228	-	25,320	25,908	25,908
Total direct borrowings and direct placements			<u>291,780</u>	<u>-</u>	<u>100,641</u>	<u>191,139</u>	<u>99,953</u>
Net pension liability	---	---	<u>7,013,622</u>	<u>-</u>	<u>(209,903)</u>	<u>7,223,525</u>	<u>-</u>
Compensated absences	---	---	<u>207,798</u>	<u>-</u>	<u>24,023</u>	<u>183,775</u>	<u>5,741</u>
TOTAL GOVERNMENTAL ACTIVITIES			<u>\$ 7,798,200</u>	<u>\$ -</u>	<u>\$ 54,761</u>	<u>\$ 7,743,439</u>	<u>\$ 250,694</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 145,000	\$ 6,163	\$ 151,163	\$ 99,953	\$ 4,577	\$ 104,530
2020	-	-	-	45,066	2,192	47,258
2021	-	-	-	46,120	1,090	47,210
Total	<u>\$ 145,000</u>	<u>\$ 6,163</u>	<u>\$ 151,163</u>	<u>\$ 191,139</u>	<u>\$ 7,859</u>	<u>\$ 198,998</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2019	\$ 244,953	\$ 10,740	\$ 255,693
2020	45,066	2,192	47,258
2021	46,120	1,090	47,210
Total	<u>\$ 336,139</u>	<u>\$ 14,022</u>	<u>\$ 350,161</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. The notes from direct borrowings and direct placements are collateralized by six 2015 Chevrolet Tahoes, a 2017 Chevrolet Tahoe, and a 2015 Freightliner Chassis truck. 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, 2018**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2017	Additions Changes	Repayments Changes	Ending Balance 9/30/2018	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%	\$ 1,645,000	\$ -	\$ 80,000	\$ 1,565,000	\$ 85,000
Total general obligation bonds			1,645,000	-	80,000	1,565,000	85,000
Notes from Direct Borrowings and Direct Placements							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013	8/1/2027	2.5%- 4.00%	4,565,000	-	395,000	4,170,000	405,000
Total notes from direct borrowings and direct placements			4,565,000	-	395,000	4,170,000	405,000
Plus unamortized premium			20,999	-	3,215	17,784	-
Net notes from direct borrowings and direct placements			4,585,999	-	398,215	4,187,784	405,000
Net pension liability			1,245,700	-	85,577	1,160,123	-
Compensated absences	---	---	44,328	1,069	-	45,397	5,941
Total combined water and sewer system fund			7,521,027	1,069	563,792	6,958,304	495,941
<u>Gas System Fund</u>							
Net pension liability			1,014,869	-	(1,939)	1,016,808	-
Compensated absences	---	---	19,133	506	-	19,639	4,676
Total gas system fund			1,034,002	506	(1,939)	1,036,447	4,676
TOTAL BUSINESS TYPE ACTIVITIES			\$ 8,555,029	\$ 1,575	\$ 561,853	\$ 7,994,751	\$ 500,617

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above general obligation bonds and notes from direct borrowings and direct placements payable at September 30, 2018 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 85,000	\$ 42,964	\$ 127,964	\$ 405,000	\$ 138,563	\$ 543,563
2020	90,000	40,074	130,074	415,000	128,438	543,438
2021	90,000	37,014	127,014	430,000	117,544	547,544
2022	95,000	33,954	128,954	445,000	104,644	549,644
2023	100,000	30,724	130,724	455,000	90,738	545,738
2024 - 2028	560,000	115,579	675,579	2,020,000	198,673	2,218,673
2029 - 2033	545,000	38,070	583,070	-	-	-
Total	<u>\$ 1,565,000</u>	<u>\$ 338,379</u>	<u>\$ 1,903,379</u>	<u>\$ 4,170,000</u>	<u>\$ 778,600</u>	<u>\$ 4,948,600</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
2019	\$ 490,000	\$ 181,527	\$ 671,527
2020	505,000	168,512	673,512
2021	520,000	154,558	674,558
2022	540,000	138,598	678,598
2023	555,000	121,462	676,462
2024 - 2028	2,580,000	314,252	2,894,252
2029 - 2033	545,000	38,070	583,070
Total	<u>\$ 5,735,000</u>	<u>\$ 1,116,979</u>	<u>\$ 6,851,979</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 \$53,821 resulted from refunding the 2002 bond issue in 2013 and is reported as deferred outflow pertaining to loss on refunding in the accompanying financial statements.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

BUSINESS-TYPE ACTIVITIES - continued

The Business-Type general obligation bonds of \$1,565,000 are paid from the revenues of the Combined Water and Sewer Fund and the Waste Collection 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. The Business-Type notes from direct borrowings and direct placements of \$4,170,000 are collateralized by the revenues of the Combined Water and Sewer System Fund and the Waste Collection Fund. The Business-Type notes from direct borrowings and direct placements of \$4,170,000 contain a provision requiring the City to produce revenues of 120 percent of the aggregate of all debt service payments. Failure to do so could accelerate payment of the entire principal amount to become immediately due. The City produced sufficient revenues to meet this requirement during the current year. See Note I for additional debt provision requirements.

NOTE I - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund

	Gas System Fund Cash	Combined Water and Sewer System Fund Cash	Total
Current Debt Service	\$ -	\$ 713,799	\$ 713,799
Contingency Reserve	47,528	5,000	52,528
Depreciation Reserve	-	5,000	5,000
Customer Deposits	423,751	131,366	555,117
Unemployment	13,435	15,796	29,231
Construction	188,364	478,341	666,705
Total	<u>\$ 673,078</u>	<u>\$ 1,349,302</u>	<u>\$ 2,022,380</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, 2018, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE J - INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2018 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 4,830	\$ 58,817
Nonmajor Funds - Other Governmental Funds	1,692	-
Gas System Fund	58,738	-
Combined Water and Sewer System Fund	-	6,443
	<u>\$ 65,260</u>	<u>\$ 65,260</u>

The general fund receivable due from the combined water and sewer system fund of \$4,830 represents water and sewer system funds paid by general fund in error. The general fund payable of \$58,817 consists of \$57,125 due to the gas system for general fund expenses paid by the gas system fund in error and \$1,692 due to the nonmajor funds for revenue collections not transferred at September 30, 2018 and for incorrect reimbursements to the general fund. The remaining gas system fund receivable of \$1,613 is due from the combined water and sewer system fund for unreimbursed expenses. These are expected to be reimbursed in the year ended September 30, 2019.

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
Major Governmental Funds:		
General Fund	\$ 1,579,067	\$ 686,294
Grants Fund	797,794	-
Total Major Governmental Funds	<u>\$ 2,376,861</u>	<u>\$ 686,294</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,590,972
Combined Water and Sewer System Fund	39,424	-
Total Major Enterprise Funds	<u>\$ 39,424</u>	<u>\$ 1,590,972</u>
Nonmajor Governmental Funds	\$ -	\$ 111,500
Nonmajor Enterprise Funds	-	27,519
Total Nonmajor Funds	<u>\$ -</u>	<u>\$ 139,019</u>
Total all funds	<u>\$ 2,416,285</u>	<u>\$ 2,416,285</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

The General Fund received transfers of \$1,579,067 from the Gas System Fund. The \$1,579,067 transfer from the Gas System Fund consisted of a \$1,546,527 authorized surplus fund transfer and \$32,540 General Fund portion of shop expenditures paid by the Gas System Fund.

The Grant Fund received transfers of \$797,794, which came from the General Fund \$686,294 and the Tourism Fund \$111,500 to be used as matching local funds for present and future grants.

The Combined Water and Sewer System Fund received transfers of \$39,424 from the Gas System Fund and Waste Collection Fund. The \$27,519 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 \$11,905 transfer from the Gas System Fund resulted from the Combined Water and Sewer System Fund portion of the Internal Service Fund expenditures being paid by the Natural Gas System.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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	13,044
Homestead exemption – State of Mississippi	159,132
TVA and other payments in lieu of taxes	155,234
Road tax – Prentiss County	62,605
Solid waste – District	39,420
Police academy – State of Mississippi	4,545
Advalorem privilege tax – Prentiss County	21,247
Railroad car tax – Prentiss County	11,399
Fire grant – federal	1,500
Department of Transportation – street lights – federal	<u>2,440</u>

Total General Fund	<u>\$ 507,066</u>
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Grants Fund

Department of Transportation – intersection improvements – federal	<u>\$ 740,062</u>
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Total Grants Fund	<u>\$ 740,062</u>
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Nonmajor Governmental Funds

Special Revenue Funds

Fire Code Fund	
Fire Code – State of Mississippi	\$ 1,462
Fire Protection Fund	
Fire Protection – State of Mississippi	<u>48,445</u>

Total Nonmajor Governmental Funds	<u>49,907</u>
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Total Governmental Funds	<u>\$ 1,297,035</u>
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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

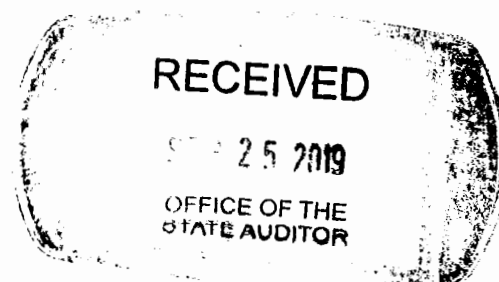
During the year ended September 30, 2018, the City General Fund paid rent for office equipment and park equipment totaling \$3,821. At September 30, 2018, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2019 \$956, 2020 \$0, 2021 \$0, 2022 \$0, and 2023 \$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 a custodial 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	46.48
Bonded indebtedness	5.80
Other debt	3.23
Shortfall	1.01
	<u>56.52</u>



CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 98 - 103. 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, 2018:

Gas System	\$ 1,872,813
Combined Water and Sewer System	534,030
Waste Collection System	<u>(657)</u>
Total	<u>\$ 2,406,186</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the Gas System Fund had extended credit to customers totaling \$154,315 and to others totaling \$5,637. Gas System Fund receivables are secured by customer deposits totaling \$386,029. No other collateral has been obtained.

At September 30, 2018, the Combined Water and Sewer System Fund had extended credit to customers totaling \$353,802 and to others totaling \$2,980. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$130,638. No other collateral has been obtained.

At September 30, 2018, the Nonmajor Enterprise Fund had extended credit to customers totaling \$29,707. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$63,465 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$12,660 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$30,364 for contract waste collection and dumping fees.

NOTE P - RELATED PARTY TRANSACTIONS

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

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

The City has one open lawsuit claim. 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 Water and Sewer Department 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, 2018

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 \$653 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 \$7,836 for the year ending September 30, 2019.

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, 2019.

The 500,000 gallon elevated water tank contract requires a monthly payment of \$879.53 until December 15, 2020. The fee will be adjusted to reflect the current cost of service on December 15, 2025 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, 2019.

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.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE R - DONATED SERVICES

During the year ended September 30, 2018, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 66,594	\$ 305,415
National Guard Armory	1,743	798
Booneville Municipal Separate School System	<u>25,772</u>	<u>-</u>
Total	<u>\$ 94,109</u>	<u>\$ 306,213</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 \$39,420 during the year ended September 30, 2018.

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, 2018**

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 \$13,435 for the Gas System Fund net position and \$15,796 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, 2018. 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 \$1,374,099 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 Activities	Business-Type Activities
Land and construction in progress	\$ 1,043,044	\$ 282,763
Other capital assets (net of accumulated depreciation)	5,128,239	15,299,489
Deferred loss on refunding	-	53,821
Less matured bonds payable	(4,000)	-
Less bonds and notes payable	<u>(336,139)</u>	<u>(5,752,784)</u>
Net investment in capital asset	<u>\$ 5,831,144</u>	<u>\$ 9,883,289</u>

NOTE X - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted (deficit) net position amount of (\$3,685,190) 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 \$109,544 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, 2019. The \$201,147 balance of deferred outflow of resources related to pensions at September 30, 2018 will be recognized as an addition to pension expense over the next four years. The \$278,462 balance of the deferred inflows of resources related to pensions at September 30, 2018 will be recognized as a reduction in pension expense over the next four years.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

The business type activities' unrestricted net position amount of \$1,088,151 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 \$30,364, 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, 2019. The \$28,855 balance of deferred outflow of resources related to pensions at September 30, 2018 will be recognized in pension expense over the next four years. The \$114,245 balance of the deferred inflows of resources related to pensions at September 30, 2018 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, 2018, the City abated property taxes totaling \$698,001 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 2009 to 2018 with a total cost or value of \$98,867,381 beginning for the tax rolls as follows: 2009 \$185,617, 2010 \$31,076, 2011 \$28,060, 2012 \$39,230, 2013 \$35,259, 2014 \$39,322, 2015 \$36,088, 2016 \$48,663, 2017 \$38,766, and 2018 \$39,197. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$521,278.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2009 to 2018 with a total cost or value of \$15,194,408 beginning for the tax rolls as follows: 2009 \$10,790, 2010 \$10,592, 2011 \$6,790, 2012 \$20,601, 2013 \$7,909, 2014 \$9,391, 2015 \$6,855, 2016 \$3,600, 2017 \$3,584, and 2018 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$80,112.

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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 \$16,749,677 beginning for the tax rolls as follows: 2009 \$2,605, 2010 \$2,279, 2011 \$3,167, 2012 \$15,004, 2013 \$2,281, 2014 \$12,707, 2015 \$9,806, 2016 \$6,626, 2017 \$29,724 and 2018 \$4,114. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$88,313.

NOTE Z - IMPLEMENTATION AND EARLY IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING AUDITING STANDARDS SERIES

Effective October 1, 2017, the City early implemented Statement No. 84 of the Governmental Accounting Standards Board - Fiduciary Activities. Implementation of this standard had no effect on beginning net position or beginning fund balance. Implementation of this standard eliminated the title agency funds and replaced it with the title custodial funds and required a new statement. The financial statements include Statement 9 Statement of Changes in Fiduciary Net Positions as required by implementation of this standard.

Effective October 1, 2017 the City implemented Statement No. 88 of the Governmental Accounting Standards Board - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. Implementation of this standard had no effect on beginning net position or beginning fund balance. Implementation of this standard changed the wording for debt other than general obligation debt to notes from direct borrowings and direct placements. This standard also required additional disclosures about debt.

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, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%	0.055790%	0.056517%
City's proportionate share of the net pension liability (asset)	\$ 6,953,593	\$8,694,676	\$10,204,488	\$ 9,274,191	\$ 9,400,456
City's covered payroll	\$ 3,462,408	\$3,502,243	\$ 3,664,265	\$ 3,507,997	\$ 3,684,129
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%	255.16%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%

* 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.

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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, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122	\$ 552,509	\$ 580,250
Contributions in relation to the statutorily required contribution	<u>(545,329)</u>	<u>(551,603)</u>	<u>(577,122)</u>	<u>(552,509)</u>	<u>(580,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,462,408	\$ 3,502,343	\$ 3,664,265	\$ 3,507,997	\$ 3,684,129
Contributions as a percentage of covered payroll	15.75%	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, 2018

	<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	\$ 1,746,801	\$ 1,746,801	\$ 1,828,150	\$ (73,625)	\$ 1,754,525	\$ 7,724
Excess tax sale	-	-	10,562	-	10,562	10,562
Franchise taxes	270,743	270,743	207,389	(1,933)	205,456	(65,287)
Municipal sales tax	1,806,495	1,806,495	1,939,495	(10,037)	1,929,458	122,963
Permits, fees, and privilege tax	30,581	30,581	30,313	-	30,313	(268)
Municipal court fines and bond fees	431,121	431,121	253,090	(23,975)	229,115	(202,006)
Intergovernmental revenues	378,922	378,922	507,066	51,677	558,743	179,821
Interest income	5	5	9,597	-	9,597	9,592
Charge for services	96,782	96,782	106,198	600	106,798	10,016
Collection fees	95,724	95,724	92,876	-	92,876	(2,848)
Administrative fees	-	-	101,126	-	101,126	101,126
Donations	507	507	1,300	-	1,300	793
Other	43,150	43,150	6,126	(1)	6,125	(37,025)
Total revenues	4,900,831	4,900,831	5,093,288	(57,294)	5,035,994	135,163
<u>EXPENDITURES</u>						
General Government						
Personnel services	527,250	527,250	505,912	2,694	508,606	18,644
Supplies	25,000	33,000	29,085	(747)	28,338	4,662
Other services and charges	270,000	262,000	169,705	42,815	212,520	49,480
Capital outlay	50,000	50,000	52,923	-	52,923	(2,923)
Total	\$ 872,250	\$ 872,250	\$ 757,625	\$ 44,762	\$ 802,387	\$ 69,863

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, 2018

	Budgeted Amounts		Actual Amounts			Variance with
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	Final Budget Positive (Negative)
EXPENDITURES - continued						
Public Safety - Fire						
Personnel services	\$ 1,493,070	\$ 1,473,070	\$ 1,408,843	\$ 15,715	\$ 1,424,558	\$ 48,512
Supplies	50,000	60,000	42,295	449	42,744	17,256
Other services and charges	70,000	70,000	64,705	(4,111)	60,594	9,406
Debt service	-	-	4,208	(4,208)	-	-
Capital outlay	117,758	127,758	113,339	4,208	117,547	10,211
Total	1,730,828	1,730,828	1,633,390	12,053	1,645,443	85,385
Public Safety - Police						
Personnel services	1,171,690	1,259,690	1,266,905	(3,496)	1,263,409	(3,719)
Supplies	109,000	118,500	116,989	(3,708)	113,281	5,219
Other services and charges	300,000	375,500	360,021	(5,867)	354,154	21,346
Debt service	-	-	54,779	(54,779)	-	-
Capital outlay	312,790	249,790	196,564	54,779	251,343	(1,553)
Total	1,893,480	2,003,480	1,995,258	(13,071)	1,982,187	21,293
Public Property						
Personnel services	147,428	147,428	131,234	312	131,546	15,882
Supplies	30,000	35,000	33,406	(193)	33,213	1,787
Other services and charges	100,000	104,000	102,789	(7,615)	95,174	8,826
Capital outlay	60,000	51,000	20,591	-	20,591	30,409
Total	\$ 337,428	\$ 337,428	\$ 288,020	\$ (7,496)	\$ 280,524	\$ 56,904

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CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2018

	Budgeted Amounts		Actual Amounts			Variance with
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	Final Budget Positive (Negative)
EXPENDITURES - continued						
Street						
Personnel services	\$ 466,764	\$ 466,764	\$ 444,646	\$ 3,830	\$ 448,476	\$ 18,288
Supplies	100,000	125,000	123,219	(776)	122,443	2,557
Other services and charges	222,000	229,000	241,425	(20,287)	221,138	7,862
Debt service	155,000	155,000	152,568	-	152,568	2,432
Capital outlay	155,000	123,000	58,040	-	58,040	64,960
Total	1,098,764	1,098,764	1,019,898	(17,233)	1,002,665	96,099
Park Operations						
Personnel services	171,929	166,929	154,408	3,678	158,086	8,843
Supplies	45,000	45,000	43,586	225	43,811	1,189
Other services and charges	20,000	25,000	23,289	(4)	23,285	1,715
Total	236,929	236,929	221,283	3,899	225,182	11,747
Park Maintenance						
Personnel services	251,693	251,693	223,111	17	223,128	28,565
Supplies	62,000	65,000	61,627	(291)	61,336	3,664
Other services and charges	49,000	52,000	45,922	(295)	45,627	6,373
Capital outlay	72,000	66,000	41,950	-	41,950	24,050
Total	\$ 434,693	\$ 434,693	\$ 372,610	\$ (569)	\$ 372,041	\$ 62,652

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CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2018

	<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>						
Tourism						
Personnel services	\$ 148,709	\$ 38,709	\$ 28,034	\$ -	\$ 28,034	\$ 10,675
Supplies	5,000	7,000	4,174	-	4,174	2,826
Other services and charges	5,000	3,000	663	-	663	2,337
Capital outlay	5,000	5,000	1,002	-	1,002	3,998
Total	163,709	53,709	33,873	-	33,873	19,836
Economic Development						
Other services and charges	-	-	64,157	(64,157)	-	-
Total	-	-	64,157	(64,157)	-	-
Total expenditures	6,768,081	6,768,081	6,386,114	(41,813)	6,344,301	423,780
Excess (deficit) of revenues over (under) expenditures	\$ (1,867,250)	\$ (1,867,250)	\$ (1,292,826)	\$ (15,481)	\$ (1,308,307)	\$ 558,943

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, 2018

	<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>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from other loans	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
Non-revenue receipts	-	-	11,231	-	11,231	11,231
Operating transfers in	1,651,171	1,651,171	1,579,067	(32,540)	1,546,527	(104,644)
Operating transfers out	-	-	(686,294)	503,294	(183,000)	(183,000)
Total other financing sources (uses)	1,691,171	1,691,171	904,004	470,754	1,374,758	(316,413)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(176,079)	(176,079)	(388,822)	455,273	66,451	242,530
Fund balances - beginning of year	3,521,483	3,521,483	3,521,483	-	3,521,483	-
Fund balances - end of year	<u>\$ 3,345,404</u>	<u>\$ 3,345,404</u>	<u>\$ 3,132,661</u>	<u>\$ 455,273</u>	<u>\$ 3,587,934</u>	<u>\$ 242,530</u>

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

Schedule 4

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
Grant Fund
For the fiscal year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>
<u>REVENUES</u>					
Intergovernmental revenues	\$ -	\$ -	\$ 740,062	\$ -	\$ 740,062
Interest income	-	-	1,432	-	1,432
Total revenues	-	-	741,494	-	741,494
<u>EXPENDITURES</u>					
Other services and charges	-	-	3,000	-	3,000
Capital outlay	500,000	500,000	1,314,236	-	1,314,236
Total expenditures	500,000	500,000	1,317,236	-	1,317,236
Excess (deficit) of revenues over (under) expend	(500,000)	(500,000)	(575,742)	-	(575,742)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	-	-	797,794	(503,294)	294,500
Total other financing sources (uses)	-	-	797,794	(503,294)	294,500
Excess (deficit) of revenues and other financing sources over (under) expenditures and other use	(500,000)	(500,000)	222,052	(503,294)	(281,242)
Fund balances - beginning of year	-	-	-	-	-
Fund balances - end of year	\$ (500,000)	\$ (500,000)	\$ 222,052	\$ (503,294)	\$ (281,242)

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, 2018

NOTE 1 - PENSION SCHEDULES

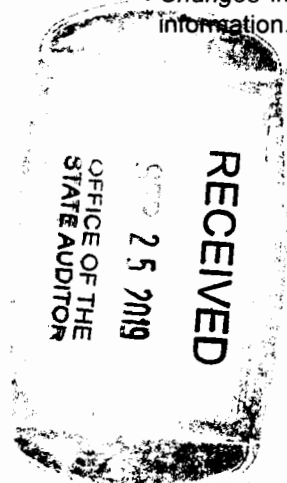
- A. *Changes in benefit provisions.* Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.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



CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2018

NOTE 1 - PENSION SCHEDULES - CONTINUED

- D. *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, 2016 valuation for the June 30, 2018 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	36.6 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 outlay).
 - 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 outlay, 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, 2018

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
 Receivables
 Payables

<u>General Fund</u>	<u>Grant Fund</u>
\$ 94,679	\$ -
(128,898)	-
(23,075)	-
<u>(57,294)</u>	<u>-</u>

Total

Expenditures

Accounts payable paid after 30 days
 Accrued liabilities paid after 30 days
 Prepaid expenses
 Vacation accrual paid after 30 days
 Reclassification of \$64,157 economic development other services and charges budgeted in general government other services and charges
 Shop expenses budgeted on Gas System Fund included in expense on actual

(21,179)	-
(446)	-
(5,996)	-
18,348	-
-	-
(32,540)	-
<u>(41,813)</u>	<u>-</u>

Total

Other Financing Sources (Uses)

Reclassification of beginning balance of grant fund included in general fund treated as transfer
 Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual

503,294	(503,294)
(32,540)	-
<u>470,754</u>	<u>(503,294)</u>

Total

Net difference in budgetary basis and actual

<u>\$ 455,273</u>	<u>\$ (503,294)</u>
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CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2018

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	\$ 218,347	\$ 205,206	\$ 18,641	\$ -	\$ 1,447	\$ 19,424	\$ 93,283	\$ -	\$ 556,348
Due from other funds	-	216	675	-	-	801	-	-	1,692
Due from other governments	-	64,420	-	-	-	-	-	-	64,420
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-	-
Total assets and other debits	\$ 218,347	\$ 269,842	\$ 19,316	\$ -	\$ 1,447	\$ 20,225	\$ 93,283	\$ -	\$ 622,460
LIABILITIES									
Accounts payable - operations	\$ (930)	\$ 902	\$ 1,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,391
Matured interest payable	-	-	-	-	-	-	-	568	568
Matured revenue bonds payable	-	-	-	-	-	-	-	4,000	4,000
Total liabilities	(930)	902	1,419	-	-	-	-	4,568	5,959
FUND BALANCES									
Restricted	219,277	268,940	17,897	-	1,447	20,225	93,283	-	621,069
Unassigned	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	219,277	268,940	17,897	-	1,447	20,225	93,283	(4,568)	616,501
Total liabilities and fund balances	\$ 218,347	\$ 269,842	\$ 19,316	\$ -	\$ 1,447	\$ 20,225	\$ 93,283	\$ -	\$ 622,460

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2018

	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	\$ -	\$ 388,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,006
Municipal court fines and bond fees	-	-	9,329	-	-	5,407	-	-	14,736
Intergovernmental revenues	48,446	-	-	-	1,461	-	-	-	49,907
Interest income	672	425	76	-	6	63	302	-	1,544
Charge for services	-	-	-	-	-	-	32,880	-	32,880
Donations	500	-	-	-	-	-	-	-	500
Total revenues	<u>49,618</u>	<u>388,431</u>	<u>9,405</u>	<u>-</u>	<u>1,467</u>	<u>5,470</u>	<u>33,182</u>	<u>-</u>	<u>487,573</u>
<u>EXPENDITURES</u>									
Current									
Public safety	-	-	1,919	-	1,438	-	-	-	3,357
Public works	-	-	-	-	-	-	1,044	-	1,044
Tourism	-	1,981	-	-	-	-	-	-	1,981
Capital outlay	-	35,036	-	-	-	-	-	-	35,036
Debt Service									
Principal retirement - general obligation	-	-	18,067	-	-	-	25,902	-	43,969
Interest and paying agent	-	-	1,317	-	-	-	250	-	1,567
Total expenditures	<u>-</u>	<u>37,017</u>	<u>21,303</u>	<u>-</u>	<u>1,438</u>	<u>-</u>	<u>27,196</u>	<u>-</u>	<u>86,954</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 49,618</u>	<u>\$ 351,414</u>	<u>\$ (11,898)</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 5,470</u>	<u>\$ 5,986</u>	<u>\$ -</u>	<u>\$ 400,619</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, 2018

	<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>									
Operating transfers out	\$ -	\$ (111,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (111,500)
Total other financing sources (uses)	-	(111,500)	-	-	-	-	-	-	(111,500)
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	49,618	239,914	(11,898)	-	29	5,470	5,986	-	289,119
Fund balance - beginning of year	169,659	29,026	29,795	-	1,418	14,755	87,297	(4,568)	327,382
Fund balance - end of year	<u>\$ 219,277</u>	<u>\$ 268,940</u>	<u>\$ 17,897</u>	<u>\$ -</u>	<u>\$ 1,447</u>	<u>\$ 20,225</u>	<u>\$ 93,283</u>	<u>\$ (4,568)</u>	<u>\$ 616,501</u>

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Chris Lindley	Mayor	\$ 100,000	St Paul	7/3/2019
Lisa Stevens	Alderpersion	100,000	St Paul	7/3/2019
William Scott	Alderpersion	100,000	St Paul	7/3/2019
Mark McCoy	Alderpersion	100,000	St Paul	7/3/2019
Jason Michael	Alderpersion	100,000	St Paul	7/3/2019
Jeff Williams	Alderpersion	100,000	St Paul	7/3/2019
Lavaile Shields	City Clerk	100,000	Brierfield Ins. Co.	12/11/2018
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2019
Sabrina Welch	Administrative Assistant	50,000	Travelers Casualty	7/18/2019
Curtis Featherstone	Department Head	50,000	Brierfield Ins. Co.	3/10/2019
Billy Joe Spencer	Department Head	50,000	Travelers Casualty	2/28/2019
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2019
Amanda Bland	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2019
Melissa Harris	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2019
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2019
Tameka C Holland	Clerk	50,000	RLI Surety	2/18/2019
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2019
Lacinda Steward	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Mitzi Stennett	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Gayla Dawn Stevenson	Clerk	50,000	Travelers Casualty	2/17/2019
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2019
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2019
Oscar Joshlin, Jr	Customer Service	50,000	Brierfield Ins. Co.	3/10/2019
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2019
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2019
Paul Bowling	Animal Control Officer	50,000	Brierfield Ins. Co.	3/10/2019
Robbie Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Jacquelin Rowan	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Christine Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2019
Lexie Gamble	Tourism Department Head	50,000	Brierfield Ins. Co.	3/10/2019

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, 2018, 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 17, 2019.

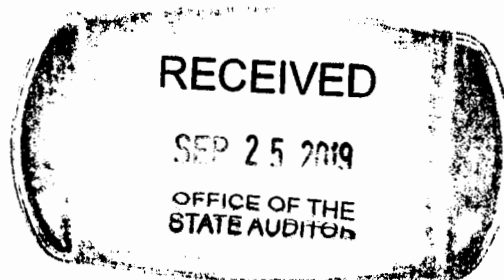
Internal Control over Financial Reporting

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 our opinions 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 did identify 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 as items 2018-001, 2018-002, 2018-003, and 2018-004 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-005, 2018-006, and 2018-007 to be significant deficiencies.

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 2018-008, 2018-009, and 2017-010.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated September 17, 2019.

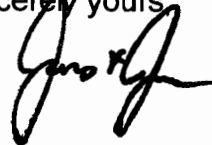
City of Booneville, Mississippi's Response to Findings

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 17, 2019

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, 2018, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 17, 2019.

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 2018-008, 2018-009, and 2017-010.

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.

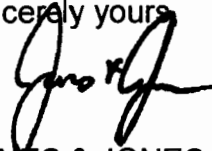
Purpose of this Report

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 17, 2019

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENT

MATERIAL WEAKNESSES

2018-001. 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.

2018-002. 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, 2018 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, \$22,195 from the 2008 tax year, \$19,592 from the 2009 tax year, \$13,661 from the 2010 tax year, \$16,680 from the 2011 tax year, \$19,846 from the 2012 tax year, \$9,826 from the 2013 tax year, \$8,034 from the 2014 tax year, \$7,708 from the 2015 tax year, \$15,230 from the 2016 tax year, and \$67,604 from the 2017 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, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2018-002. Property Tax Collection - continued

Response: We concur with the recommendation.

2018-003. 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.

2018-004. Police Fine Collection Efforts

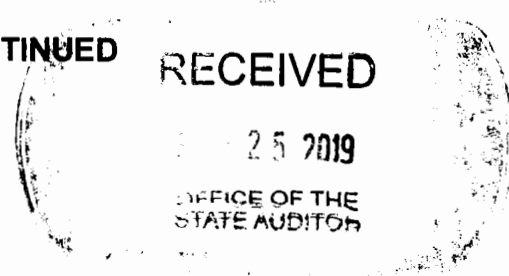
Condition: The delinquent police fine receivables are increasing.

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 significantly during the year ended September 30, 2018.

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, 2018

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

2018-005. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2018-008, 2018-009, and 2018-010, 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 2018-008, 2018-009, and 2018-010.

Cause: See cause in finding numbers 2018-008, 2018-009, and 2018-010.

Recommendation: See recommendation in finding numbers 2018-008, 2018-009, and 2018-010. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

2018-006. 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.

Cause: The City requested documents to determine if the required payments are being made, but were not provided the monthly financial statements.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES - CONTINUED

2018-006. Home Loan Notes Receivable - continued

Recommendation: We recommend the City obtain monthly financial statements including cash flow analysis from the two Home Loan recipients monthly. If such financial statements are not provided by the loan recipients, the City should consult its attorney for methods to obtain these documents.

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

2018-007. Unaccounted for Natural Gas

Condition: Unaccounted for natural gas per City records was 12.85%.

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 427,338 MCF compared to 490,334 MCF purchased. The difference of 62,996 MCF (12.84%) cost the City approximately \$146,721 in cost of gas and/or \$425,050 in potential lost sales compared to the expected loss percentage including transportation of 5%.

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

Recommendation: We recommend the City test meters to determine they are programmed correctly. We recommend the City use the reports generated by their billing software to determine zero use meters and significant variation from normal usage reports to discover broken meters and replace them immediately. 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 are replacing broken meters.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2018

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2018-008. 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 outlay, election expenses and payment of emergency warrants. Sections 21-35-5 and 21-35-9, Miss. Code Ann. (1972) provide for Special Revenue Funds.

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

General Fund – public safety – police – personnel services	\$ 3,719
General Fund – transfers out	183,000
Grant Fund – other services and charges	3,000
Dare Fund – supplies	419
Rubbish Fund – supplies	1,044
Fire Code Fund - supplies	695
Tourism Fund - supplies	1,831
Gas System – transfer out	1,403,541

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 continue reviewing the budget vs actual comparison and amend the budget as circumstances require.

Response: We concur, and continue our due diligence in our budget amendment process.

2018-009. Water and Sewer Billing Rates

Condition: The Board of Alderperson's minutes do not reflect the rate increases implemented by the Board of Alderpersons.

Criteria: The Board of Alderpersons sets the rate charged for water and sewer.

Effect: The June 20, 2018 minutes authorized a 5% increase in water rates effective with the next billing cycle. The prior rates for water was a minimum bill \$9.00 with \$5.00 per thousand gallons over 2,000. The prior rates for sewer was a minimum bill \$8.50 with \$4.25 per thousand gallons over 2,000. The water rate was increased to \$9.50 (an increase of 5.5556%) minimum and \$5.35 (an increase of 7.005) per thousand over 2,000. The sewer rate was increased to \$9.00 minimum and \$4.50 per thousand over 2,000 with no authorization in minutes.

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CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2018

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

2018-009. Water and Sewer Billing Rates - continued

Cause: The City Engineer presented his recommended water and sewer rates for each billing category to the Board of Alderpersons. As part of his presentation he stated the increase was approximately 5%. Management stated the Board of Alderpersons approved the water and sewer rates as recommended by the City Engineer; however, the Board of Alderperson's minutes reflected a water rate increase of 5%.

Recommendation: We recommend the City consult its attorney and approve the required actions to correct the June 20, 2018 minutes to reflect the actual actions of the Board of Alderpersons.

Response: We have made the necessary corrections to our minutes to reflect the correct amount authorized.

2018-010. Tax Abatement

Condition: The City gave two taxpayers tax abatements in excess of the allowed amounts.

Criteria: The Board of Alderperson established a tax abatement program under Miss Code 17-21-5(1) Entitled Exemption from Municipal Ad Valorem Taxes for certain Structures in Central Business Districts, or on Historic Landmarks; Application for Exemption. This tax abatement policy allows exemptions for certain improvements made to businesses.

Effect: The City only has 2 businesses taking advantage of this tax abatement policy. The City exempted the entire City portion of the taxes paid by these two businesses instead of exempting only the improvement portion.

Cause: This was caused by a misunderstanding of the tax abatement policy.

Recommendation: The City should determine the correct amount of the tax abatement exemption and bill these two business for the amounts due.

Response: We have explained the requirements of this tax abatement policy to our personnel and we will determine the correct amount each business should pay. We will send a bill to these two businesses.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Year Findings
For the fiscal year ended September 30, 2018

Financial Statement Findings

Finding Number	Finding Title	Status
2017-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2018-001.
2017-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2018-002.
2017-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2018-003.
2017-005	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2018-004.
2017-005	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2018-005.
2017-006	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2018-006.
2017-007	Unaccounted for Natural Gas (original finding 2017-007).	Repeated - see current year finding 2018-007.
2017-008	Budget (original finding 2011-012).	Repeated - see current year finding 2018-008.
2017-009	Invoice was Double Billed and Double Paid (Original Finding 2017-009).	This was corrected by receiving a refund in August 2018.

Federal Award Findings and Questioned Costs

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

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