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Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF INDIANOLA, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

CITY OF INDIANOLA, MISSISSIPPI
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September 30, 2018

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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Ken Featherstone
and Honorable Members of the Board of Aldermen
City of Indianola, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indianola, Mississippi, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Indianola, Mississippi'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 did not audit the financial statements of the component unit of the City of Indianola, Mississippi as follows: The Indianola Tourism Commission which represents 0.4716 percent, 1.2849 percent, 6.5518 percent of the assets, net position, and revenues of Indianola Tourism Commission. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indianola, Mississippi, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 17-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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

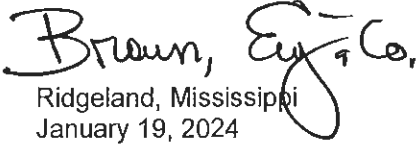
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Indianola, Mississippi's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the City of Indianola, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Indianola, Mississippi's internal control over financial reporting and compliance.


Ridgeland, Mississippi
January 19, 2024

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

INTRODUCTION

The discussion and analysis is of the City of Indianola, Mississippi's annual financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2018. The intent of this discussion and analysis is to look at the City's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

FINANCIAL HIGHLIGHTS

The assets of the City of Indianola, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$9,561,572 (*net position*). Of this amount, \$186,531 (*unrestricted net assets*) is not available to be used to meet the City's ongoing obligations to citizens and creditors due to a deficit.

The City's total net position decreased by \$395,842. This decrease is due primarily to an increase in expenditures.

As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,831,820, an increase of \$61,763 in comparison with the prior year. Approximately \$2,993,729 of this total amount is *available for spending* at the City's discretion (*Unrestricted fund balance*).

At the end of the current fiscal year, unassigned fund balance (deficit) for the general fund was \$2,993,729, or 44.66% of total general fund expenditures.

The City's total debt had a net increase of \$77,021, or 0.61% during the current fiscal year. The key factor in this decrease was due to the retirement of debt.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 report information about the City as a whole using accounting methods similar to those used by private-sector companies. The City reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

CITY OF INDIANOLA, MISSISSIPPI
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The government-wide financial statements are divided into two categories, which are described as follows:

- ◆ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ◆ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has three types of funds that are described as follows:

- ◆ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ◆ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.
- ◆ **Fiduciary Fund** - are used to account for resources held for the benefit of parties outside the City 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 accrual basis of accounting is used for fiduciary funds.

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

NET POSITION

A condensed version of the government-wide Statement of Net Position is presented as follows in table 1 below:

	Table 1					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current and other assets	\$ 6,879,238	\$ 6,620,596	\$ 3,997,195	\$ 3,546,435	\$ 10,876,433	\$ 10,167,031
Restricted assets	-	-	428,203	428,203	428,203	428,203
Capital assets	<u>9,328,676</u>	<u>9,253,521</u>	<u>4,551,096</u>	<u>5,068,147</u>	<u>13,879,772</u>	<u>14,321,668</u>
Total Assets	<u>16,207,914</u>	<u>15,874,117</u>	<u>8,976,494</u>	<u>9,042,785</u>	<u>25,184,408</u>	<u>24,916,902</u>
Deferred outflow of resources	<u>811,089</u>	<u>1,470,509</u>	<u>317,171</u>	<u>383,963</u>	<u>1,128,260</u>	<u>1,854,472</u>
Liabilities:						
Current and other liabilities	\$ 327,377	\$ 297,485	372,112	330,379	\$ 699,489	\$ 627,864
Long-term liabilities	<u>7,840,357</u>	<u>7,391,989</u>	<u>4,768,596</u>	<u>5,139,943</u>	<u>12,608,953</u>	<u>12,531,932</u>
Total Liabilities	<u>8,167,734</u>	<u>7,689,474</u>	<u>5,140,708</u>	<u>5,470,322</u>	<u>13,308,442</u>	<u>13,159,796</u>
Deferred inflow of resources	<u>3,386,877</u>	<u>3,563,576</u>	<u>55,777</u>	<u>90,588</u>	<u>3,442,654</u>	<u>3,654,164</u>
Net Position:						
Invested in capital assets (net)	\$ 8,857,739	\$ 9,207,259	572,323	5,068,147	\$ 9,430,062	\$ 14,275,406
Restricted	318,041	272,877	-	-	318,041	272,877
Unrestricted	<u>(3,711,388)</u>	<u>(3,388,560)</u>	<u>3,524,857</u>	<u>(1,202,309)</u>	<u>(186,531)</u>	<u>(4,590,869)</u>
Total Net Position	<u>\$ 5,464,392</u>	<u>\$ 6,091,576</u>	<u>\$ 4,097,180</u>	<u>\$ 3,865,838</u>	<u>\$ 9,561,572</u>	<u>\$ 9,957,414</u>

As the presentation appearing above demonstrates, a large portion of the City's net position, 98.62%, is invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after September 30, 2018 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets, 3.33%, represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets, 1.95% (deficit) are not available to be used to meet the City's ongoing obligations to citizens and creditors.

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- ◆ Increase in total current assets in the amount of \$709,402.
- ◆ Decrease in net capital assets in the amount of \$441,896.
- ◆ Increase in current liabilities in the amount of \$71,625.
- ◆ Increase in long-term liabilities in the amount of \$77,021.

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows in table 2 below:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 33,171	\$ 30,332	\$ 2,367,953	\$ 2,552,563	\$ 2,401,124	\$ 2,582,895
Operating grants and contributions	107,055	93,200	-	-	107,055	93,200
Capital grants and contributions	139,910	211,514	-	-	139,910	211,514
General Revenue:						
Property taxes	3,382,094	3,277,229	-	-	3,382,094	3,277,229
Sales taxes	2,136,120	2,430,044	-	-	2,136,120	2,430,044
Franchise taxes	298,626	200,384	-	-	298,626	200,384
Licenses and permits	49,240	68,183	-	-	49,240	68,183
Interest earnings	31,120	24,332	5,097	3,920	36,217	28,252
Fines and report fees	145,365	246,397	-	-	145,365	246,397
Grants and contributions not restricted	211,304	155,196	-	-	211,304	155,196
Other	93,216	83,067	97,325	140,606	190,541	223,673
Total Revenues	<u>6,627,221</u>	<u>6,819,878</u>	<u>2,470,375</u>	<u>2,697,089</u>	<u>9,097,596</u>	<u>9,516,967</u>
Program Expenses:						
General Government						
Finance & administrative	1,129,408	997,940	-	-	1,129,408	997,940
Public safety	3,139,735	3,402,286	-	-	3,139,735	3,402,286
Public works	1,837,052	1,874,151	-	-	1,837,052	1,874,151
Health and welfare	191,496	139,757	-	-	191,496	139,757
Culture and recreation	885,856	1,164,862	-	-	885,856	1,164,862
Community development	-	72	-	-	-	72
Interest on long-term debt	7,865	3,852	149,884	180,025	157,749	183,877
Municipal Airport	114,868	114,868	-	-	114,868	114,868
Garbage fund	-	-	573,895	578,490	573,895	578,490
Water/sewer	-	-	1,401,132	1,575,481	1,401,132	1,575,481
Mosquito fund	-	-	62,247	65,343	62,247	65,343
Total Expenses	<u>7,306,280</u>	<u>7,697,788</u>	<u>2,187,158</u>	<u>2,399,339</u>	<u>9,493,438</u>	<u>10,097,127</u>
Increase (decrease) in Net Assets						
Before Transfers and Special Items	<u>(679,059)</u>	<u>(877,910)</u>	<u>283,217</u>	<u>297,750</u>	<u>(395,842)</u>	<u>(580,160)</u>
Transfers in (out)	<u>51,875</u>	<u>(25,006)</u>	<u>(51,875)</u>	<u>25,006</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(627,184)</u>	<u>(902,916)</u>	<u>231,342</u>	<u>322,756</u>	<u>(395,842)</u>	<u>(580,160)</u>
Net position, beginning of year	<u>6,091,576</u>	<u>6,994,492</u>	<u>3,865,838</u>	<u>3,543,082</u>	<u>9,957,414</u>	<u>10,537,574</u>
Net Position Ending	<u>\$ 5,464,392</u>	<u>\$ 6,091,576</u>	<u>\$ 4,097,180</u>	<u>\$ 3,865,838</u>	<u>\$ 9,561,572</u>	<u>\$ 9,957,414</u>

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

The following are significant current year transactions that have had an impact on the Statement of Activities:

Governmental activities. Governmental activities decreased the City's net position by \$627,184, accounting for 11.48% decrease in the City's governmental activities net position. Key elements of this increase are as follows:

- ◆ Public safety department expenses decreased by \$262,551, or 7.72 % during the year.
- ◆ Public works department expenses decrease by \$37,099, or 1.98 % during the year.
- ◆ Culture and recreation department expenses decreased by \$279,006, or 23.95% during the year.

Business-type activities. Business-type activities increased the City's net position by \$231,342, accounting for 5.98% of the increase in the City's business-type activities net position. Key elements of this increase are as follows:

- ◆ Water/sewer fund expenses for the business-type activities decreased by \$212,181, or 9.64% during the year.
- ◆ Interest expenses for the business-type activities decreased by \$30,141, or 16.74% during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - The focus of the City's governmental funds is to provide information on current 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 the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined fund balances of \$3,831,820, which represents an increase of \$61,763 in comparison to the previous balance. In addition, the City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$3,513,779.

Proprietary Funds - are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the water and sewer, solid waste, and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside the City 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 accrual basis of accounting is used for fiduciary funds.

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund is required to adopt a budget. The budget is amended as necessary and appropriations increased as a result of the rising cost described in the preceding section.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2018, the City's total capital assets were \$32,720,203. This includes land, buildings, furniture and equipment, mobile equipment, infrastructure and construction in progress as shown in Table 3 below.

Table 3
Capital Assets

Category	Governmental Activities		Business-Type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 697,712	\$ 697,712	\$ 55,665	\$ 55,665	\$ 753,377	\$ 753,377
Buildings and improvements	1,327,344	1,327,344	70,000	70,000	1,397,344	1,397,344
Machinery and equipment	4,194,591	3,597,609	856,069	837,679	5,050,660	4,435,288
Improvements other than buildings	122,912	122,912	-	-	122,912	122,912
Infrastructure	10,314,278	10,314,278	2,392,698	2,392,698	12,706,976	12,706,976
Water and sewer system	-	-	12,075,716	12,075,716	12,075,716	12,075,716
Construction in progress	536,783	391,555	76,435	-	613,218	391,555
Subtotal	17,193,620	16,451,410	15,526,583	15,431,758	32,720,203	31,883,168
Accumulated depreciation	(7,864,944)	(7,197,889)	(10,975,488)	(10,363,611)	(18,840,432)	(17,561,500)
Capital assets, net	<u>\$ 9,328,676</u>	<u>\$ 9,253,521</u>	<u>\$ 4,551,095</u>	<u>\$ 5,068,147</u>	<u>\$ 13,879,771</u>	<u>\$ 14,321,668</u>

Additional information on the City's net capital assets, including commitments under construction in progress contracts, can be found in Note 9 (B) included in this report.

Debt Administration - As of September 30, 2018, the City had \$4,838,791 in long-term debt outstanding. This includes notes payable and compensated absences payable. Of this debt, \$750,622 is due within one year.

Table 3
Outstanding Debt

	Governmental Activities		Business-Type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ -	\$ -	\$ 2,540,000	\$ 2,820,000	\$ 2,540,000	\$ 2,820,000
State revolving fund loan	-	17,131	-	-	-	17,131
Capital lease obligations payable	470,937	29,131	15,977	-	486,914	29,131
Compensated absences	348,445	355,543	33,432	-	381,877	355,543
Revenue bonds payable	-	-	1,430,000	1,555,000	1,430,000	1,555,000
Subtotal	819,382	401,805	4,019,409	4,375,000	4,838,791	4,776,805
Less: Premiums (discounts)	-	-	(19,558)	(22,002)	(19,558)	(22,002)
Total Outstanding Debt	<u>\$ 819,382</u>	<u>\$ 401,805</u>	<u>\$ 3,999,851</u>	<u>\$ 4,352,998</u>	<u>\$ 4,819,233</u>	<u>\$ 4,754,803</u>

Additional information on the City's long-term debt can be found on Note 7 included in this report.

CITY OF INDIANOLA, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2018

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Indianola at P. O. Box 269, Indianola, Mississippi 38751.

CITY OF INDIANOLA, MISSISSIPPI
Statement of Net Position
For the Year Ended September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Indianola Tourism Commission
ASSETS				
Cash and cash equivalents	\$ 1,227,754	\$ 1,868,685	\$ 3,096,439	\$ 124,678
Certificate of deposits	2,324,948	1,828,905	4,153,853	-
Accounts receivable, net	2,801,592	270,454	3,072,046	-
Other receivables	304,177	-	304,177	-
Inventories	127,053	480	127,533	-
Due from other funds	93,714	28,671	122,385	-
Restricted Assets:				
Cash and cash equivalents	-	428,203	428,203	-
Capital Assets:				
Land	697,712	55,665	753,377	-
Buildings and improvements	887,859	70,000	957,859	-
Automotive and equipment	1,058,744	811,810	1,870,554	-
Infrastructure	6,147,578	3,537,186	9,684,764	-
Construction in progress	536,783	76,435	613,218	-
TOTAL	<u>16,207,914</u>	<u>8,976,494</u>	<u>25,184,408</u>	<u>124,678</u>
Deferred Outflow of Resources				
Pensions	811,089	93,543	904,632	-
Amount on refunding bonds	-	223,628	223,628	-
Total Deferred Outflow of Resources	<u>811,089</u>	<u>317,171</u>	<u>1,128,260</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 17,019,003</u>	<u>\$ 9,293,665</u>	<u>\$ 26,312,668</u>	<u>\$ 124,678</u>
LIABILITIES				
Accounts payable, general	\$ 327,377	\$ 88,934	\$ 416,311	\$ 225
Accrued interest payable	-	35,566	35,566	-
Customer's deposits	-	218,941	218,941	-
Due to other funds	-	28,671	28,671	-
Noncurrent liabilities:				
Due within one year	309,394	438,783	748,177	-
Due in more than one year	509,989	3,561,068	4,071,057	-
Net pension liability	7,020,974	768,745	7,789,719	-
Total Liabilities	<u>8,167,734</u>	<u>5,140,708</u>	<u>13,308,442</u>	<u>225</u>
Deferred Inflow of Resources				
Property taxes	2,695,745	-	2,695,745	-
Grant revenues	24,296	-	24,296	-
Pensions	666,836	55,777	722,613	-
Total Deferred Inflow of Resources	<u>3,386,877</u>	<u>55,777</u>	<u>3,442,654</u>	<u>-</u>
Net Position:				
Investment in capital assets, net of related debt	8,857,739	572,323	9,430,062	-
Restricted for:				
Debt service	173,833	-	173,833	-
Other purposes	144,208	-	144,208	-
Unrestricted	(3,711,388)	3,524,857	(186,531)	124,453
Total Net Position	<u>5,464,392</u>	<u>4,097,180</u>	<u>9,561,572</u>	<u>124,453</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,019,003</u>	<u>\$ 9,293,665</u>	<u>\$ 26,312,668</u>	<u>\$ 124,678</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2018

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total	Component Unit
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 1,129,408	\$ -	\$ -	\$ -	\$ (1,129,408)	-	\$ (1,129,408)	\$ -
Public safety	3,139,735	-	77,055	-	(3,062,680)	-	(3,062,680)	-
Public works	1,837,052	-	-	-	(1,837,052)	-	(1,837,052)	-
Health and welfare	191,496	-	-	-	(191,496)	-	(191,496)	-
Culture and recreation	885,856	33,171	30,000	-	(822,685)	-	(822,685)	-
Municipal airport	114,868	-	-	139,910	25,042	-	25,042	-
Community development	-	-	-	-	-	-	-	-
Interest on long-term debt	7,865	-	-	-	(7,865)	-	(7,865)	-
Total governmental activities	<u>7,306,280</u>	<u>33,171</u>	<u>107,055</u>	<u>139,910</u>	<u>(7,026,144)</u>	<u>-</u>	<u>(7,026,144)</u>	<u>-</u>
Business-type activities:								
Water/Sewer	1,401,132	1,749,005	-	-	-	347,873	347,873	-
Garbage fund	573,895	544,955	-	-	-	(28,940)	(28,940)	-
Mosquito fund	62,247	73,993	-	-	-	11,746	11,746	-
Interest on long-term debt	149,884	-	-	-	-	(149,884)	(149,884)	-
Total Business-type activities	<u>2,187,158</u>	<u>2,367,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,795</u>	<u>180,795</u>	<u>-</u>
Total Primary Government	<u>\$ 9,493,438</u>	<u>\$ 2,401,124</u>	<u>\$ 107,055</u>	<u>\$ 139,910</u>	<u>\$ (7,026,144)</u>	<u>\$ 180,795</u>	<u>\$ (6,845,349)</u>	<u>\$ -</u>
Component Unit								
Indianola Tourism Commission	<u>\$ 449,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,518</u>
General Revenues:								
Property taxes					\$ 3,382,094	\$ -	\$ 3,382,094	\$ -
Sales taxes					2,136,120	-	2,136,120	-
Franchise taxes					298,626	-	298,626	-
Fines and report fees					145,365	-	145,365	-
License and permits					49,240	-	49,240	-
Sales and tourism taxes					-	-	-	452,187
Other					93,216	97,325	190,541	-
Grants and contributions not restricted to specific programs					211,304	-	211,304	-
Unrestricted investment earnings					31,120	5,097	36,217	-
Transfers in (out)					51,875	(51,875)	-	-
Total general revenues, special items, and transfers					<u>6,398,960</u>	<u>50,547</u>	<u>6,449,507</u>	<u>452,187</u>
Change in net position					(627,184)	231,342	(395,842)	2,669
Net Position - Beginning					<u>6,091,576</u>	<u>3,865,838</u>	<u>9,957,414</u>	<u>121,784</u>
Net Position - Ending					<u>\$ 5,464,392</u>	<u>\$ 4,097,180</u>	<u>\$ 9,561,572</u>	<u>\$ 124,453</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Balance Sheet
Governmental Funds
For the year Ended September 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 875,475	\$ 354,790	\$ 1,230,265
Certificate of deposits	2,324,948	-	2,324,948
Taxes receivable, net of allowances	2,723,424	-	2,723,424
Other receivables	302,931	79,414	382,345
Due from other funds	118,327	-	118,327
Inventory	127,053	-	127,053
TOTAL ASSETS	<u>\$ 6,472,158</u>	<u>\$ 434,204</u>	<u>\$ 6,906,362</u>
LIABILITIES			
Accounts payable, general	\$ 225,757	\$ 2,511	\$ 228,268
Due to other funds	<u>25,650</u>	<u>100,583</u>	<u>126,233</u>
Total Liabilities	<u>251,407</u>	<u>103,094</u>	<u>354,501</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	2,682,676	-	2,682,676
Deferred grant revenues	<u>24,296</u>	<u>13,069</u>	<u>37,365</u>
Total Deferred Inflows of Resources	<u>2,706,972</u>	<u>13,069</u>	<u>2,720,041</u>
Fund Balance			
Nonsependable	127,053	-	127,053
Restricted	392,997	187,218	580,215
Assigned	-	130,823	130,823
Unassigned	<u>2,993,729</u>	<u>-</u>	<u>2,993,729</u>
Total Fund Balance	<u>3,513,779</u>	<u>318,041</u>	<u>3,831,820</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,472,158</u>	<u>\$ 434,204</u>	<u>\$ 6,906,362</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
For the Year Ended September 30, 2018

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

Total Fund Balances - Governmental Funds	\$ 3,831,820
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	17,193,620	
Less: Accumulated Depreciation	<u>(7,864,944)</u>	9,328,676

Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.

Net pension liability	(7,020,974)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflow of resources related to pensions	811,089	
Deferred inflow of resources related to pensions	<u>(666,836)</u>	(6,876,721)

Liabilities not due and payable in the current period are not reported in the funds, as follows:

Notes payable and capital lease obligations	(470,937)	
Compensated for absences	<u>(348,445)</u>	<u>(819,382)</u>

Net Position of Governmental Activities	\$ <u><u>5,464,393</u></u>
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The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
General property taxes	\$ 3,376,564	\$ -	\$ 3,376,564
Privilege licenses and permits	49,240	-	49,240
Intergovernmental revenues	2,175,280	367,540	2,542,820
Franchise taxes	298,626	-	298,626
Charges for services	11,281	-	11,281
Fines and report fees	144,935	-	144,935
Interest income	31,120	-	31,120
Miscellaneous	99,150	-	99,150
Total Revenues	<u>6,186,196</u>	<u>367,540</u>	<u>6,553,736</u>
EXPENDITURES:			
General government	1,042,511	-	1,042,511
Public safety	2,777,543	-	2,777,543
Culture and recreation	351,953	370,051	722,004
Public works	1,381,304	-	1,381,304
Health and welfare	172,618	-	172,618
Community development	-	-	-
Cemetery	118,678	-	118,678
Debt services:			
Principal	96,910	-	96,910
Interest and service charges	9,078	-	9,078
Capital outlay:			
General government	146,968	-	146,968
Public safety	196,093	-	196,093
Public works	366,280	-	366,280
Health and welfare	21,732	-	21,732
Cemetery	21,732	-	21,732
Total Expenditures	<u>6,703,400</u>	<u>370,051</u>	<u>7,073,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(517,204)</u>	<u>(2,511)</u>	<u>(519,715)</u>
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	12,218	-	12,218
Proceeds from issuance of debt	521,585	-	521,585
Operating transfers in	-	51,875	51,875
Operating transfers out	-	(4,200)	(4,200)
Total Other Financing Sources (Uses)	<u>533,803</u>	<u>47,675</u>	<u>581,478</u>
Net Change in Fund Balances	16,599	45,164	61,763
Fund Balance, Beginning of Year	<u>3,497,180</u>	<u>272,877</u>	<u>3,770,057</u>
Fund Balance, Ended of Year	<u>\$ 3,513,779</u>	<u>\$ 318,041</u>	<u>\$ 3,831,820</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balance to the
Statement of Activities - Governmental Funds
For the Year Ended September 30, 2018

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

Net change in fund balances - total governmental funds	\$	61,763
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	596,982	
Depreciation expense	<u>(667,055)</u>	(70,073)

The statement of activities reports pension expense and other activity related to net pension liability:

Pension expense	367,640	
Contributions made after the measurement date	<u>(110,564)</u>	257,076

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:

Other	<u>(1,477,313)</u>	(1,477,313)
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Activities from debt related transactions

Proceeds from the issuance of new capital leases	521,585	
Principal payment on debt	<u>79,779</u>	

Change in net position of governmental activities	\$	<u>(627,183)</u>
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The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 3,098,994	\$ 3,098,994	\$ 3,376,564	\$ 277,570
Privilege licenses and permits	42,000	42,000	49,240	7,240
Intergovernmental revenues	2,056,776	2,056,776	2,175,280	118,504
Franchise taxes	290,000	290,000	298,626	8,626
Charges for services	18,500	18,500	11,281	(7,219)
Fines and report fees	245,350	245,350	144,935	(100,415)
Interest	24,000	24,000	31,120	7,120
Miscellaneous	177,000	177,000	99,150	(77,850)
TOTAL REVENUES	5,952,620	5,952,620	6,186,196	233,576
OPERATING DISBURSEMENTS:				
General Government				
Legislative:				
Salaries and fringes	49,360	49,300	51,258	(1,958)
Supplies	220	220	-	220
Other services and charges	11,907	11,907	11,834	73
Total	61,487	61,427	63,092	(1,665)
Judicial:				
Salaries and fringes	161,190	161,190	151,512	9,678
Supplies	4,600	4,600	2,920	1,680
Other services and charges	36,903	36,903	38,686	(1,783)
Capital outlay	3,000	3,000	-	3,000
Total	205,693	205,693	193,118	12,575
Executive:				
Salaries and fringes	97,296	97,296	100,076	(2,780)
Supplies	3,050	3,050	3,865	(815)
Other services and charges	34,839	34,839	12,602	22,237
Capital outlays	13,491	13,491	146,968	(133,477)
Debt service	8,315	8,315	7,622	693
Total	156,991	156,991	271,133	(114,142)
Financial Administration:				
Salaries and fringes	156,499	156,499	100,372	56,127
Supplies	15,600	15,600	11,208	4,392
Other service and charges	46,320	46,320	111,874	(65,554)
Capital outlays	-	-	-	-
Total	218,419	218,419	223,454	(5,035)
Indianola Historic Preservation:				
Other service and charges	1,450	1,450	210	1,240
Other General Government:				
Salaries and fringes	112,937	112,937	159,520	(46,583)
Supplies	3,800	3,800	9,502	(5,702)
Other Service and charges	295,155	295,155	269,450	25,705
Debt service	20,379	20,379	-	20,379
Total	432,271	432,271	438,472	(6,201)
Total General Government	\$ 1,076,311	\$ 1,076,251	\$ 1,189,479	\$ (113,228)

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety:				
Police				
Salaries and fringes	\$ 1,655,985	\$ 1,655,985	\$ 1,608,399	\$ 47,586
Supplies	115,638	115,638	115,582	56
Other service and charges	191,801	191,801	193,515	(1,714)
Capital outlays	81,622	81,622	196,093	(114,471)
Debt service	163,443	163,443	23,010	140,433
Total	<u>2,208,489</u>	<u>2,208,489</u>	<u>2,136,599</u>	<u>71,890</u>
Fire:				
Salaries and fringes	726,752	726,752	603,443	123,309
Supplies	18,250	18,250	61,722	(43,472)
Other service and charges	40,090	40,090	49,773	(9,683)
Total	<u>785,092</u>	<u>785,092</u>	<u>714,938</u>	<u>70,154</u>
Inspections:				
Salaries and fringes	92,085	92,085	93,988	(1,903)
Supplies	3,700	3,700	3,074	626
Other service and charges	18,250	18,250	25,037	(6,787)
Total	<u>114,035</u>	<u>114,035</u>	<u>122,099</u>	<u>(8,064)</u>
Total Public Safety	<u>3,107,616</u>	<u>3,107,616</u>	<u>2,973,636</u>	<u>133,980</u>
Public Works:				
Salaries and fringes	869,658	869,658	876,632	(6,974)
Supplies	165,953	165,953	207,111	(41,158)
Other service and charges	279,350	279,350	225,867	53,483
Capital outlays	264,550	264,550	366,280	(101,730)
Debt service	214,738	214,738	71,694	143,044
Total	<u>1,794,249</u>	<u>1,794,249</u>	<u>1,747,584</u>	<u>46,665</u>
Health and Welfare:				
Salaries and fringes	93,674	93,674	114,231	(20,557)
Supplies	13,150	13,150	24,066	(10,916)
Other service and charges	14,700	14,700	32,584	(17,884)
Capital outlays	23,932	23,932	21,732	2,200
Debt service	13,666	13,666	1,935	11,731
Total	<u>\$ 159,122</u>	<u>\$ 159,122</u>	<u>\$ 194,548</u>	<u>\$ (35,426)</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Cemetery:				
Salaries and fringes	\$ 103,400	\$ 103,400	\$ 102,689	\$ 711
Supplies	10,550	10,550	10,905	(355)
Other service and charges	6,700	6,700	3,360	3,340
Capital outlays	-	-	21,732	(21,732)
Debt service	-	-	1,727	(1,727)
Total	<u>120,650</u>	<u>120,650</u>	<u>140,413</u>	<u>(19,763)</u>
Parks and Recreation:				
Salaries and fringes	173,380	173,380	137,215	36,165
Supplies	21,800	21,800	17,242	4,558
Other service and charges	126,778	126,778	163,735	(36,957)
Capital outlays	36,196	36,196	-	36,196
Debt service	-	-	-	-
	<u>358,154</u>	<u>358,154</u>	<u>318,192</u>	<u>39,962</u>
Library:				
Other service and charges	<u>139,548</u>	<u>139,548</u>	<u>139,548</u>	<u>-</u>
Total Expenditures	6,755,650	6,755,590	6,703,400	52,190
Other Financing Sources (Uses):				
Operating transfers in	293,850	293,850	-	(293,850)
Operating transfers out	(377,505)	(377,505)	-	377,505
Proceeds from long-term debt	528,869	528,869	521,585	(7,284)
Proceeds from sale of asset	<u>1,000</u>	<u>1,000</u>	<u>12,218</u>	<u>(11,218)</u>
Total Other Financing Sources (Uses)	<u>446,214</u>	<u>446,214</u>	<u>533,803</u>	<u>65,153</u>
Net Change in Fund Balances	(356,816)	(356,756)	16,599	765,811
Fund Balance at Beginning of Year	<u>3,497,180</u>	<u>3,497,180</u>	<u>3,497,180</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,140,364</u>	<u>\$ 3,140,424</u>	<u>\$ 3,513,779</u>	<u>\$ 765,811</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Statement of Net Position
Proprietary Fund
For the Year Ended September 30, 2018

	Business Type Activities - Enterprise Funds			
	Water/Sewer Fund	Refuse Collection Fund	Mosquito Fund	Totals
Assets				
Cash and cash equivalents	\$ 1,758,030	\$ 8,247	\$ 102,408	\$ 1,868,685
Certificates of deposit	1,828,905	-	-	1,828,905
Accounts receivable, net of allowances	210,614	51,766	8,074	270,454
Interest receivable	480	-	-	480
Due from other funds	<u>28,671</u>	<u>-</u>	<u>-</u>	<u>28,671</u>
Total Current Assets	<u>3,826,700</u>	<u>60,013</u>	<u>110,482</u>	<u>3,997,195</u>
Restricted Assets:				
Cash and cash equivalents	<u>428,203</u>	<u>-</u>	<u>-</u>	<u>428,203</u>
Property, plant and equipment, at cost				
Land	55,665	-	-	55,665
Buildings	70,000	-	-	70,000
Water plant, distribution system and equipment	14,466,914	-	45,759	14,512,673
Automotive and other equipment	<u>811,810</u>	<u>-</u>	<u>-</u>	<u>811,810</u>
	15,404,389	-	45,759	15,450,148
Less: accumulated depreciation	<u>(10,936,932)</u>	<u>-</u>	<u>(38,555)</u>	<u>(10,975,487)</u>
	4,467,457	-	7,204	4,474,661
Construction in progress	<u>76,435</u>	<u>-</u>	<u>-</u>	<u>76,435</u>
Net property, plant and equipment	<u>4,543,892</u>	<u>-</u>	<u>7,204</u>	<u>4,551,096</u>
Total	<u>8,798,795</u>	<u>60,013</u>	<u>117,686</u>	<u>8,976,494</u>
Deferred Outflows of Resources				
Deferred outflows of resources - pension	90,296	-	3,247	93,543
Deferred outflows of resources - refunding bonds	<u>223,628</u>	<u>-</u>	<u>-</u>	<u>223,628</u>
Total Deferred Outflows of Resources	<u>313,924</u>	<u>-</u>	<u>3,247</u>	<u>317,171</u>
Total Assets	<u>\$ 9,112,719</u>	<u>\$ 60,013</u>	<u>\$ 120,933</u>	<u>\$ 9,293,665</u>
Liabilities and Net Position				
Accounts payable	\$ 31,316	\$ 47,460	\$ 10,158	\$ 88,934
Due to other funds	28,671	-	-	28,671
Current portion of long term debt:				
Compensated absences	<u>16,716</u>	<u>-</u>	<u>-</u>	<u>16,716</u>
Total current liabilities	<u>76,703</u>	<u>47,460</u>	<u>10,158</u>	<u>134,321</u>
Current liabilities payable from restricted Assets:				
Customer deposits	218,941	-	-	218,941
Accrued interest payable	35,566	-	-	35,566
Current portion of bonds payable	424,512	-	-	424,512
Bond discount	<u>(2,445)</u>	<u>-</u>	<u>-</u>	<u>(2,445)</u>
Total current liabilities payable from restricted assets	<u>676,574</u>	<u>-</u>	<u>-</u>	<u>676,574</u>
Long-Term Debt (less amounts classified as current)				
Net pension liability	741,546	-	27,199	768,745
Compensated absences	16,716	-	-	16,716
Bonds payable	3,561,464	-	-	3,561,464
Bond discount	<u>(17,112)</u>	<u>-</u>	<u>-</u>	<u>(17,112)</u>
Total long-term debt	<u>4,302,614</u>	<u>-</u>	<u>27,199</u>	<u>4,329,813</u>
Total Liabilities	<u>5,055,891</u>	<u>47,460</u>	<u>37,357</u>	<u>5,140,708</u>
Deferred Inflows of Resources				
Deferred inflows of resources	55,069	-	708	55,777
Total Deferred Inflows of Resources	<u>55,069</u>	<u>-</u>	<u>708</u>	<u>55,777</u>
Net Position				
Investment in capital assets, net of related debt	565,119	-	7,204	572,323
Unrestricted	<u>3,436,640</u>	<u>12,553</u>	<u>75,664</u>	<u>3,524,857</u>
Total Net Position	<u>4,001,759</u>	<u>12,553</u>	<u>82,868</u>	<u>4,097,180</u>
Total Liabilities and Net Position	<u>\$ 9,112,719</u>	<u>\$ 60,013</u>	<u>\$ 120,933</u>	<u>\$ 9,293,665</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Business -Type Activities - Enterprise Funds			
	Water/Sewer Fund	Refuse Collection Fund	Mosquito Fund	Total
Operating Revenues:				
Sales to customers	\$ 1,749,005	\$ 544,955	\$ 73,993	\$ 2,367,953
Total Operating Revenues	<u>1,749,005</u>	<u>544,955</u>	<u>73,993</u>	<u>2,367,953</u>
Operating Expenses:				
Personnel services	380,876	-	20,880	401,756
Supplies	66,865	-	38,582	105,447
Other services and charges	344,142	573,895	157	918,194
Depreciation	<u>609,249</u>	<u>-</u>	<u>2,628</u>	<u>611,877</u>
Total Operating Expenses	<u>1,401,132</u>	<u>573,895</u>	<u>62,247</u>	<u>2,037,274</u>
Operating income (loss)	<u>347,873</u>	<u>(28,940)</u>	<u>11,746</u>	<u>330,679</u>
Nonoperating revenues				
Interest income	5,097	-	-	5,097
Other income	97,325	-	-	97,325
Interest and service charges on long-term debt	<u>(149,884)</u>	<u>-</u>	<u>-</u>	<u>(149,884)</u>
Total Nonoperating revenues	<u>(47,462)</u>	<u>-</u>	<u>-</u>	<u>(47,462)</u>
Net Income Before Operating Transfers	300,411	(28,940)	11,746	283,217
Operating Transfers In	683,279	-	-	683,279
Operating Transfers (Out)	<u>(735,154)</u>	<u>-</u>	<u>-</u>	<u>(735,154)</u>
Change in Net Assets	<u>248,536</u>	<u>(28,940)</u>	<u>11,746</u>	<u>231,342</u>
Net Position, Beginning of Year	<u>3,753,223</u>	<u>41,493</u>	<u>71,122</u>	<u>3,865,838</u>
Net Position, End of Year	<u>\$ 4,001,759</u>	<u>\$ 12,553</u>	<u>\$ 82,868</u>	<u>\$ 4,097,180</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 2018

	<u>Business - Type Activities Enterprise Fund</u>			
	<u>Water/Sewer Fund</u>	<u>Refuse Collection Fund</u>	<u>Mosquito Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 1,810,264	\$ 541,451	\$ 73,993	\$ 2,425,708
Receipts from interfund services provided	-	-	19,520	19,520
Payments for interfund services provided	(10,917)	-	-	(10,917)
Payments to suppliers	(411,006)	(574,429)	(55,501)	(1,040,936)
Payments to employees	(368,763)	-	(18,434)	(387,197)
Net cash provided by (used for) operating activities	<u>1,019,578</u>	<u>(32,978)</u>	<u>19,578</u>	<u>1,006,178</u>
Cash Flows From Noncapital Financing Activities:				
Operating transfers in	683,279	-	-	683,279
Operating transfers out	(735,154)	-	-	(735,154)
Net Cash Flows Used For Noncapital Activities	<u>(51,875)</u>	<u>-</u>	<u>-</u>	<u>(51,875)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of property and equipment	(18,390)	-	-	(18,390)
Proceeds from capital debt	17,438	-	-	17,438
Principal paid on capital debt	(406,461)	-	-	(406,461)
Interest paid on capital debt	(149,884)	-	-	(149,884)
Deferred outflows of resources	-	-	3,247	3,247
Net Cash Provided by (used for) capital and related financing activities	<u>(557,297)</u>	<u>-</u>	<u>3,247</u>	<u>(554,050)</u>
Cash Flows Provided by (used for) Investing Activities:				
Interest earned on investment	5,097	-	-	5,097
Other income	(97,325)	-	-	(97,325)
Other investing activities	166,723	-	-	166,723
Net Cash Flows Provided by (used for) Investing Activities	<u>74,495</u>	<u>-</u>	<u>-</u>	<u>74,495</u>
Net Increase (decrease) in Cash and Cash Equivalents	484,901	(32,978)	22,825	474,748
Cash and Cash Equivalents at Beginning of Year	<u>1,701,332</u>	<u>41,225</u>	<u>79,583</u>	<u>1,822,140</u>
Cash and Cash Equivalent at End of Year	<u>\$ 2,186,233</u>	<u>\$ 8,247</u>	<u>\$ 102,408</u>	<u>\$ 2,296,888</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating income (loss)	\$ 347,873	\$ (28,940)	\$ 11,746	\$ 330,679
Depreciation expense	609,249	-	2,628	611,877
(Increase) Decrease In:				
Accounts receivable	61,258	(3,503)	-	57,755
Due from other funds	(28,671)	-	-	(28,671)
Increase (Decrease) In:				
Accounts Payable	-	(535)	6,004	5,469
Accrued compensated absences	12,113	-	740	12,853
Due to other funds	28,671	-	-	28,671
Customers deposits	19,238	-	-	19,238
Net pension liability and related deferrals	(30,153)	-	(1,540)	(31,693)
Total Adjustments	671,705	(4,038)	7,832	675,499
Net Cash Provided by (used for) Operating Activities	<u>\$ 1,019,578</u>	<u>\$ (32,978)</u>	<u>\$ 19,578</u>	<u>\$ 1,006,178</u>
Supplemental cash flow information:				
Cash paid during the year:				
Interest Expense	<u>\$ 149,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,884</u>
Recap of cash and cash equivalents				
Cash and cash equivalents	\$ 1,758,030	\$ 8,247	\$ 102,408	\$ 1,868,685
Restricted cash and cash equivalents	<u>428,203</u>	<u>-</u>	<u>-</u>	<u>428,203</u>
Total cash and cash equivalents	<u>\$ 2,186,233</u>	<u>\$ 8,247</u>	<u>\$ 102,408</u>	<u>\$ 2,296,888</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
For the Year Ended September 30, 2018

	Agency Fund	Police Escrow	Totals
ASSETS			
Cash and deposits	\$ 334,405	\$ -	\$ 334,405
Due from other funds	-	925	925
Total Assets	<u>\$ 334,405</u>	<u>\$ 925</u>	<u>\$ 335,330</u>
LIABILITIES			
Payroll withholdings and benefits payable	\$ 158,061	\$ -	\$ 158,061
Bank overdraft	-	509	509
Restitution and cash bonds payable	81,143	416	81,559
Due to other funds	95,201	-	95,201
Total Liabilities	<u>\$ 334,405</u>	<u>\$ 925</u>	<u>\$ 335,330</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Indianola, Mississippi (the City) was incorporated under the provisions of Mississippi Law. The City is governed by its Mayor and a Board of Aldermen form of government and provides services authorized by its charter. The City was formed in 1886 and presently operates under a special charter issued by the State Legislature in 1890. The City of Indianola's major operations include public welfare and social services, civil and criminal justice systems, road and bridge maintenance and general administrative services. In addition, a water and sewer system is operated by the City.

The financial statements presented include those of the primary government of the City of Indianola and all significant component units. Included is the following:

- **Indianola Tourism Commission** - The City's mayor and board of aldermen appoint 5 of the 7 board members of the commission and have the authority to approve budgets for the commission. The City petitioned the state legislature to levy a 2% sales tax on restaurant, bar sales, hotel and motel room charges. The City receives the tourism tax from the State Tax Commission and remits the tax to the tourism commission. The tourism taxes are used primarily to support the B.B. King Museum in attracting and serving visitors in the Indianola area. The financial statements of the Commission are audited annually (and may be obtained by contacting them at P. O. Box 1132, Indianola, MS 38751).

The City's accompanying policies conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the City's more significant accounting policies are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements reflect only the primary government of the City of Indianola. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the City.

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncements that were issued on or before November 30, 1989.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function, and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund - The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

MAJOR BUSINESS- TYPE FUNDS

Water and System - The water and sewer system fund is used to account for the operation of the City's water and sewer system, which is supported by user charges.

Refuse Collection - The refuse collection system fund is used to account for the operation of the City's garbage system, which is supported by user charges.

Mosquito Fund - The mosquito fund is used to account for the operation of the City's mosquito system, which is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

Additionally, the government reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Capital Projects Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

As a general rule the effect of interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

BUDGETARY CONTROL

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

CASH AND CASH EQUIVALENTS

The City deposits excess funds in financial institutions selected by the Board. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts and savings accounts. Cash and other deposits are valued at cost.

In the event of a 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 (FDIC).

INTERNAL ACTIVITY

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

Restricted Assets - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Capital Assets - Capital assets, which include property, equipment and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Capitalization Threshold	Years Life	Salvage Value
Buildings	\$50,000	40	20%
Improvements other than buildings	\$25,000	20	20%
Heavy machinery and equipment	\$5,000	10	10%
Computer equipment & peripherals	\$5,000	3	1%
Furniture and fixtures	\$5,000	7	10%
Vehicles and equipment	\$5,000	5	10%
Infrastructure	N/A	20-50	0-30%

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.

Compensated Absences - Employees of the City of Indianola accumulate sick leave in accordance with the City's personnel policies and procedures. In addition, employees are allowed personal leave and/or vacation leave in accordance with City policy.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

Fund Balance - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five (5) components, nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (Compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This component consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes the city charter, ordinances, and resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (city charter, ordinance, and resolution) it employed previously to commit those amounts.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Alderman, City Clerk, or their designee as established in the City's Fund Balance Policy.

Unassigned - This classification represent amounts that have not been restricted, committed, or assigned to specific purpose within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

Property Taxes - The City generally sets the levies for real and personal property in September for the ensuing fiscal year beginning October 1. Real property taxes become a lien on January 1 of the current year and personal property taxes become a lien on March 1 of the current year. Taxes on real and personal property are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Restrictions associated with property tax levies vary with the statutory authority. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and delectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

NOTE 2 - CASH AND CASH EQUIVALENTS

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, Mississippi 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 those deposits.

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds were \$3,552,702 and \$3,697,590, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$7,250,292.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2018, none of the City's bank balance of \$7,652,820 was exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterpart, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2018, none of the City's bank balance of \$7,652,820 was exposed to custodial credit risk.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2018, the City had investments in certificates of deposits with maturities dates greater than 90 days.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer
bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2018, the City levied and collected 47.49 mills of taxes for general corporate purposes of the City.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 4 - RECEIVABLES

Receivables as of year end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Governmental	Water/Sewer Fund	Refuse Collection Fund	Mosquito Fund	Total
<u>Accounts Receivable</u>						
Charges for services	\$ -	\$ -	\$ 884,641	\$ 92,947	\$ 8,074	\$ 985,662
Property and franchise taxes	2,723,424	-	-	-	-	2,723,424
Accounts receivable, other	302,931	-	-	-	-	302,931
Intergovernmental	-	79,414	-	-	-	79,414
Gross Receivables	3,026,355	79,414	884,641	92,947	8,074	4,091,431
Less: allowance for uncollectibles	-	-	(674,027)	(41,181)	-	(715,208)
Receivables, net of allowance	<u>\$ 3,026,355</u>	<u>\$ 79,414</u>	<u>\$ 210,614</u>	<u>\$ 51,766</u>	<u>\$ 8,074</u>	<u>\$ 3,376,223</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances are presented as of September 30, 2018, as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Fiduciary fund	\$ 95,201
General fund	JAG grant fund	24,051
Water/Sewer revenue fund	Water/sewer fund	28,671
Total	Total	<u>\$ 147,923</u>

The outstanding balances between funds result mainly from the lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Individual fund interfund transfers are presented as of September 30, 2018, as follows:

	Nonmajor Governmental Fund	Transfer In:			Total
		Water/ Sewer Capital Fund	Water/ Sewer Bond & Interest Fund	Water/ Sewer Revenue Fund	
<u>Transfer Out:</u>					
Water/Sewer Fund	\$ 51,875	\$ -			\$ 51,875
Water sewer revenue fund	-	110,000	554,889	18,390	683,279
Total	<u>\$ 51,875</u>	<u>\$ 110,000</u>	<u>554,889</u>	<u>18,390</u>	<u>\$ 735,154</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 5 - INTERFUND BALANCES AND TRANSFER (Continued)

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt services principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund revenues to establish mandatory reserve accounts, (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset transactions for the year ended September 30, 2018, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Non Depreciable Capital Assets				
Land	\$ 697,712	\$ -	\$ -	\$ 697,712
Construction in process	391,555	145,228	-	536,783
Total non depreciable capital assets	<u>1,089,267</u>	<u>145,228</u>	<u>-</u>	<u>1,234,495</u>
Depreciable Capital Assets				
Buildings and Improvements	1,327,344	-	-	1,327,344
Improvements other than buildings	122,912	-	-	122,912
Mobile equipment - vehicles	2,031,838	211,361	-	2,243,199
Mobile equipment - other	595,061	385,621	-	980,682
Computer equipment and software	292,363	-	-	292,363
Furniture and equipment	678,347	-	-	678,347
Infrastructure - roads and bridges	7,351,104	-	-	7,351,104
Infrastructure - airport	2,299,295	-	-	2,299,295
Infrastructure - other	663,879	-	-	663,879
Total depreciable capital assets	15,362,143	596,982	-	15,959,125
Accumulated Depreciation	(7,197,889)	(667,055)	-	(7,864,944)
Net depreciable capital assets	<u>8,164,254</u>	<u>(70,073)</u>	<u>-</u>	<u>8,094,181</u>
Total Governmental Activities	<u>\$ 9,253,521</u>	<u>\$ 75,155</u>	<u>\$ -</u>	<u>\$ 9,328,676</u>
Business-Type Activities:				
Non Depreciable Capital Assets				
Land	\$ 55,665	\$ -	\$ -	\$ 55,665
Construction in Process	-	76,435	-	76,435
Total nondepreciable capital assets	<u>55,665</u>	<u>76,435</u>	<u>-</u>	<u>132,100</u>
Depreciable Capital Assets				
Buildings	70,000	-	-	70,000
Mobile equipment - vehicles	182,466	18,390	-	200,856
Mobile equipment - heavy equipment	172,264	-	-	172,264
Computer equipment and software	7,604	-	-	7,604
Furniture and equipment	475,345	-	-	475,345
Infrastructure	2,392,698	-	-	2,392,698
Infrastructure - water/sewer system	12,075,716	-	-	12,075,716
Total depreciable capital assets	15,376,093	18,390	-	15,394,483
Accumulated Depreciation	(10,363,611)	(611,877)	-	(10,975,488)
Net depreciable capital assets	<u>5,012,482</u>	<u>(593,487)</u>	<u>-</u>	<u>4,418,995</u>
Total Business-Type Activities	<u>\$ 5,068,147</u>	<u>\$ (517,052)</u>	<u>\$ -</u>	<u>\$ 4,551,095</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expenses charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
General government	\$ 10,352	\$ -	\$ 10,352
Public safety	148,011	-	148,011
Public works	361,212	-	361,212
Health and welfare	6,136	-	6,136
Parks & recreation	26,476	-	26,476
Airport	114,868	-	114,868
Water/Sewer System	-	609,249	609,249
Mosquito fund	-	2,628	2,628
Total Depreciation Expense	<u>\$ 667,055</u>	<u>\$ 611,877</u>	<u>\$ 1,278,932</u>

NOTE 7 - LONG-TERM DEBT

A. Governmental Activities

A summary of long-term debt transactions for the year ended September 30, 2018, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
State revolving loan	\$ 17,131	\$ -	\$ 17,131	\$ -	\$ -
Obligations under capital leases	29,131	521,585	79,779	470,937	135,171
Compensated for absences	355,543	184,777	184,767	348,445	174,223
Total governmental activities	401,805	706,362	281,677	819,382	309,394
Add: Deferred premium of refunding	-	-	-	-	-
Total governmental activities	<u>\$ 401,805</u>	<u>\$ 706,362</u>	<u>\$ 281,677</u>	<u>\$ 819,382</u>	<u>\$ 309,394</u>

Obligations Under Capital Leases

Notes consist of the following at September 30, 2018:

Note A Obligations Under Capital Leases

A 2.90.% capital lease note, payable to Community Bank of Mississippi, dated May 25, 2018 payable in forty five (45) installments of \$7,550 beginning July 1, 2018 which includes principal and interest, matures on March 1, 2022. The note is secured by motor vehicles. The note is being retired from the General Fund. \$ 287,532

Note B Obligations Under Capital Leases

A 2.90.% capital lease note, payable to Community Bank of Mississippi, dated May 25, 2018 payable in forty five (45) installments of \$5,113 beginning July 1, 2018 which includes principal and interest, matures on March 1, 2022. The note is secured by motor vehicles. The note is being retired from the General and the Cemetery Funds. 183,405
Total Obligations Under Capital Leases \$ 470,937

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 7 - LONG-TERM DEBT (Continued)

The City has acquired machinery and equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option (generally \$1) or a transfer of ownership at the end of the lease term. These assets are listed below as follows:

<u>Governmental Activities</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Mobile equipment - vehicles	\$ <u>714,402</u>	\$ <u>316,125</u>	\$ <u>398,277</u>

Depreciation expense for the year ended September 30, 2018 totaled \$50,444 for the mobile equipment acquired under capital lease.

The following schedule details debt service requirements to maturity of capital leases payable:

Year Ending September 30	<u>Capital Lease A</u>			<u>Capital Lease B</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 83,364	7,236	90,600	51,807	4,633	\$ 56,440
2020	85,814	4,786	90,600	53,330	3,110	56,440
2021	88,336	2,264	90,600	54,897	1,543	56,440
2022	<u>30,018</u>	<u>182</u>	<u>30,200</u>	<u>23,371</u>	<u>178</u>	<u>23,549</u>
Totals	\$ <u>287,532</u>	<u>14,468</u>	302,000	<u>183,405</u>	<u>9,464</u>	192,869
Less: Interest payments			(14,468)			(9,464)
Net present value of minimum lease payments			\$ <u>287,532</u>			\$ <u>183,405</u>

B. Business-Type Activities

Long-term debt activity for the year ended September 30, 2018, is presented as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 1,555,000	\$ -	\$ 125,000	\$ 1,430,000	\$ 130,000
General Obligation bonds payable	2,820,000	-	280,000	2,540,000	290,000
Obligations under capital lease	-	17,438	1,461	15,977	4,512
Compensated absences	<u>21,318</u>	<u>22,773</u>	<u>10,659</u>	<u>33,432</u>	<u>16,716</u>
Total business-type activities	4,396,318	40,211	417,120	4,019,409	441,228
Less: Discount on bonds	<u>(22,002)</u>	-	<u>(2,445)</u>	<u>(19,558)</u>	<u>(2,445)</u>
Total business-type activities	<u>4,374,316</u>	\$ <u>40,211</u>	\$ <u>414,675</u>	\$ <u>3,999,851</u>	\$ <u>438,783</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 7 - LONG-TERM DEBT (Continued)

1. Water and Sewer Revenue Bonds Payable

As of September 30, 2018, the City has following outstanding debt for the business-type activities:

Combined Water and Sewer Revenue Refunding Bonds - Series 2011

A 2.00% - 3.80% loan, dated December 20, 2011, with principal and interest payments monthly, with a maturity date of July 1, 2026. This loan is being retired from the water and sewer fund. \$ 1,430,000

G. O. Water and Sewer System Refunding Bonds - Series 2011

A 2.00% - 3.625% loan, dated December 20, 2011, with principal and interest payments monthly, with a maturity date of July 1, 2026. This loan is being retired from the water and sewer fund. 2,540,000

Total \$ 3,970,000

Annual debt service requirements to maturity for the above loans as of September 30, 2018 are as follows:

Fiscal Year Ending	Revenue Bonds Loan # 1		G. O. Bonds Loan # 2		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 130,000	\$ 50,101	\$ 290,000	\$ 81,725	\$ 420,000	\$ 131,826
2020	135,000	46,201	295,000	73,025	430,000	119,226
2021	140,000	41,983	305,000	64,175	445,000	106,158
2022	145,000	37,433	310,000	55,025	455,000	92,458
2023	155,000	32,539	320,000	45,725	475,000	78,264
2024 - 2026	<u>725,000</u>	<u>63,999</u>	<u>1,020,000</u>	<u>73,000</u>	<u>1,745,000</u>	<u>136,999</u>
Total	<u>\$ 1,430,000</u>	<u>\$ 272,256</u>	<u>\$ 2,540,000</u>	<u>\$ 392,675</u>	<u>\$ 3,970,000</u>	<u>\$ 664,931</u>

2. Obligations Under Capital Lease

A 2.90.% capital lease note, payable to Community Bank of Mississippi, dated May 25, 2018 payable in forty five (45) installments of \$5,113 beginning July 1, 2018 which includes principal and interest, matures on March 1, 2022. The note is secured by motor vehicles. The note is being retired from the Water/Sewer Fund. \$ 15,977

The City has acquired machinery and equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option (generally \$1) or a transfer of ownership at the end of the lease term. These assets are listed below as follows:

<u>Business Activities</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Mobile equipment - vehicles	<u>\$ 21,732</u>	<u>\$ 1,931</u>	<u>\$ 19,801</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 7 - LONG-TERM DEBT (Continued)

Depreciation expense for the year ended September 30, 2018 totaled \$1,931 for the mobile equipment acquired under capital lease.

The following schedule details debt service requirements to maturity of capital leases payable:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,512	404	4,916
2020	4,649	267	4,916
2021	4,781	135	4,916
2022	<u>2,035</u>	<u>16</u>	<u>2,051</u>
Totals	<u>\$ 15,977</u>	<u>822</u>	16,799
Less: Interest payments			<u>(825)</u>
Net present value of minimum lease payments			<u>\$ 15,974</u>

Loan Covenants

In connection with the water and sewer fund's outstanding bonds, the City is required to maintain certain funds, including debt service funds. The City deposits on a monthly basis out of water and sewer fund revenues one-sixth of the next interest installment due and one-twelfth of the next principal installment due into the debt service fund to provide for debt service installments on the two series 2011 bond issues. The balance in this fund at September 30, 2018, was \$1,100. In addition, proceeds of \$228,500 from prior year refunding is set aside in a debt reserve fund.

Bond documents also require the City to adjust water and sewer rates, as needed, to ensure that the revenues from operating the system exceed operating expenses (excluding depreciation) by at least 110%. Current rates (in effect since October 2012) appear to be sufficient to provide the required coverage of operating expenses.

Amortization and Accretion of Amounts Associated with Enterprise Fund Debt

In connection with the issuance of its Series 2011 refunding bonds, there were related net bond discounts and other costs that the City is amortizing/accreting over the term of the related bond issues (using weighted average interest ratios and effective interest rates). Amortization of net bond discounts and other refunding costs are adjusted annually as a component of interest expense. Unamortized net bond discounts are netted against the principal amount of debt outstanding and the net unamortized balance in deferred amount on refunding is shown as a deferred outflow of resources on the water and sewer fund's Statement of Net Position in accordance with GASB 63.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS

1. General Information

Plan Description and Provisions: The City of Indianola, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS.

Benefits provided. Membership in PERS is a condition of employment granted 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 school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. 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.

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the City of Indianola, Mississippi is required to contribute at an actuarially determined rate. This rate 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. The City of Indianola, Mississippi contributions to PERS for the years ended September 30, 2018, and 2017 were, \$468,497, and \$467,854, respectively, equal to the required contributions for each year.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Active members:	
Vested	106
Non-vested	-
Total Participants	<u>106</u>

B. 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 \$7,789,719 for its proportionate share of the net pension liability. The Net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's portion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contribution of all participating entities, actuarially determined. The City's proportionate share used to the September 30, 2018 net pension liability was 0.046833 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.000177 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2018 for the municipal plan is as follows:

A. Governmental Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 219,162	\$ 50,933
Net Difference between projected and actual earnings on pension plan investments	918,400	665,442
Changes of assumptions	568,336	17,907
Changes in proportion and differences between City contributions and proportionate share of contributions	(1,300,135)	(67,446)
Employers contributions subsequent to the measurement date	405,326	-
Total	<u>\$ 811,089</u>	<u>\$ 666,836</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Business Activities

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,199	\$ 5,659
Net Difference between projected and actual earnings on pension plan investments	93,024	73,938
Changes of assumptions	57,567	1,990
Changes in proportion and differences between City contributions and proportionate share of contributions	(120,302)	(25,810)
Employers contributions subsequent to the measurement date	41,055	-
Total	<u>\$ 93,543</u>	<u>\$ 55,777</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2018 will be recognized in pension expense as follows:

Year ended September 30	Amount
2019	\$ 6,058
2020	6,058
2021	5,452
Total	<u>\$ 17,568</u>

C. Actuarial assumptions.

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to change in the discount rate. 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 calculated using the discount rate of 7.75%, 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 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension liability	<u>\$ 10,256,825</u>	<u>\$ 7,789,719</u>	<u>\$ 5,749,630</u>

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

D. Schedule of Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	3.0 percent
Salary changes	3.75 - 19.00 %, depending on age, service, and type of employment including inflation.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation.
Mortality Assumption	RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 8, 2017.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. Broad	34%	5.20%
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	100%	

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The City has been named as a defendant in a lawsuit as of September 30, 2018. This suit has not been set for trial. It is not possible to predict at this time the extent of the City's liability. Losses, if any, are not expected to exceed available insurance coverage.

B. Construction Projects in Progress

At September 30, 2018, the City of Indianola has the following street resurfacing project in progress:

<u>Governmental funds:</u>	<u>Estimated Cost of Project</u>	<u>Balance 10/01/17</u>	<u>Additions</u>	<u>Completed Project</u>	<u>Balance 09/30/18</u>	<u>Estimated Cost to Complete</u>
102 Front Street Project	\$ 689,689	\$ 32,689	\$ -	\$ -	\$ 32,689	\$ 657,000
Fire Station Project	10,000	10,000	-	-	10,000	-
Safe Routes to School Project	240,001	36,151	-	-	36,151	203,850
MDOT Enhancement Project	450,687	40,731	-	-	40,731	409,956
MDOT Downtown Entertainment Project	1,592,924	14,076	-	-	14,076	1,578,848
Ellis Road Project	12,665	12,665	-	-	12,665	-
Airport Improvement Project	450,000	245,243	145,228	-	390,471	59,529
Total Governmental Funds	<u>\$ 3,445,966</u>	<u>\$ 391,555</u>	<u>\$ 145,228</u>	<u>\$ -</u>	<u>\$ 536,783</u>	<u>\$ 2,909,183</u>
<u>Business-Type Activities:</u>						
College Street Waterline	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 76,435</u>	<u>\$ -</u>	<u>\$ 76,435</u>	<u>\$ 73,565</u>

NOTE 10 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 19, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 13 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderwomen. At fiscal year-end, the receivable represent delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Washington County bills and collects the real, personal and ad valorem taxes for the City of Leland, Mississippi. The taxes are remitted to the City on a monthly basis.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments are received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION (GASB Statement No. 68 and 71)

The unrestricted net position amount of \$186,531 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$904,632 balance of deferred outflow of resources, at September 30, 2018 will be recognized as an expense and will decrease the unrestricted net position over the next four (4) years.

The unrestricted net position amount of \$186,531 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$722,613 balance of deferred inflow of resources at September 30, 2018 will be recognized as revenue and will increase the unrestricted net position over the next four (4) years.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 15 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The City adopted GASB Statement 54 during the year ended September 30, 2018 as such, fund balance of the governmental funds are classified by specific purpose as follows:

Fund Balances:	General Fund	Nonmajor Funds	Total
Nonspendable for:			
Advances	\$ -	\$ -	\$ -
Inventory	127,053	-	127,053
Total Nonspendable	<u>127,053</u>	<u>-</u>	<u>127,053</u>
Restricted for:			
Fire protection rebate funds	392,997	-	392,997
Debt service	-	173,833	173,833
Unemployment	-	15,000	15,000
Park improvement fund	-	896	896
Total Restricted	<u>392,997</u>	<u>189,729</u>	<u>582,726</u>
Assigned:			
Street and Drains Fund	-	1,247	1,247
Industrial Park	-	4,974	4,974
MKM Fund	-	124,602	124,602
Total Assigned	<u>-</u>	<u>130,823</u>	<u>130,823</u>
Unassigned			
Other purposes	2,993,729	-	2,993,729
Total Fund Balances	<u>\$ 3,513,779</u>	<u>\$ 320,552</u>	<u>\$ 3,834,331</u>

NOTE 16 - NEW ACCOUNTING STANDARDS

In fiscal year 2018, the City implemented the following GASB Statements:

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosure". GASB 77 requires certain disclosure related to tax abatement agreements. The requirements of this statement are effective for financial statement for the fiscal years beginning after December 15, 2015.

CITY OF INDIANOLA, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 16 - NEW ACCOUNTING STANDARDS (Continued)

The City will adopt the following new accounting pronouncements in future years:

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans". This statement will improve the usefulness of information about post-employment benefits other than pensions (Other Postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other postemployment benefits or OPEB). These requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Town is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

CITY OF INDIANOLA, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

CITY OF INDIANOLA, MISSISSIPPI
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*
September 30, 2018

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	\$ 7,789,179	\$ 7,755,811	\$ 7,487,958	\$ 7,172,525
City's proportionate share of the net pension liability (asset)	0.046833%	0.046656%	0.041920%	0.046400%
City's covered-employee payroll	2,974,642	2,970,504	2,681,661	2,896,892
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	261.85 %	261.09 %	279.23 %	247.59 %
Plan fiduciary net position as a percentage of the total pension liability	61.49 %	57.47 %	61.70 %	67.21 %

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2018, and until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

The Accompanying Notes are an integral part of these Financial Statements.

City of Indianola, Mississippi
Required Supplementary Information
Schedule of the City Contributions
PERS
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required Contribution	\$ 468,497	\$ 467,854	\$ 247,397	\$ 444,065
Contribution in relation to the contractually required contribution	<u>468,497</u>	<u>467,854</u>	<u>247,397</u>	<u>444,065</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,974,642	\$2,970,504	\$2,681,661	\$2,896,892
Contributions as a percentage of covered-employee payroll	15.75	15.75	15.75	15.75

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended September 30, 2018, and until a full 10-year trend is compiled, the Agency has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

CITY OF INDIANOLA, MISSISSIPPI
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Park Improvement Fund - This fund is used to account for sources of revenue and expenditures by the City in order to fund improvements made to parks throughout the City.

Tourism Tax Fund - This fund is used to account for the collection of special sales tax, and charges for services in order to fund operations of the City's tourism department.

CDBG HOME Grant Fund - This fund is used to account federal grant funds funded through the Mississippi Development Authority which provide for the rehabilitation of individual homes.

Unemployment Fund - This fund is used to account for the funding from various sources and order to pay for unemployment claims.

NRPA Grant - This fund is used to account for grant funds funded through the National Recreation and Park Association which provide operating funds for the parks and recreation department.

DEBT SERVICE FUNDS

Debt Service Fund - This fund is used to account for the collection of property tax, and for the retirement of debt related to the governmental funds.

CAPITAL PROJECT FUNDS

Street and Storm Drains Fund - This fund is used to account expenditures related the maintenance and improvements made to the City's street and storm drainage infrastructure.

Industrial Park Fund - This fund is used to account for revenues and capital expenditures used to make improvements to industrial parks throughout the City.

MKM Fund - This fund is used to account for revenues and capital expenditures used to make improvements MKM.

CITY OF INDIANOLA, MISSISSIPPI
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue					Capital Project			
	Park Improvement Fund	Tourism Tax Fund	NPRA Grant	Unemployment Fund	Debt Service	Street & Storm Drains Fund	Industrial Park Fund	MKM Fund	Total
ASSETS									
Cash	\$ 896	\$ 36,150	\$ -	\$ 15,000	\$ 173,168	\$ -	\$ 4,974	\$ 124,602	\$ 354,790
Accounts receivable	-	64,433	-	-	665	13,069	-	-	78,167
Interest receivable	-	-	-	-	-	1,247	-	-	1,247
TOTAL ASSETS	<u>\$ 896</u>	<u>\$ 100,583</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 173,833</u>	<u>\$ 14,316</u>	<u>\$ 4,974</u>	<u>\$ 124,602</u>	<u>\$ 434,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payables	\$ -	\$ -	\$ 2,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,511
Due to other funds	-	100,583	-	-	-	-	-	-	100,583
Total Liabilities	-	100,583	2,511	-	-	-	-	-	103,094
DEFERRED INFLOWS OF RESOURCES									
Deferred grant revenue	-	-	-	-	-	13,069	-	-	13,069
Total Deferred Inflows of Resources	-	-	-	-	-	13,069	-	-	13,069
Fund Balances:									
Assigned	-	-	-	-	-	1,247	4,974	124,602	130,823
Restricted	896	-	(2,511)	15,000	173,833	-	-	-	187,218
Total Fund Balances	896	-	(2,511)	15,000	173,833	1,247	4,974	124,602	318,041
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 896</u>	<u>\$ 100,583</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 173,833</u>	<u>\$ 14,316</u>	<u>\$ 4,974</u>	<u>\$ 124,602</u>	<u>\$ 434,204</u>

CITY OF INDIANOLA, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue					Capital Project			
	Park Improvement Fund	Tourism Tax Fund	NRPA Grant	Unemployment Fund	Debt Service Fund	Streets & Storm Drains Fund	Industrial Park Fund	MKM Fund	Total
REVENUES									
Intergovernmental revenues	\$ -	\$ 337,540	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,540
Total Revenues	-	337,540	30,000	-	-	-	-	-	367,540
EXPENDITURES									
Public works	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Culture and recreation	-	337,540	32,511	-	-	-	-	-	370,051
Total Expenditures	-	337,540	32,511	-	-	-	-	-	370,051
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(2,511)	-	-	-	-	-	(2,511)
Other Financing Sources (Uses)									
Operating transfers in	-	-	-	-	51,875	-	-	-	51,875
Operating transfers out	-	-	-	-	-	-	(4,200)	-	(4,200)
Total Other Financing Sources (Uses)	-	-	-	-	51,875	-	(4,200)	-	47,675
Net Change in Fund Balance	-	-	(2,511)	-	51,875	-	(4,200)	-	49,364
Fund Balance, Beginning of Year	896	-	-	15,000	121,958	1,247	9,174	124,602	272,877
Fund Balance, End of Year	\$ 896	\$ -	\$ (2,511)	\$ 15,000	\$ 173,833	\$ 1,247	\$ 4,974	\$ 124,602	\$ 322,241



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 Honorable Mayor Ken Featherstone and
Honorable Members of the Board of Alderman
City of Indianola, 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 City of Indianola, 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 Indianola, Mississippi's basic financial statements, and have issued our report thereon dated January 19, 2024.

Internal Control Over Financial Reporting

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

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

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


A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the management letter dated January 19, 2024 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Indianola, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


Ridgeland, Mississippi
January 19, 2024

CITY OF INDIANOLA, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2018

The City did not have any findings noted the their fiscal year 2017 audit report dated September 13, 2021.



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor Ken Featherstone
Honorable Members of the Board of Aldermen
of the City of Indianola, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the City of Indianola, Mississippi (the City) as of and for the year ended September 30, 2018, which collectively comprise the City of Indianola, Mississippi's basic financial statements and have issued our report thereon dated January 19, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instance of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderman, management and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brown, Ewing & Co.

Ridgeland, Mississippi
January 19, 2024

CITY OF INDIANOLA, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Bonding Company</u>	<u>Bond Amount</u>
Steven Rosenthal	Mayor	Western Surety	\$ 100,000
Larry Brown	Alderman	Fidelity & Deposit Co. of Maryland	100,000
Gary Fratesi	Alderman	Fidelity & Deposit Co. of Maryland	100,000
Dana Myrick	Alderman	Western Surety	100,000
Carver A. Randle, Jr.	Alderman	Fidelity & Deposit Co. of Maryland	100,000
Ruben Woods	Alderman	Western Surety	100,000
Charlotte Kilgore	Interim City Clerk	FCCI Insurance	50,000
Tumekia Beamon	Deputy Clerk	Western Surety	50,000
Olivia Draine	Deputy Clerk	Travelers	50,000
Shumekia Harvey	Deputy Clerk	FCCI Insurance	50,000
Cheryl D. Thomas	Deputy Clerk	Western Surety	50,000
Trisha A. Towery	Deputy Clerk	FCCI Insurance	50,000
Edrick Hall	Police Chief	Western Surety	50,000
Johnny Lee Spand, Sr.	Assistant Police Chief	FCCI Insurance	50,000
Teresa Nolden	Court Clerk	Western Surety	50,000
Andranette Bland	Deputy Court Clerk	Travelers	50,000
Latasha Woods	Deputy Court Clerk	Western Surety	50,000

CITY OF INDIANOLA, MISSISSIPPI
Statement of Legal Debt Limit
September 30, 2018

Authorized Debt Limit Percent Rule

Authorized Debt Limit Percent	15%	20%
2017 Tax Roll Estimation	\$ 39,667,115	\$ 39,667,115
Less: 2017 Homestead Exemption	(153,215)	(153,215)
Net 2017 Estimation Tax Roll	<u>\$ 39,513,900</u>	<u>\$ 39,513,900</u>
Assessed Valuation under respective debt limit	\$ 5,927,085	\$ 7,902,780
Less: All Bonded Indebtness	4,375,000	4,375,000
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	<u>1,555,000</u>	<u>1,555,000</u>
Present debt subject to limitation (General Obligation Bonds)	<u>2,820,000</u>	<u>2,820,000</u>
Margin for further debt under respective debt limits	<u>\$ 3,107,085</u>	<u>\$ 5,082,780</u>

Section 21-31-301 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

CITY OF INDIANOLA, MISSISSIPPI
Schedule of Bonds and Notes Payable
September 30, 2018

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Authorized</u>	<u>Issued</u>	<u>Balance Outstanding Oct. 1, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance Outstanding Sept. 30, 2018</u>
<u>General Government:</u>									
<i>State Revolving Loan:</i>									
Ms Dept. of Environmental Quality	5.00%	1998	12/31/2017	<u>676,218</u>	<u>676,218</u>	<u>17,131</u>	<u>-</u>	<u>17,131</u>	<u>-</u>
<i>Capital leases:</i>									
Community Bank	2.90%	05/18/2018	03/01/2022	200,206	200,206	-	200,206	16,801	183,405
Community Bank	2.90%	05/18/2018	03/01/2022	321,379	321,379	-	321,379	33,847	287,532
Hancock Bank	1.89%	08/10/2015	08/10/2018	<u>102,792</u>	<u>102,792</u>	<u>29,131</u>	<u>-</u>	<u>29,131</u>	<u>-</u>
Total Capital Leases				<u>624,377</u>	<u>624,377</u>	<u>29,131</u>	<u>521,585</u>	<u>79,779</u>	<u>470,937</u>
Total General Government Debt				<u>1,300,595</u>	<u>1,300,595</u>	<u>46,262</u>	<u>521,585</u>	<u>96,910</u>	<u>470,937</u>
<u>Proprietary:</u>									
<i>General Obligation Bonds:</i>									
General Obligation Water & Sewer System Refunding Bonds, Series 2011	2.00% to 3.625%	12/20/2011	07/01/2026	<u>4,525,000</u>	<u>4,525,000</u>	<u>2,820,000</u>	<u>-</u>	<u>280,000</u>	<u>2,540,000</u>
<i>Obligations Under Capital Lease:</i>									
Community Bank	2.90	05/18/2018	03/01/2022	<u>17,438</u>	<u>17,438</u>	<u>-</u>	<u>17,438</u>	<u>1,461</u>	<u>15,977</u>
<i>Revenue Refunding Bonds:</i>									
Series 2011 Refunding Series 2001B	2.00% to 3.80%	12/20/2011	07/01/2026	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,555,000</u>	<u>-</u>	<u>125,000</u>	<u>1,430,000</u>
Total Proprietary Debt				<u>6,827,438</u>	<u>6,827,438</u>	<u>4,375,000</u>	<u>17,438</u>	<u>406,461</u>	<u>3,985,977</u>
Grand Total of All Debt				<u>\$ 8,128,033</u>	<u>\$ 8,128,033</u>	<u>\$ 4,421,262</u>	<u>\$ 539,023</u>	<u>\$ 503,371</u>	<u>\$ 4,456,914</u>

CITY OF INDIANOLA, MISSISSIPPI

MANAGEMENT LETTER

FOR THE YEAR ENDED SEPTEMBER 30, 2018



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor Ken Featherstone
And Honorable Members of the Board of Aldermen
City of Indianola, Mississippi

In planning and performing our audit of the financial statements of the City of Indianola, 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 entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during the audit, certain significant deficiencies were noted, and these matters are summarized in this letter that are opportunities to strengthen your internal control and improve the efficiency of your operations. This letter does not affect our report dated January 19, 2024, on the financial statements of the City of Indianola.

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. Our comments are summarized as follows:

UPDATING AND MAINTAINING CAPITAL ASSET INVENTORY RECORDS AND DEPRECIATION SCHEDULE

Finding:

During the audit, we found that City did not update its Capital Asset inventory records to include capital asset acquired during fiscal year 2023 nor were the depreciation schedules updated.

Recommendation:

We recommend that City adopt internal administrative control procedures to update its inventory records of capital assets at least on an annual basis. Additionally, the depreciation schedules should be updated. The inventory records should have at least the following data details recorded:

- Description of the asset.
- Cost of the asset and vendor name.
- Date placed in service.
- Inventory number.
- Serial No., Model No., Inventory No., and VIN.
- Location
- Estimated useful life.
- Depreciation method
- Depreciation expense and accumulated depreciation for the year
- Date asset retired and selling price, if applicable

POSTING PRIOR YEAR AUDIT ADJUSTMENTS TO THE ACCOUNTING RECORDS

Finding:

During the audit, we found that City accounting personnel did not post/record the fiscal year 2017 audit adjustment in the accounting records.

Recommendation:

We recommend that City adopt internal administrative control procedures to ensure that all audit adjustments are posted/recorded in the accounting records. This will ensure that the accounting records are updated and were reconciled to the amounts reported in the audited financial statements. This also will ensure that the ending net asset balances are in agreement with the audited financial statement balances.

RECORDING YEAR END ACCRUALS

Finding:

During the audit, we found that City accounting personnel did not adjust the accrued payroll nor its accrued compensated for absences to reflect the amounts due at September 30, 2018.

Recommendation:

We recommend that City adopt internal administrative control procedures to reconcile the general ledger control balances for accrued payroll and compensated absences at year end. Additionally, a general journal adjustment should be made to reconcile the accounting records and that the general ledger balances should reflect the amounts due at year end. This is a bookkeeping responsibility and not the responsibility of the auditor.

PAYROLL TEST

Finding:

During our test of controls over payroll, we found the following:

- a. Out of a sample of (40) forty transactions, (2) two instances a time and attendance report were not made available for our review.
- b. Out of a sample of (40) forty transactions, (40) forty instances, the time and attendance report were not signed by the employee nor the supervisor.
- c. Out of a sample of (40) forty transactions, (2) two instances, the City personnel could not locate a time sheet for summer workers.

Recommendation:

We recommend that City follow its internal administrative control procedures over payroll to ensure that all time and attendance reports are signed by the employee and the supervisor. All time and attendance report should be filed in a manner that is systematic and readily retrievable from the files.

This report is intended solely for the information and use of the Mayor and Board of Aldermen, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Brown, E. C.

Ridgeland, Mississippi
January 19, 2024