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CITY OF BOONEVILLE, MISSISSIPPI

BASIC FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

SEPTEMBER 30, 2019

Jones & Jones
Certified Public Accountants
of Booneville, P.A.
Booneville, MS 38829-0250

CITY OF BOONEVILLE, MISSISSIPPI
Basic Financial Statements
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JONES & JONES
CERTIFIED PUBLIC ACCOUNTANTS
OF BOONEVILLE, P.A.

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, Schedule of City's proportionate share of the net pension liability (Schedule 1) on page 80, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 81, and budgetary comparison information (Schedule 3) on pages 82 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of the City of Booneville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Booneville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Booneville, Mississippi's internal control over financial reporting and compliance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jones & Jones", is positioned above the printed name.

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

December 7, 2020

CITY OF BOONEVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2019

As management of the City of Booneville, Mississippi, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,860,704 (net position).

The government's total net position increased by \$1,369,213 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,225,724, a decrease of \$745,488 during the current fiscal year. Approximately 66.3 percent of this total amount, or \$2,139,435, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,144,003 or 34.2 percent of total general fund expenditures.

The City had fixed asset net additions of \$1,452,267 during the current year. Of this amount \$1,178,258 occurred in the governmental activities and \$274,009 occurred in the business-type activities.

The City's total debt decreased by \$369,269 during the current fiscal year. This change resulted from new debt issued of \$370,918 and debt repayments net of amortization of \$740,187.

During the current fiscal year, the City's operating grants and contributions increased \$1,272 (12.61 percent) mainly due to normal changes in grants received; capital grants and contributions decreased \$597,582 (75.59 percent) mainly due to receiving a \$740,000 grant to help beautify downtown in prior year; property taxes increased \$84,360 (4.50 percent) mainly due to increased assessed valuation; charges for services increased \$160,233 (1.88 percent) mainly due to increases in charges for natural gas and water and sewer; and total expenses increased \$189,925 (1.53 percent) mainly due to the increase in general government, public safety, public works, culture and recreation and the addition of a tourism department.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Overview of the Financial Statements – continued

Fund financial statements

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

Governmental funds

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

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

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

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison schedules for the general fund has been provided in the financial statements on pages 82 – 86 to demonstrate compliance with those budgets. The City had no major special revenue fund which required budget comparison schedules.

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

Proprietary funds

The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its natural gas operations, water and sewer operations, and its waste collection operations.

Overview of the Financial Statements – continued

Proprietary funds - continued

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

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

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on page 34 - 35 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 – 79 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the schedule of City's proportionate share of the net pension liability, schedule of City's contributions to public employee retirement system of Mississippi, and budgetary comparison schedules for certain governmental funds referred to earlier. Required supplementary information including notes to required supplementary information can be found on pages 80 – 89 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 90 – 92 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Booneville, Mississippi, assets and deferred outflows of resources less liabilities and deferred inflows of resources netted to \$15,860,704 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 102.8 percent or \$16,307,622) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 10.1 percent or \$1,594,204) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit (of approximately 12.9 percent or \$2,041,122) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$10,077,210.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in both governmental activities and government as a whole of \$4,862,337 and \$2,041,122, while all other categories of net position reported positive balances both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position increased by \$1,369,213 during the current fiscal year. This increase was mainly due to the decrease in net position from the governmental activities of \$557,258 and the business-type activities increase in net position of \$1,926,471 as detailed on the City of Booneville, Mississippi's changes in net position presented on the following pages. See other detailed changes on the following pages.

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Net position

	Governmental Activities				Business-Type Activities				Total			
	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change
Current and other assets	\$ 5,958,531	\$ 6,483,156	\$ (524,625)	-8.1%	\$ 6,879,924	\$ 4,965,491	\$ 1,914,433	38.6%	\$ 12,838,455	\$ 11,448,647	\$ 1,389,808	12.1%
Capital assets	6,814,140	6,171,283	642,857	10.4%	15,170,007	15,582,252	(412,245)	-2.6%	21,984,147	21,753,535	230,612	1.1%
Total assets	12,772,671	12,654,439	118,232	0.9%	22,049,931	20,547,743	1,502,188	7.3%	34,822,602	33,202,182	1,620,420	4.9%
Deferred outflows of resources	457,911	310,691	147,220	47.4%	103,104	113,040	(9,936)	-8.8%	561,015	423,731	137,284	32.4%
Long-term liabilities outstanding	8,507,032	7,743,439	763,593	9.9%	7,550,568	7,994,751	(444,183)	-5.6%	16,057,600	15,738,190	319,410	2.0%
Other liabilities	376,937	407,116	(30,179)	-7.4%	829,410	827,317	2,093	0.3%	1,206,347	1,234,433	(28,086)	-2.3%
Total liabilities	8,883,969	8,150,555	733,414	9.0%	8,379,978	8,822,068	(442,090)	-5.0%	17,263,947	16,972,623	291,324	1.7%
Deferred inflows of resources	2,136,850	2,047,552	89,298	4.4%	122,116	114,245	7,871	6.9%	2,258,966	2,161,797	97,169	4.5%
Net position												
Net investment in capital assets	6,353,683	5,831,144	522,539	9.0%	9,953,939	9,883,289	70,650	0.7%	16,307,622	15,714,433	593,189	3.8%
Restricted	718,417	621,069	97,348	15.7%	875,787	753,030	122,757	16.3%	1,594,204	1,374,099	220,105	16.0%
Unrestricted	(4,862,337)	(3,685,190)	(1,177,147)	31.9%	2,821,215	1,088,151	1,733,064	159.3%	(2,041,122)	(2,597,039)	555,917	-21.4%
Total Net Position	\$ 2,209,763	\$ 2,767,023	\$ (557,260)	-20.1%	\$ 13,650,941	\$ 11,724,470	\$ 1,926,471	16.4%	\$ 15,860,704	\$ 14,491,493	\$ 1,369,211	9.4%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 679,147	\$ 683,938	\$ (4,791)	-0.7%	\$ 8,011,924	\$ 7,846,900	\$ 165,024	2.1%	\$ 8,691,071	\$ 8,530,838	\$ 160,233	1.9%
Operating grants and contributions	11,362	10,090	1,272	12.6%	-	-	-	0.0%	11,362	10,090	1,272	12.6%
Capital grants and contributions	190,284	790,508	(600,224)	-75.9%	2,642	-	2,642	0.0%	192,926	790,508	(597,582)	-75.6%
General Revenues												
Taxes												
Property taxes	1,957,900	1,873,540	84,360	4.5%	-	-	-	0.0%	1,957,900	1,873,540	84,360	4.5%
Sales tax	2,302,075	2,327,502	(25,427)	-1.1%	-	-	-	0.0%	2,302,075	2,327,502	(25,427)	-1.1%
Franchise tax	200,617	205,752	(5,135)	-2.5%	-	-	-	0.0%	200,617	205,752	(5,135)	-2.5%
In lieu taxes	167,553	156,021	11,532	7.4%	-	-	-	0.0%	167,553	156,021	11,532	7.4%
Other taxes and state shared revenues	259,503	255,877	3,626	1.4%	-	-	-	0.0%	259,503	255,877	3,626	1.4%
Investment income	19,176	23,971	(4,795)	-20.0%	19,444	17,976	1,468	8.2%	38,620	41,947	(3,327)	-7.9%
Other	57,653	45,547	12,106	26.6%	-	-	-	0.0%	57,653	45,547	12,106	26.6%
Total revenue	\$ 5,845,270	\$ 6,372,746	\$ (527,476)	-8.3%	\$ 8,034,010	\$ 7,864,876	\$ 169,134	2.2%	\$ 13,879,280	\$ 14,237,622	\$ (358,342)	-2.5%

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change	2019	2018	Increase (Decrease)	% Change
Expenses:												
General government	\$ 854,831	\$ 749,234	\$ 105,597	14.1%	\$ -	\$ -	\$ -	0.0%	\$ 854,831	\$ 749,234	\$ 105,597	14.1%
Public safety	3,597,875	3,560,347	37,528	1.1%	-	-	-	0.0%	3,597,875	3,560,347	37,528	1.1%
Public works	1,359,290	1,289,852	69,438	5.4%	-	-	-	0.0%	1,359,290	1,289,852	69,438	5.4%
Culture and recreation	651,959	617,854	34,105	5.5%	-	-	-	0.0%	651,959	617,854	34,105	5.5%
Tourism	88,486	35,854	52,632	146.8%	-	-	-	0.0%	88,486	35,854	52,632	146.8%
Economic development	45,000	64,157	(19,157)	-29.9%	-	-	-	0.0%	45,000	64,157	(19,157)	-29.9%
Interest	7,013	12,416	(5,403)	-43.5%	-	-	-	0.0%	7,013	12,416	(5,403)	-43.5%
Water and Sewer	-	-	-	0.0%	2,380,897	2,392,071	(11,174)	-0.5%	2,380,897	2,392,071	(11,174)	-0.5%
Natural Gas	-	-	-	0.0%	3,252,724	3,289,803	(37,079)	-1.1%	3,252,724	3,289,803	(37,079)	-1.1%
Sanitation	-	-	-	0.0%	327,525	364,087	(36,562)	-10.0%	327,525	364,087	(36,562)	-10.0%
Total expenses	6,604,454	6,329,714	274,740	4.3%	5,961,146	6,045,961	(84,815)	-1.4%	12,565,600	12,375,675	189,925	1.5%
Increase (decrease) in net assets before contributions and transfers	(759,184)	43,032	(802,216)	-1864.2%	2,072,864	1,818,915	253,949	14.0%	1,313,680	1,861,947	(548,267)	-29.4%
Gain (loss) on disposition of capital assets	22,551	(41,339)	63,890	-154.6%	32,982	-	32,982	0.0%	55,533	(41,339)	96,872	-234.3%
Transfers	179,375	1,579,067	(1,399,692)	-88.6%	(179,375)	(1,579,067)	1,399,692	-88.6%	-	-	-	0.0%
Increase (decrease) in net position	(557,258)	1,580,760	(2,138,018)	-135.3%	1,926,471	239,848	1,686,623	703.2%	1,369,213	1,820,608	(451,395)	-24.8%
Rounding	(2)	-	(2)	0.0%	-	-	-	0.0%	(2)	-	(2)	0.0%
Net position--beginning of year	2,767,023	1,186,263	1,580,760	133.3%	11,724,470	11,484,622	239,848	2.1%	14,491,493	12,670,885	1,820,608	14.4%
Net position--end of year	\$ 2,209,763	\$ 2,767,023	\$ (557,260)	-20.1%	\$ 13,650,941	\$ 11,724,470	\$ 1,926,471	16.4%	\$ 15,860,704	\$ 14,491,493	\$ 1,369,211	9.4%

Government-wide Financial Analysis - continued

Governmental activities

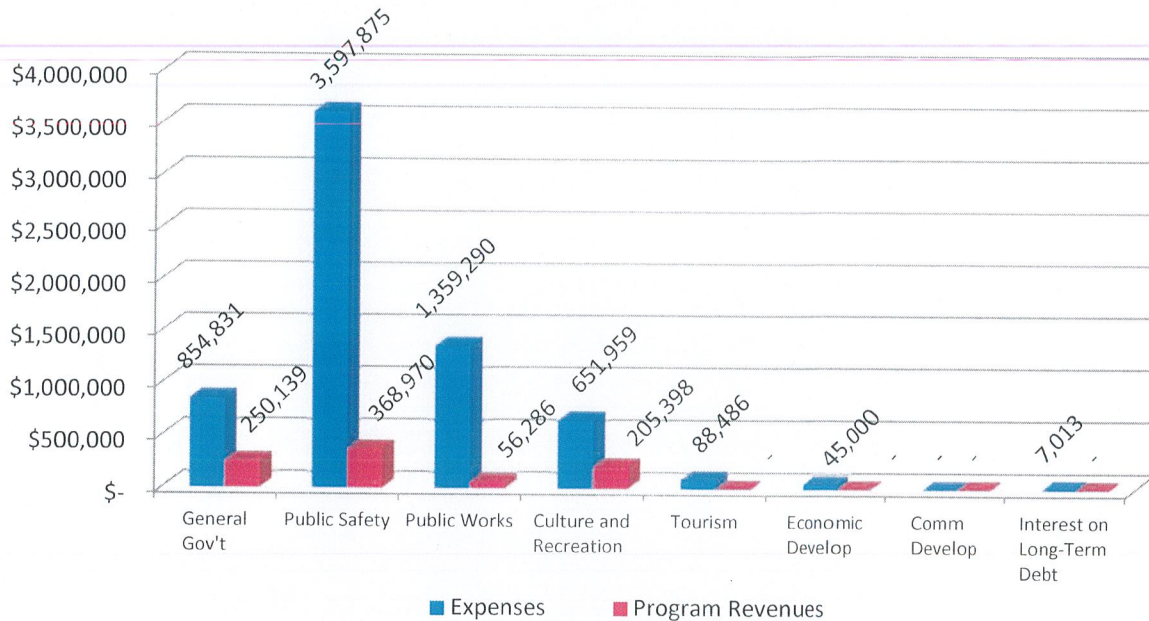
Governmental activities, including transfers from the business-type activities, decreased the City's net position by \$557,260 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$1,580,760. Key elements of the changes are as follows:

During the year charges for services decreased by \$4,791 (approximately 1 percent), operating grants and contributions increased by \$1,272 (approximately 13 percent), capital grants and contributions decreased by \$600,224 (approximately 76 percent), property taxes increased by \$84,360 (approximately 5 percent), sales tax decreased by \$25,427 (approximately 1 percent), general government expenses increased by \$105,597 (approximately 14 percent), public safety expenses increased by \$37,528 (approximately 1 percent), public works expenses increased by \$69,438 (approximately 5 percent), culture and recreation expenses increased by \$34,105 (approximately 6 percent), tourism expense increased by \$52,632 (approximately 147 percent), and economic development expenses decreased by \$19,157 (approximately 30 percent).

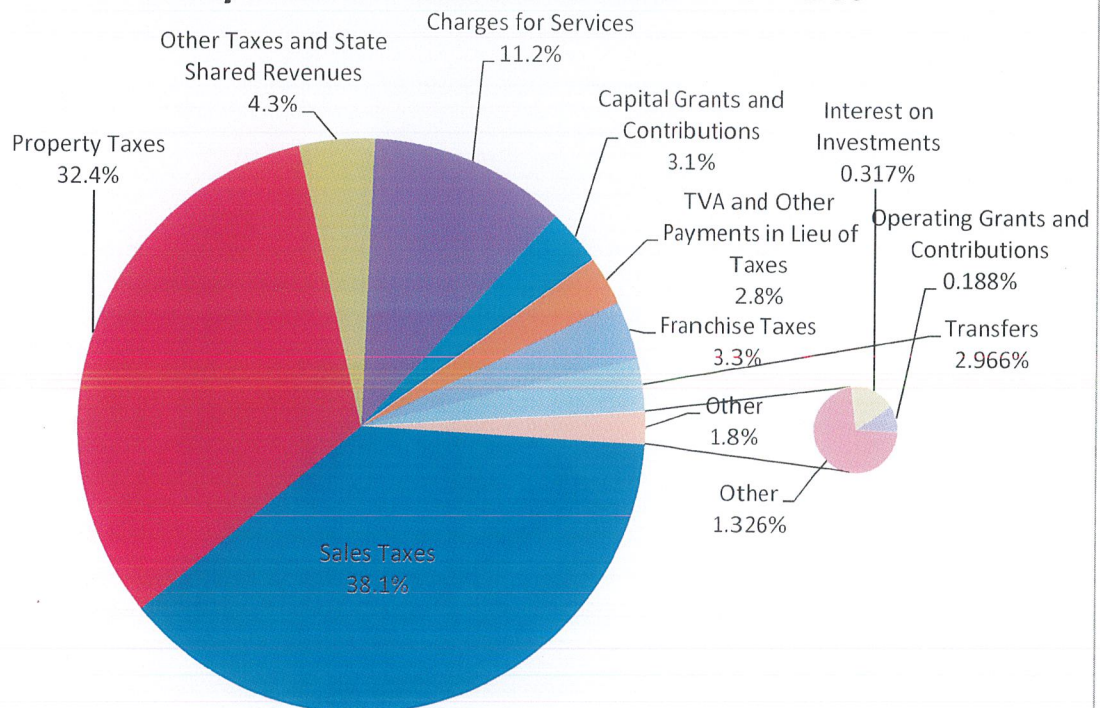
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Government-wide Financial Analysis - continued

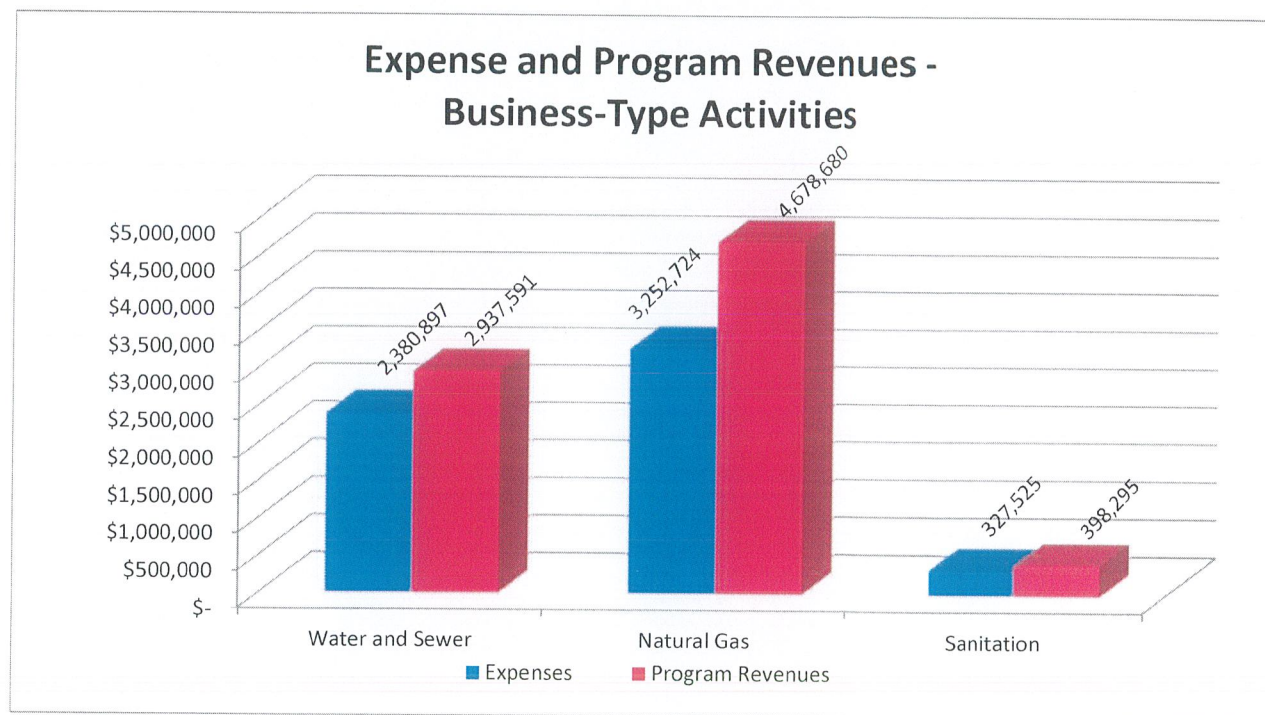
Business-type activities

Business-type activities reported an increase in the City's net position by \$1,926,471 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$239,848. Key elements of this increase are as follows:

Charges for services for business-type activities increased \$165,024, or 2.1 percent, compared to the prior year. This was the result of increased rates and usage.

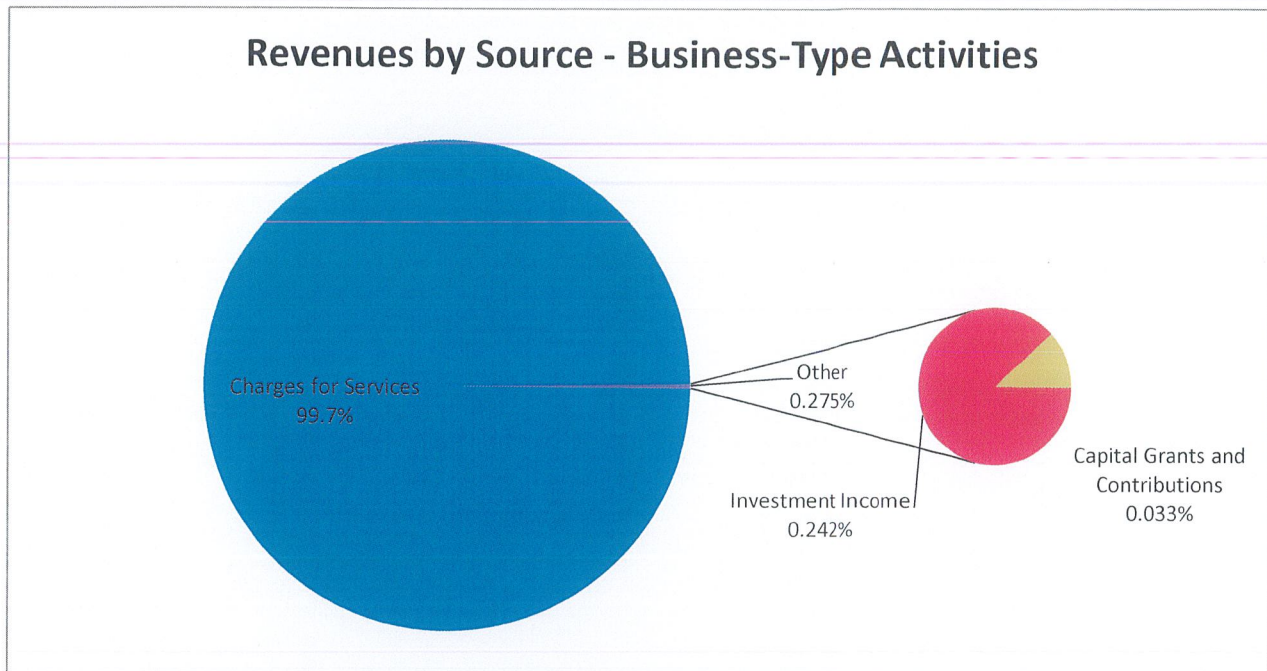
Expenses decreased approximately 1.4 percent or \$84,815, primarily due to water and sewer fund expenditures decreased \$11,174 (0.5 percent) and natural gas fund expenditures decreased \$37,079 (1.1 percent). This change resulted for normal operating

Transfers out to other funds totaled \$179,375 while prior year transfers out to other funds totaled \$1,579,067. Transfers out decreased approximately 88.6 percent or \$1,399,692. Other changes are detailed in the financial analysis above.



Government-wide Financial Analysis - continued

Business-type activities - continued



Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,225,724, a decrease of \$745,488 compared to the prior year. Approximately 66.3 percent of this total amount, \$2,139,435 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$1,086,289 is either nonspendable, restricted by laws, regulations or by donor, committed by the Board of Alderpersons or assigned by the Mayor, to indicate that it is not available for new spending or it can be spent only for specific items.

Financial Analysis of the Government's Funds - continued

Governmental funds - continued

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,144,003 while total fund balance was \$2,453,620. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 34.2 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$679,041 during the current fiscal year. This is primarily attributable to transfers.

Proprietary funds

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

Unrestricted net position of the gas system, combined water and sewer system, and solid waste collection system funds at the end of the year amounted to \$2,220,996, \$602,395, and \$(2,176), respectively. The gas system fund had an increase in net position for the year of \$1,242,175, the combined water and sewer system fund had an increase in net position for the year of \$685,815, and the waste collection fund had a decrease in net position for the year of \$1,519.

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

General Fund Budgetary Highlights

The City made the following amendments to its original budget: Expenditures - general government - supplies \$37,000, general government - other services and charges \$(45,000), general government - capital outlay \$8,000, public safety - personnel services \$(10,000), public safety - fire - supplies \$(14,000), public safety - fire - other services and charges \$(26,000), public safety - fire - capital outlay \$50,000, public safety - police - supplies \$30,000, public safety - police - other services and charges \$(30,000), public property - personnel services \$10,000, public property - other services and charges \$30,000, public property - capital outlay \$(40,000), street - supplies \$20,000, street - other services and charges \$(20,000), park maintenance - other services and charges \$10,000, and park maintenance - capital outlay \$(10,000).

During the year, general fund revenues were more than the budgetary estimates, expenditures were less than the budgetary estimates, and transfers in were less than the budgetary estimates resulting in an actual decrease in fund balance that was more than the final amended budget fund balance amount by \$492,993.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$21,984,147 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. Capital assets also include roads, highways, bridges and other infrastructure acquired after October 1, 2003. The total increase in the City's investment in capital assets for the current fiscal year was approximately 1.1 percent (an approximate 10.4 percent increase for governmental activities and an approximate 2.6 percent decrease for business-type activities).

Major capital asset additions are as follows:

Public property equipment and automotive	\$	869
Park equipment		46,673
Park buildings and improvements		272,881
Street infrastructure		112,649
Street equipment		36,592
Police automotive and equipment		40,604
Fire equipment and automotive		662,044
Construction in progress		5,946
Natural gas system automotive, equipment and office equipment		13,575
Natural gas system distribution system and filling station		21,716
Water and sewer system buildings		16,083
Water and sewer system distribution system		158,793
Construction in progress		63,842

City of Booneville, Mississippi's Capital Assets - Net

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Construction in progress	5,946	63,842	69,788
Infrastructure	2,340,166	-	2,340,166
Building and improvements	1,215,511	663,448	1,878,959
Natural gas system	-	3,206,623	3,206,623
Water and sewer system	-	10,335,753	10,335,753
Automotive, equipment and furnishings	2,209,473	654,979	2,864,452
Total	\$ 6,814,140	\$ 15,170,007	\$ 21,984,147

Additional information on the City's capital assets can be found in Note F on pages 54 - 57 of this report and in the long-term debt section on the next page.

Capital Asset and Debt Administration - continued

Long-term debt

At the end of the current fiscal year, the City had total debt outstanding of \$5,719,654. Of this amount, \$1,848,682 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) or lease agreements subject to appropriations.

City of Booneville, Mississippi's Outstanding Debt

General Obligation and Notes from Direct Borrowings and Direct Placements

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 368,682	\$ 1,480,000	\$ 1,848,682
Notes from direct borrowings	91,207	3,779,765	3,870,972
Total	\$ 459,889	\$ 5,259,765	\$ 5,719,654

The City's total debt decreased by \$369,269 (approximately 6.1 percent) during the current fiscal year. There was new debt obligations totaling \$370,918 issued during the year.

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

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

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$7,965,534. Additional information on the City's long-term debt can be found in Note H on pages 63 – 68 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2020 fiscal year:

The City expects its tax base to remain level.

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

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unassigned fund balance in the general fund was \$2,144,003.

Requests for Information

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,045,479	\$ 3,570,414	\$ 6,615,893
Restricted cash and cash equivalents	-	2,234,276	2,234,276
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$207,162)	1,962,128	-	1,962,128
Police fines (net of allowances of \$1,644,306)	145,307	-	145,307
Accounts (net of allowances of \$100,390)	-	473,103	473,103
Franchise fees (net of allowances of \$0)	41,894	-	41,894
Accrued interest (net of allowances of \$132,643)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of governmental allowances of \$10,150)	-	9,699	9,699
Prepaid items	58,373	23,894	82,267
Resale inventory	-	381,989	381,989
Supply inventory	-	177,807	177,807
Due from other governments	711,450	2,642	714,092
Due from other funds	(6,100)	6,100	-
Land and construction in progress	1,048,990	309,204	1,358,194
Other capital assets (net of accumulated depreciation)	5,765,150	14,860,803	20,625,953
Total Assets	12,772,671	22,049,931	34,822,602
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	457,911	59,407	517,318
Deferred outflows pertaining to loss on refunding	-	43,697	43,697
Total Deferred Outflows of Resources	\$ 457,911	\$ 103,104	\$ 561,015

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 219,760	\$ 164,464	\$ 384,224
Accounts payable - capital assets	-	43,875	43,875
Credit balance in accounts receivable	-	8,218	8,218
Accrued interest	1,955	38,595	40,550
Accrued liabilities	150,654	45,787	196,441
Matured interest payable	4,000	-	4,000
Matured bonds payable	568	-	568
Customer deposits	-	528,471	528,471
Long-term debt and capital leases			
Bonds and notes payable due within one year	78,901	505,000	583,901
Compensated absence due within one year	19,564	8,019	27,583
Net pension liability due in more than one year	7,854,186	2,223,024	10,077,210
Bonds and notes payable due in more than one year	380,988	4,754,765	5,135,753
Compensated absense due in more than one year	173,393	59,760	233,153
	<u>8,883,969</u>	<u>8,379,978</u>	<u>17,263,947</u>
Total Liabilities			
			<u>17,263,947</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	123,358	122,116	245,474
Deferred inflows pertaining to unavailable revenue	2,013,492	-	2,013,492
	<u>2,013,492</u>	<u>-</u>	<u>2,013,492</u>
Total Deferred Inflows of Resources			
	<u>\$ 2,136,850</u>	<u>\$ 122,116</u>	<u>\$ 2,258,966</u>
NET POSITION			
Net investment in capital assets	6,353,683	9,953,939	16,307,622
Restricted for:			
Debt service - expendable	-	836,410	836,410
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	2,917	-	2,917
Fire protection capital outlays	68,291	-	68,291
D.A.R.E. program	6,163	-	6,163
Infrastructure modernization - capital project	25,939	-	25,939
Technology	24,294	-	24,294
Rubbish	117,338	-	117,338
Tourism	473,475	-	473,475
Unemployment	-	29,377	29,377
Unrestricted (deficit)	(4,862,337)	2,821,215	(2,041,122)
	<u>(4,862,337)</u>	<u>2,821,215</u>	<u>(2,041,122)</u>
TOTAL NET POSITION			
	<u>\$ 2,209,763</u>	<u>\$ 13,650,941</u>	<u>\$ 15,860,704</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Activities
For the fiscal year ended September 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues		Primary Government		
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:	Expenses				Total
General government	\$ 854,831	\$ 239,069	\$ 10,321	\$ (604,692)	\$ (604,692)
Public safety	3,597,875	282,278	76,079	(3,228,905)	(3,228,905)
Public works	1,359,290	56,286	-	(1,303,004)	(1,303,004)
Culture and recreation	651,959	101,514	103,884	(446,561)	(446,561)
Tourism	88,486	-	-	(88,486)	(88,486)
Economic development	45,000	-	-	(45,000)	(45,000)
Interest	7,013	-	-	(7,013)	(7,013)
Total Governmental Activities	6,604,454	679,147	190,284	(5,723,661)	(5,723,661)
Business-Type Activities:					
Water and Sewer	2,380,897	2,934,949	2,642	-	556,694
Natural Gas	3,252,724	4,678,680	-	-	1,425,956
Sanitation	327,525	398,295	-	-	70,770
Total Business-Type Activities	5,961,146	8,011,924	2,642	-	2,053,420
TOTAL PRIMARY GOVERNMENT	\$ 12,565,600	\$ 8,691,071	\$ 11,362	\$ (5,723,661)	\$ 2,063,420
General Revenues					
Taxes					
Property taxes and late fees				1,957,900	1,957,900
Sales tax				2,302,075	2,302,075
Homestead				158,903	158,903
Franchise tax				200,617	200,617
TVA and other payments in lieu of taxes				167,553	167,553
Road tax and advalorem privilege tax				87,556	87,556
Other state shared taxes				13,044	13,044
Investment income				19,444	19,444
Other				-	-
Gain (loss) on sale or retirement of capital assets				32,982	32,982
Transfers				(179,375)	(179,375)
Total				5,166,403	5,039,454
Change in Net Position				(557,258)	1,369,213
NET POSITION--BEGINNING				2,767,021	14,491,491
NET POSITION--ENDING				\$ 2,209,763	\$ 15,860,704

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2019

Statement 3

		<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS	General		
Cash and cash equivalents	\$ 2,359,155	\$ 686,322	\$ 3,045,477
Receivables (net of allowance for uncollectibles)			
Taxes (net of allowances of \$207,162)	1,962,131	-	1,962,131
Police fines (net of allowances of \$1,644,306)	145,307	-	145,307
Cleanup fees (net of allowances of \$10,150)	-	-	-
Franchise fees	41,894	-	41,894
Due from other funds	292	3,370	3,662
Due from other governments	515,090	196,360	711,450
Prepaid items	58,373	-	58,373
Total assets	<u>\$ 5,082,242</u>	<u>\$ 886,052</u>	<u>\$ 5,968,294</u>
LIABILITIES			
Accounts payable - operations	\$ 210,503	\$ 9,256	\$ 219,759
Accrued liabilities	150,654	-	150,654
Compensated absence	19,564	-	19,564
Due to other funds	9,762	-	9,762
Matured interest payable	-	4,000	4,000
Matured revenue bonds payable	-	568	568
Total liabilities	<u>390,483</u>	<u>13,824</u>	<u>404,307</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>2,238,139</u>	<u>100,124</u>	<u>2,338,263</u>
Total deferred inflows of resources	<u>2,238,139</u>	<u>100,124</u>	<u>2,338,263</u>
FUND BALANCES			
Nonspendable	58,373	-	58,373
Restricted	-	692,477	692,477
Committed	31,044	84,195	115,239
Assigned	220,200	-	220,200
Unassigned	<u>2,144,003</u>	<u>(4,568)</u>	<u>2,139,435</u>
Total fund balance	<u>2,453,620</u>	<u>772,104</u>	<u>3,225,724</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,082,242</u>	<u>\$ 886,052</u>	<u>\$ 5,968,294</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
September 30, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS

\$ 3,225,724

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

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

Land improvements and construction in progress

1,048,990

Other capital assets

11,979,198

Less accumulated depreciation

(6,214,048)

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

Revenues - police fines

105,306

Revenues - payments in lieu of tax

165,131

Revenues - property taxes

16,405

Revenues - intergovernmental

37,929

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

(1,955)

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

General obligation bonds

(459,889)

Compensated absences

(173,393)

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

(7,854,186)

Rounding

(2)

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

Deferred outflows of resources related to pensions

457,911

Deferred inflows related to pensions

(123,358)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 2,209,763

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2019

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Advalorem taxes, penalties and interest	\$ 1,996,058	\$ -	\$ 1,996,058
Excess tax sale	2,161	-	2,161
Franchise taxes	216,543	-	216,543
Municipal sales tax	1,903,391	398,684	2,302,075
Permits, fees and privilege tax	11,883	-	11,883
Municipal court fines and bond fees	246,573	13,393	259,966
Intergovernmental revenues	502,995	158,889	661,884
Interest income	10,993	2,251	13,244
Charge for services	131,211	49,884	181,095
Collection fees	106,430	-	106,430
Administrative fees	101,126	-	101,126
Other	4,363	-	4,363
Total revenues	<u>5,233,727</u>	<u>623,101</u>	<u>5,856,828</u>
<u>EXPENDITURES</u>			
Current			
General government	684,192	-	684,192
Public safety	3,279,362	2,305	3,281,667
Public works	1,080,504	-	1,080,504
Culture and recreation	560,150	-	560,150
Tourism	58,494	23,027	81,521
Economic development	45,000	-	45,000
Capital outlay	345,675	868,698	1,214,373
Principal retirement - general obligation	204,379	42,789	247,168
Interest and paying agent	8,641	2,747	11,388
Total expenditures	<u>6,266,397</u>	<u>939,566</u>	<u>7,205,963</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (1,032,670)</u>	<u>\$ (316,465)</u>	<u>\$ (1,349,135)</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2019

	<u>General</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from disposition of fixed assets	\$ 53,354	\$ -	\$ 53,354
Proceeds from other loans	20,900	350,018	370,918
Operating transfers in	279,375	-	279,375
Operating transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>353,629</u>	<u>250,018</u>	<u>603,647</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(679,041)	(66,447)	(745,488)
Fund balance - beginning of year	<u>3,132,661</u>	<u>838,551</u>	<u>3,971,212</u>
Fund balance - end of year	<u>\$ 2,453,620</u>	<u>\$ 772,104</u>	<u>\$ 3,225,724</u>

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Governmental Activities in the Statement of Activities
For the fiscal year ended September 30, 2019

NET CHANGES IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS	\$ (745,488)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, assets with an individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay	1,178,261
Basis of assets disposed of	(30,803)
Depreciation expense	(504,598)
The repayment of long-term debt is reported as an expenditure when due in governmental funds, but as a reduction of principal outstanding in the statement of activities.	247,168
The proceeds from a capital lease or other debt is reported as revenue when issued in governmental funds, but as an increase in other debt capital lease outstanding in the statement of activities.	(370,918)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:	
Property taxes	(40,319)
Franchise fees	(15,926)
Municipal court fines	(17,853)
Advalorem privilege tax	259
Payment in lieu of taxes	30,269
Operating grants and contributions	(200)
Capital grant and contributions	32,213
Rounding	(3)
Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(328,337)
Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.	
They are as follows:	
(Increase) decrease in compensated absences	4,641
(Increase) decrease in accrued interest expense	4,376
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (557,258)</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2019

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 2,348,582	\$ 1,221,832	\$ -	\$ 3,570,414
Cash and cash equivalents - restricted	675,840	131,084	-	806,924
Receivables (net of allowance for uncollectibles)				
Accounts	104,045	341,106	27,952	473,103
Other	2,877	6,822	-	9,699
Resale inventory	381,989	-	-	381,989
Supply inventory	72,704	105,103	-	177,807
Due from other governments	-	2,642	-	2,642
Due from other funds	215,827	3,196	-	219,023
Prepaid items	10,530	13,364	-	23,894
Total current assets	3,812,394	1,825,149	27,952	5,665,495
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,495	1,413,857	-	1,427,352
Nondepreciable land, improvements and construction in progress	208,736	100,468	-	309,204
Depreciable capital assets, net of accumulated depreciation	4,105,715	10,755,088	-	14,860,803
Total noncurrent assets	4,327,946	12,269,413	-	16,597,359
Total assets	8,140,340	14,094,562	27,952	22,262,854
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pertaining to pensions	28,049	31,358	-	59,407
Deferred outflows pertaining to loss on refunding	-	43,697	-	43,697
Total deferred outflows of resources	\$ 28,049	\$ 75,055	\$ -	\$ 103,104

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2019

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
LIABILITIES				
Current Liabilities				
Accounts payable - operations	\$ 65,383	\$ 68,953	\$ 30,128	\$ 164,464
Accounts payable - fixed assets	-	43,875	-	43,875
Credit balance in accounts receivable	5,227	2,991	-	8,218
Accrued interest	698	37,897	-	38,595
Accrued liabilities	22,816	22,971	-	45,787
Customer deposits	400,024	128,447	-	528,471
Compensated absences	1,570	6,449	-	8,019
Due to other funds	-	212,923	-	212,923
Current portion of revenue bonds payable	-	505,000	-	505,000
Total current liabilities	<u>495,718</u>	<u>1,029,506</u>	<u>30,128</u>	<u>1,555,352</u>
Noncurrent Liabilities				
Net pension liability	1,049,582	1,173,442	-	2,223,024
Compensated absences	16,491	43,269	-	59,760
Revenue bonds payable, less current maturities	-	4,754,765	-	4,754,765
Total noncurrent liabilities	<u>1,066,073</u>	<u>5,971,476</u>	<u>-</u>	<u>7,037,549</u>
Total liabilities	<u>1,561,791</u>	<u>7,000,982</u>	<u>30,128</u>	<u>8,592,901</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pertaining to pensions	<u>57,656</u>	<u>64,460</u>	<u>-</u>	<u>122,116</u>
Total deferred inflows of resources	<u>57,656</u>	<u>64,460</u>	<u>-</u>	<u>122,116</u>
NET POSITION				
Net investment in capital assets	4,314,451	5,639,488	-	9,953,939
Restricted for debt service - expendable	-	836,410	-	836,410
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,495	15,882	-	29,377
Unrestricted	<u>2,220,996</u>	<u>602,395</u>	<u>(2,176)</u>	<u>2,821,215</u>
Total net position (deficit)	<u>\$ 6,548,942</u>	<u>\$ 7,104,175</u>	<u>\$ (2,176)</u>	<u>\$ 13,650,941</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the fiscal year ended September 30, 2019

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 4,561,287	\$ 2,894,604	\$ 398,295	\$ 7,854,186
Service charges and other	117,393	40,345	-	157,738
Total operating revenues	4,678,680	2,934,949	398,295	8,011,924
<u>OPERATING EXPENSES</u>				
Personnel services	598,752	641,086	-	1,239,838
Professional services	38,324	148,223	-	186,547
Supplies	186,799	91,633	-	278,432
Repairs	78,813	337,229	-	416,042
Operational	178,650	492,941	-	671,591
Administrative	50,563	50,563	-	101,126
Purchase of natural gas	1,913,009	-	-	1,913,009
Waste disposal	-	7,704	327,525	335,229
Depreciation and amortization	198,832	420,404	-	619,236
Total operating expenses	3,243,742	2,189,783	327,525	5,761,050
Operating income (loss)	1,434,938	745,166	70,770	2,250,874
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	9,742	9,702	-	19,444
Interest expense and fiscal charges	(8,982)	(191,114)	-	(200,096)
Gain (loss) on sale of fixed assets	-	32,982	-	32,982
Total nonoperating revenues and expenses	760	(148,430)	-	(147,670)
Income (loss) before operating transfers and contributions	1,435,698	596,736	70,770	2,103,204
Capital contributions	-	2,642	-	2,642
Operating transfers in	-	86,437	-	86,437
Operating transfers out	(193,523)	-	(72,289)	(265,812)
Changes in net position	1,242,175	685,815	(1,519)	1,926,471
Net position - beginning	5,306,767	6,418,360	(657)	11,724,470
Net position - ending	\$ 6,548,942	\$ 7,104,175	\$ (2,176)	\$ 13,650,941

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows

For the fiscal year ended September 30, 2019

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Combined		Nonmajor Fund		
	Gas System	Water and Sewer System	Waste Collection		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,695,397	\$ 2,942,269	\$ 400,050	\$	8,037,716
Other operating receipts	32,551	842	-	-	33,393
Payments to employees including fringe benefits	(554,298)	(674,853)	-	-	(1,229,151)
Payments to suppliers for goods and services	(2,614,478)	(1,074,597)	(327,761)		(4,016,836)
Net cash provided by operating activities	1,559,172	1,193,661	72,289		2,825,122
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	86,437	-	-	86,437
Interest paid on meter deposits	(8,981)	(2,850)	-	-	(11,831)
Operating transfers out	(193,523)	-	(72,289)		(265,812)
Net changes in due to/from other funds	(157,090)	203,284	-	-	46,194
Net cash provided (used) by non-capital financing activities	\$ (359,594)	\$ 286,871	\$ (72,289)	\$	(145,012)

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund

Statement of Cash Flows
For the fiscal year ended September 30, 2019

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Combined Water and Sewer System		Nonmajor Fund Waste Collection		
	Gas System				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments - revenue bonds	\$	-	\$ (490,000)	\$ -	\$ (490,000)
Payment on payables used to acquire fixed assets		(3,525)	(5,161)	-	(8,686)
Proceeds from disposition of fixed assets		-	100,000	-	100,000
Acquisition and construction of capital assets		(35,291)	(238,718)	-	(274,009)
Interest and fiscal charges paid		-	(194,139)	-	(194,139)
Net cash provided (used) by capital and related financing activities		(38,816)	(828,018)	-	(866,834)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income		9,742	9,702	-	19,444
Net cash provided (used) by investment activities	\$	9,742	\$ 9,702	\$ -	\$ 19,444

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2019

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Combined		Nonmajor Fund		
	Gas System	Water and Sewer System	Waste Collection		
Net effect of non cash transactions	\$ -	\$ 43,875	\$ -	\$ -	43,875
Net increase (decrease) in cash and cash equivalents	1,170,504	706,091	-	-	1,876,595
Cash and cash equivalents, beginning of year	1,867,413	2,060,682	-	-	3,928,095
Cash and cash equivalents, end of year	\$ 3,037,917	\$ 2,766,773	\$ -	\$ -	5,804,690

NON CASH TRANSACTIONS AFFECTING FINANCIAL

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

CITY OF BOONEVILLE, MISSISSIPPI

Proprietary Fund

Statement of Cash Flows

For the fiscal year ended September 30, 2019

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds			
	Combined		Nonmajor Fund					
	Gas System	Water and Sewer System	Waste Collection					
	\$	1,434,938	\$	745,166	\$	70,770	\$	2,250,874
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating income (loss)		198,832		420,404		-		619,236
Adjustments to reconcile net income to net cash from operating activities:		36,680		27,221		-		63,901
Depreciation		50,271		10,357		1,755		62,383
Noncash pension expense		2,760		-		-		2,760
(Increase) decrease in accounts receivable		(122,292)		-		-		(122,292)
(Increase) decrease in other receivables		(7,122)		(23,255)		-		(30,377)
(Increase) decrease in resale inventory		2,242		2,202		-		4,444
(Increase) decrease in supply inventory		(48,502)		5,431		(236)		(43,307)
(Increase) decrease in prepaid items		2,039		-		-		2,039
Increase (decrease) in accounts payable - operations		-		4,006		-		4,006
Increase (decrease) in accrued liabilities - payroll and benefits		(6,284)		-		-		(6,284)
Increase (decrease) in accrued liabilities - other than payroll		17,189		(2,192)		-		14,997
Increase (decrease) in credit balance in accounts receivable		(1,579)		4,321		-		2,742
Increase (decrease) in customer deposits								
Increase (decrease) in compensated absences								
Total adjustments		124,234		448,495		1,519		574,248
Net cash provided (used) by operating activities	\$	1,559,172	\$	1,193,661	\$	72,289	\$	2,825,122

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2019

ASSETS	<u>Custodial Funds</u>
Cash and cash equivalents	\$ 52,034
Receivables:	
Taxes receivable (net of allowances of \$221,847)	<u>2,370,222</u>
Total receivables	<u>2,370,222</u>
Total Assets	<u>2,422,256</u>
 LIABILITIES	
Due to other governments	18,641
Due to investors	<u>20,717</u>
Total Liabilities	<u>39,358</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>2,370,221</u>
Total Deferred Inflows of Resources	<u>2,370,221</u>
 NET POSITION	
Restricted	<u>12,677</u>
Total Net Position	<u>\$ 12,677</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
September 30, 2019

ADDITIONS	<u>Custodial Funds</u>
Collections:	
Property tax and interest collections for City and other governments	\$ 3,794,106
Property tax and interest collections for tax sale investors	166,386
Cash bonds collected for police fines	<u>2,660</u>
Total Collections	3,963,152
Interest earned	<u>1,041</u>
Total Additions	<u>3,964,193</u>
 DEDUCTIONS	
Payment of property tax and interest collections to City and other governments	3,688,593
Payment of property tax and interest collections to tax sale investors	140,556
Payments of bonds collected to satisfy police fines	8,724
Bond payments returned to payer in excess of police fines	2,638
Administrative handling charges	<u>132,302</u>
Total Deductions	<u>3,972,813</u>
Net increase (decrease) in fiduciary net position	(8,620)
Net Position - beginning	<u>21,297</u>
Net Position - ending	<u><u>\$ 12,677</u></u>

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Reporting Entity - continued

Blended Component Unit

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

2. Government-Wide and Fund Financial Statements

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Government-Wide and Fund Financial Statements - continued

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

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statement. The costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc. of the governmental activities and Water and Sewer, Natural Gas, and Sanitation of the business-type activities). There were no internal service funds.

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

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

3. Measurement Focus and Basis of Accounting

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

The following major funds are used by the City:

Governmental Funds:

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

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

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

Proprietary Funds:

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

Other Fund Types:

The City additionally reports for the following fund types:

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

Non-Current Governmental Assets/Liabilities

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

4. Statement of Cash Flows

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

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

	Gas System	Combined Water and Sewer System	Waste Collection	Total
Cash and cash equivalents	\$ 2,348,582	\$ 1,221,832	\$ -	\$ 3,570,414
Restricted cash and cash equivalents	689,335	1,544,941	-	2,234,276
	<u>\$ 3,037,917</u>	<u>\$ 2,766,773</u>	<u>\$ -</u>	<u>\$ 5,804,690</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Receivables and Payables

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

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

6. Inventories and Prepaid Items

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

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

7. Capital Assets

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets - continued

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

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

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

8. Capitalization of Interest

In conformity with Financial Accounting Standards No. 34, Capitalization of Interest Cost, the City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. Total interest, fiscal charges, and amortization of loan discount and deferred amount of refunding incurred in the enterprise funds was \$200,096. Interest costs, fiscal charges, and amortization of loan discount and deferred amount of refunding of \$200,096 were charged to expense. Interest costs, net of interest earned of \$0, were capitalized as fixed assets in the enterprise funds.

9. Compensated Absences

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Long-Term Obligations

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

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

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

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

11. Payable from Restricted Assets

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

	Gas System	Combined Water and Sewer System
Customer deposits	\$ 400,024	\$ 128,447
Accrued interest payable	698	37,897
Revenue bonds payable	-	505,000
	<u>\$ 400,722</u>	<u>\$ 671,344</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Deferred Outflows/Inflows of Resources

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

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

13. Fund Equity/Net Position

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

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

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

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

	<u>General Fund</u>	Nonmajor Other Governmental Funds
Fund Balances:		
Nonspendable:		
Prepaid Items	\$ 58,373	\$ -
Total - Nonspendable	<u>\$ 58,373</u>	<u>\$ -</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

Fund Balances:		Nonmajor Other Governmental
Restricted:	General Fund	Funds
Fire protection	\$ -	\$ 68,291
DARE	-	6,163
Tourism	-	473,475
Fire code	-	2,916
Technology	-	24,294
Rubbish	-	117,338
Total Restricted	<u>\$ -</u>	<u>\$ 692,477</u>
Fund Balances:		
Committed:		
Matching grants	\$ -	\$ 84,195
Special police assessment	<u>31,044</u>	<u>-</u>
Total Committed	<u>\$ 31,044</u>	<u>\$ 84,195</u>
Fund Balance		
Assigned		
Budget shortfall	<u>\$ 220,200</u>	<u>\$ -</u>
Total Assigned	<u>\$ 220,200</u>	<u>\$ -</u>

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

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

14. Use of Estimates

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

15. Sales Tax

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

16. Original Issue Discount/Premium on Bonds

Original issue discounts and premiums on bonds are netted against the bond payable account and amortized over the lives of respective bond issues using the interest method.

17. Pensions

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

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

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

The Waste Collection Fund deficit balance of \$2,176 is a result of all cash being maintained in the Combined Water and Sewer System Fund. This deficit will be funded by the Combined Water and Sewer System Fund.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Booneville, Mississippi. The original General Fund budget expenditures were amended as follows: general government - supplies \$37,000, general government - other services and charges \$(45,000), general government - capital outlay \$8,000, public safety - personnel services \$(10,000), public safety - fire - supplies \$(14,000), public safety - fire - other services and charges \$(26,000), public safety - fire - capital outlay \$50,000, public safety - police - supplies \$30,000, public safety - police - other services and charges \$(30,000), public property - personnel services \$10,000, public property - other services and charges \$30,000, public property - capital outlay \$(40,000), street - supplies \$20,000, street - other services and charges \$(20,000), park maintenance - other services and charges \$10,000, and park maintenance - capital outlay \$(10,000) during the year ended September 30, 2019.

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

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

NOTE C - DEPOSITS AND INVESTMENTS

At September 30, 2019, the cash and investments included the following:

<u>Account Balances</u>		<u>Ownership of Funds</u>	
Petty cash/cash on hand	\$ 3,175	Governmental Funds	\$ 3,045,479
Demand deposits	8,899,028	Enterprise Funds	5,804,690
Cash at paying agent	<u>-</u>	Fiduciary Fund	<u>52,034</u>
	<u>\$ 8,902,203</u>		<u>\$ 8,902,203</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits

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

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

At September 30, 2019, the demand deposits held with various local financial institutions had carrying amounts totaling \$8,899,028 and bank balances totaling \$8,927,465 of which \$250,000 was covered by federal depository insurance and \$8,677,465 was covered by the Statewide Collateral Pool Program.

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

Investments

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

The City had no investments as of or during the year ended September 30, 2019.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk

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

Credit Risk

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

The City's depository, Farmers and Merchants Bank, has a five star rating by Bankrate.

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2019.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2019, but had demand deposits with more than 5% of the total in Farmers & Merchants Bank. These demand deposits represented approximately 100% of total demand deposits.

NOTE D - PROPERTY TAX

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

Appraised values are established by Prentiss County, Mississippi at 100 percent of estimated market values. The City is required to adopt county tax rolls. The 2018 taxes are collected in December, 2018 and January, 2019. The 2018 taxes are levied to fund the 2018-2019 budget year. The assessed value upon which the 2018 taxes were based was \$60,851,675.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE D - PROPERTY TAX - CONTINUED

City property tax revenue is recorded in governmental funds as receivables and unavailable revenues at the time the tax attaches as an enforceable lien which includes the 2019 taxes intended to fund the 2019-2020 budget year of \$1,945,726. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

The 2019 taxes of \$1,945,726 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2019-2020 budget year.

The City assessed a tax rate of 35.15 mills for both the 2018 and 2019 taxes.

NOTE E - RECEIVABLES

Receivables at September 30, 2019 for the government's individual major funds and nonmajor funds, internal service, business-type funds and each fiduciary fund type in the aggregate, including the applicable allowances for uncollectable accounts, consist of the following:

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE E - RECEIVABLES - CONTINUED

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 2,169,289	\$ -	\$ -	1	\$ 2,592,069	\$ 4,761,359
Police fines	1,789,613	-	-	-	-	1,789,613
Accounts	-	139,517	390,236	43,740	-	573,493
Franchise fees	41,894	-	-	-	-	41,894
Accrued interest	-	-	-	132,643	-	132,643
Notes receivable	-	-	-	743,000	-	743,000
Other	10,150	2,877	6,822	-	-	19,849
Gross receivables	4,010,946	142,394	397,058	919,384	2,592,069	8,061,851
Less: Allowance for uncollectables	(1,861,618)	(35,472)	(49,130)	(891,431)	(221,847)	(3,059,498)
Net receivables	\$ 2,149,328	\$ 106,922	\$ 347,928	\$ 27,953	\$ 2,370,222	\$ 5,002,353

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2019
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 1,043,044	\$ -	\$ -	-	\$ 1,043,044
Construction in progress	-	5,946	-	-	5,946
Total capital assets not being depreciated	1,043,044	5,946	-	-	1,048,990
Capital assets being depreciated					
Building and improvements	2,790,304	272,881	-	-	3,063,185
Automotive and equipment	4,893,836	786,782	(223,125)	-	5,457,493
Infrastructure	3,345,871	112,649	-	-	3,458,520
Total capital assets being depreciated	11,030,011	1,172,312	(223,125)	-	11,979,198
Less accumulated depreciation for					
Buildings	1,801,195	46,479	-	-	1,847,674
Automotive and equipment	3,123,820	316,522	(192,322)	-	3,248,020
Infrastructure	976,757	141,597	-	-	1,118,354
Total accumulated depreciation	5,901,772	504,598	(192,322)	-	6,214,048
Total capital assets being depreciated, net	5,128,239	667,714	(30,803)	-	5,765,150
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 6,171,283	\$ 673,660	\$ (30,803)	\$ -	\$ 6,814,140

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2018	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2019
BUSINESS-TYPE ACTIVITIES					
GAS SYSTEM					
Capital assets not being depreciated					
Land	\$ 208,736	\$ -	\$ -	-	\$ 208,736
Total capital assets not being depreciated	208,736	-	-	-	208,736
Capital assets being depreciated					
Building	606,843	-	-	-	606,843
Automotive and equipment	1,126,942	13,575	-	-	1,140,517
Furniture and office equipment	75,039	-	-	-	75,039
Natural gas system	5,611,559	21,716	-	-	5,633,275
Total capital assets being depreciated	7,420,383	35,291	-	-	7,455,674
Less accumulated depreciation for					
Buildings	117,474	13,848	-	-	131,322
Automotive and equipment	639,422	81,621	-	-	721,043
Furniture and office equipment	69,773	1,169	-	-	70,942
Natural gas system	2,324,458	102,194	-	-	2,426,652
Total accumulated depreciation	3,151,127	198,832	-	-	3,349,959
Total capital assets being depreciated, net	4,269,256	(163,541)	-	-	4,105,715
GAS SYSTEM CAPITAL ASSETS, NET	\$ 4,477,992	\$ (163,541)	\$ -	-	\$ 4,314,451

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE F - CAPITAL ASSETS - CONTINUED

BUSINESS-TYPE ACTIVITIES - CONTINUED

COMBINED WATER AND SEWER

Capital assets not being depreciated

	Balance September 30, 2018	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2019
Land	\$ 36,626	\$ -	\$ -	-	\$ 36,626
Construction in progress	37,401	63,842	-	(37,401)	63,842
Total capital assets not being depreciated	<u>74,027</u>	<u>63,842</u>	<u>-</u>	<u>(37,401)</u>	<u>100,468</u>

Capital assets being depreciated

Building	212,695	16,083	-	-	228,778
Automotive and equipment	705,309	-	-	-	705,309
Furniture and office equipment	82,099	-	-	-	82,099
Water and sewer system	24,594,571	158,793	(362,992)	37,401	24,427,773
Total capital assets being depreciated	<u>25,594,674</u>	<u>174,876</u>	<u>(362,992)</u>	<u>37,401</u>	<u>25,443,959</u>

Less accumulated depreciation for

Buildings	34,009	6,842	-	-	40,851
Automotive and equipment	431,426	47,865	-	-	479,291
Furniture and office equipment	75,488	1,221	-	-	76,709
Water and sewer system	14,023,518	364,476	(295,974)	-	14,092,020
Total accumulated depreciation	<u>14,564,441</u>	<u>420,404</u>	<u>(295,974)</u>	<u>-</u>	<u>14,688,871</u>
Total capital assets being depreciated, net	<u>11,030,233</u>	<u>(245,528)</u>	<u>(67,018)</u>	<u>37,401</u>	<u>10,755,088</u>

Combined Water and Sewer Capital Asset, Net

	11,104,260	(181,686)	(67,018)	-	10,855,556
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BUSINESS-TYPE CAPITAL ASSETS - NET

	<u>\$ 15,582,252</u>	<u>\$ (345,227)</u>	<u>\$ (67,018)</u>	<u>\$ -</u>	<u>\$ 15,170,007</u>
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**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 13,913
Public safety	200,340
Public works	224,720
Culture and recreation	<u>65,625</u>

Total Depreciation Expense - Governmental Activities	\$ <u>504,598</u>
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Business-Type Activities

Natural gas	\$ 198,832
Water and sewer	<u>420,404</u>

Total Depreciation Expense - Business-Type Activities	\$ <u>619,236</u>
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NOTE G - OTHER POSTEMPLOYMENT BENEFITS, DEFINED BENEFIT PENSION PLAN, AND 125 CAFETERIA PLAN

Other Postemployment Benefits

The City allows its retired employees under COBRA to continue on the City's health care insurance coverage for a period of 18 months (36 months if on medicare). This continuation of coverage is paid entirely by the retired employee. At September 30, 2019, the City had one retired employee participating in their health care insurance coverage.

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

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Employees of the City of Booneville, Mississippi are provided a pension through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

General Information about the Pension Plan - continued

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.4 percent for employers and 9.00 percent for members. PERS employers contributed \$1,038.10 million and members contributed \$580.9 million for fiscal year 2019 statewide.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership services (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees Retirement System available at www.PERS.ms.gov.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

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

Contributions. PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The rate prior to June 30, 2019 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. City of Booneville, Mississippi contributions (employer share only) to PERS for the years ended September 30, 2019, 2018, and 2017 were \$608,192, \$581,992, and \$556,932, respectively, equal 100% of the required contributions for each year.

At September 30, 2019, the City reported a liability of \$10,077,210 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participation entities actuarially determined. At June 30, 2019, the City's proportion was 0.057283%, which was an increase of 0.000766%, from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized pension expense of \$991,701. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,962	\$ 10,847
Net difference between projected and actual earnings on pension plan investments	-	110,250
Changes of assumptions	98,798	-
Changes in proportion and differences between City contributions and proportionate share of contributions	255,188	97,632
City contributions subsequent to the measurement date	<u>157,370</u>	<u>26,745</u>
	<u>\$ 517,318</u>	<u>\$ 245,474</u>

\$157,370 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

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

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

Year ended September 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2020	\$ 151,201	\$ (58,266)	\$ 92,935
2021	139,996	(220,674)	(80,678)
2022	68,751	(12,541)	56,210
2023	-	46,007	46,007
	<u>\$ 359,948</u>	<u>\$ (245,474)</u>	<u>\$ 114,474</u>

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Price Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

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

The 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 most recent 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>
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	1.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	<u>1.00%</u>	0.25%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). 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.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability of the cost sharing plan, calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
City's proportionate share of the net pension liability	\$ 13,246,841	\$ 10,077,210	\$ 7,460,964

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued 2018 PERS Comprehensive Annual Report on the PERS website, www.pers.ms.gov for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

Changes of Assumptions

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2019 there were the following changes of assumptions:

- A. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - 1 For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - 2 For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - 3 Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Defined Benefit Pension Plan - continued

Changes of Assumptions - continued

- B. The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
- 1 For males, 137% of male rates at all ages.
 - 2 For females, 115% of female rates at all ages.
 - 3 Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- C. The price inflation assumption was reduced from 3.00% to 2.75%.
- D. The wage inflation assumption was reduced from 3.25% to 3.00%.
- E. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- F. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

Payables to the Pension Plan

At September 30, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the required amount due for the month ended September 30, 2019.

Section 125 Cafeteria Reduction Plan

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$119,091.

NOTE H - LONG-TERM AND SHORT-TERM DEBT

General Long-Term Debt

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

General long-term debt balances and transactions for the year ended September 30, 2019 are as follows:

GOVERNMENTAL ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2018	Additions Changes	Repayments Changes	Ending Balance 9/30/2019	Amounts Due Within One Year
General Obligation Bonds							
General Obligation Public Improvement Bonds – Series 2004	5/19/2019	4.25%	\$ 145,000	\$ -	\$ 145,000	\$ -	\$ -
Total general obligation bonds			145,000	-	145,000	-	-
Notes from Direct Borrowings and Direct Placements							
Northeast Mississippi Planning and Development District	3/1/2019	2.00%	4,076	-	4,076	-	-
BancorpSouth Bank	1/20/2019	2.26%	25,868	-	25,868	-	-
BancorpSouth Bank	11/1/2020	2.55%	74,562	-	24,254	50,308	24,872
First American National Bank	1/18/2021	2.23%	60,725	-	19,826	40,899	20,215
Farmers & Merchants Bank	10/4/2028	3.94%	-	350,018	-	350,018	29,358
Central Alabama Training Solutions	6/6/2023	3.00%	-	20,900	2,236	18,664	4,455
Renasant Bank	1/26/2019	2.44%	25,908	-	25,908	-	-
Total direct borrowings and direct placements			191,139	370,918	102,168	459,889	78,900
Net pension liability	---	---	7,223,525	630,661	-	7,854,186	-
Compensated absences	---	---	183,775	9,182	-	192,957	19,564
TOTAL GOVERNMENTAL ACTIVITIES			\$ 7,743,439	\$ 1,010,761	\$ 247,168	\$ 8,507,032	\$ 98,464

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

GOVERNMENTAL ACTIVITIES - continued

The principal and interest requirements of the above general obligation debt and other debt payable at September 30, 2019 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ -	\$ -	\$ 78,901	\$ 16,559	\$ 95,460
2021	-	-	-	81,228	14,233	95,461
2022	-	-	-	36,452	11,729	48,181
2023	-	-	-	37,848	10,333	48,181
2024	-	-	-	34,266	8,883	43,149
2025 - 2029	-	-	-	191,194	23,069	214,263
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,889</u>	<u>\$ 84,806</u>	<u>\$ 544,695</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2020	\$ 78,901	\$ 16,559	\$ 95,460
2021	81,228	14,233	95,461
2022	36,452	11,729	48,181
2023	37,848	10,333	48,181
2024	34,266	8,883	43,149
2025 - 2029	191,194	23,069	214,263
Total	<u>\$ 459,889</u>	<u>\$ 84,806</u>	<u>\$ 544,695</u>

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

The ordinances authorizing the issuance of general obligation bonds creates an interest and sinking fund (General Debt Service Fund). If funds are not available from other sources, the ordinances require the City to ascertain a rate and amount of ad valorem tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City does not levy taxes for debt service. The notes from direct borrowings and direct placements are collateralized by two 2017 Chevrolet Tahoe, a 208,230 volt single phase electric driven open frame compressor, a fire truck, and a 2015 Freightliner Chassis truck. All governmental activity debt is paid by the General Fund, except a portion of the police vehicles are paid by the DARE fund and the fire truck is paid by the fire protection fund.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2018	Additions Changes	Repayments Changes	Ending Balance 9/30/2019	Amounts Due Within One Year
<u>Combined Water and Sewer System Fund:</u>							
General Obligation Bonds		2.4% -					
General Obligation Utility Bonds, Series 2012	9/30/2032	3.40%	\$ 1,565,000	\$ -	\$ 85,000	\$ 1,480,000	\$ 90,000
Total general obligation bonds			1,565,000	-	85,000	1,480,000	90,000
<u>Notes from Direct Borrowings and Direct Placements</u>							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013	8/1/2027	2.5%- 4.00%	4,170,000	-	405,000	3,765,000	415,000
Total notes from direct borrowings and direct placements Plus unamortized premium			4,170,000 17,784	-	405,000 3,019	3,765,000 14,765	415,000 -
Net notes from direct borrowings and direct placements			4,187,784	-	408,019	3,779,765	415,000
Net pension liability			1,160,123	13,319	-	1,173,442	-
Compensated absences	---	---	45,397	4,321	-	49,718	6,449
Total combined water and sewer system fund			6,958,304	17,640	493,019	6,482,925	511,449
<u>Gas System Fund</u>							
Net pension liability			1,016,808	32,774	-	1,049,582	-
Compensated absences	---	---	19,639	-	1,578	18,061	1,570
Total gas system fund			1,036,447	32,774	1,578	1,067,643	1,570
TOTAL BUSINESS TYPE ACTIVITIES			\$ 7,994,751	\$ 50,414	\$ 494,597	\$ 7,550,568	\$ 513,019

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

BUSINESS-TYPE ACTIVITIES - continued

The principal and interest requirements of the above general obligation bonds and notes from direct borrowings and direct placements payable at September 30, 2019 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 90,000	\$ 40,074	\$ 130,074	\$ 415,000	\$ 128,438	\$ 543,438
2021	90,000	37,014	127,014	430,000	117,544	547,544
2022	95,000	33,954	128,954	445,000	104,644	549,644
2023	100,000	30,724	130,724	455,000	90,738	545,738
2024	105,000	28,324	133,324	475,000	75,950	550,950
2025 - 2029	580,000	102,018	682,018	1,545,000	122,725	1,667,725
2030 - 2034	420,000	23,308	443,308	-	-	-
Total	<u>\$ 1,480,000</u>	<u>\$ 295,416</u>	<u>\$ 1,775,416</u>	<u>\$ 3,765,000</u>	<u>\$ 640,039</u>	<u>\$ 4,405,039</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
2020	\$ 505,000	\$ 168,512	\$ 673,512
2021	520,000	154,558	674,558
2022	540,000	138,598	678,598
2023	555,000	121,462	676,462
2024	580,000	104,274	684,274
2025 - 2029	2,125,000	224,743	2,349,743
2030 - 2034	420,000	23,308	443,308
Total	<u>\$ 5,245,000</u>	<u>\$ 935,455</u>	<u>\$ 6,180,455</u>

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

The unamortized deferred loss on refundings relates to Water and Sewer Revenue Refunding Bonds for business-type activities. The deferred loss on refundings totaling \$43,697 resulted from refunding the 2002 bond issue in 2013 and is reported as deferred outflow pertaining to loss on refunding in the accompanying financial statements.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

BUSINESS-TYPE ACTIVITIES - continued

The Business-Type general obligation bonds of \$1,480,000 are paid from the revenues of the Combined Water and Sewer Fund and the Waste Collection Fund. If funds are not available from other sources, the ordinances require the City to ascertain a rate and amount of ad valorem tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City does not levy taxes for debt service. The Business-Type notes from direct borrowings and direct placements of \$3,765,000 are collateralized by the revenues of the Combined Water and Sewer System Fund and the Waste Collection Fund. The Business-Type notes from direct borrowings and direct placements of \$3,765,000 contain a provision requiring the City to produce revenues of 120 percent of the aggregate of all debt service payments. Failure to do so could accelerate payment of the entire principal amount to become immediately due. The City produced sufficient revenues to meet this requirement during the current year. See Note I for additional debt provision requirements.

NOTE I - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund

	Gas System Fund Cash	Combined Water and Sewer System Fund Cash	Total
Current Debt Service	\$ -	\$ 836,410	\$ 836,410
Contingency Reserve	47,710	5,000	52,710
Depreciation Reserve	-	5,000	5,000
Customer Deposits	441,185	131,084	572,269
Unemployment	13,495	15,882	29,377
Construction	186,945	551,565	738,510
Total	<u>\$ 689,335</u>	<u>\$ 1,544,941</u>	<u>\$ 2,234,276</u>

The ordinances authorizing the Combined Water, Sewer and Solid Waste Disposal System Revenue Bonds require that the City establish the above revenue bond reserves. At September 30, 2019, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE J - INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2019 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 292	\$ 9,762
Nonmajor Funds - Other Governmental Funds	3,370	-
Gas System Fund	215,827	-
Combined Water and Sewer System Fund	<u>3,196</u>	<u>212,923</u>
	<u>\$ 222,685</u>	<u>\$ 222,685</u>

The general fund receivable due from the combined water and sewer system fund of \$292 represents water and sewer system funds paid by general fund in error. The general fund payable of \$9,762 consists of \$3,196 due to the gas system and \$3,196 for general fund expenses paid by the gas system fund in error and \$1,100 due to the nonmajor funds for revenue collections not transferred at September 30, 2019 and \$2,270 due to the nonmajor fund for ineligible expenses paid from the nonmajor fund. The remaining gas system fund receivable of \$212,631 is due from the combined water and sewer system fund for unreimbursed expenses. These are expected to be reimbursed in the year ended September 30, 2020.

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
Major Governmental Funds:		
General Fund	\$ 279,375	\$ -
Grants Fund	<u>-</u>	<u>100,000</u>
Total Major Governmental Funds	<u>\$ 279,375</u>	<u>\$ 100,000</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 193,523
Combined Water and Sewer System Fund	<u>86,437</u>	<u>-</u>
Total Major Enterprise Funds	<u>\$ 86,437</u>	<u>\$ 193,523</u>
Nonmajor Governmental Funds	\$ -	\$ -
Nonmajor Enterprise Funds	<u>-</u>	<u>72,289</u>
Total Nonmajor Funds	<u>\$ -</u>	<u>\$ 72,289</u>
Total all funds	<u>\$ 365,812</u>	<u>\$ 365,812</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

The General Fund received transfers of \$179,375 from the Gas System Fund. The \$179,375 transfer from the Gas System Fund consisted of a \$151,920 authorized surplus fund transfer and \$27,455 General Fund portion of shop expenditures paid by the Gas System Fund.

The General Fund received excess local matching funds of \$100,000 from the Grant Fund.

The Combined Water and Sewer System Fund received transfers of \$86,437 from the Gas System Fund and Waste Collection Fund. The \$72,289 transfer from the Waste Collection Fund resulted from revenues exceeding expenditures and all collections being deposited into the Combined Water and Sewer System Fund. The \$14,148 transfer from the Gas System Fund resulted from the Combined Water and Sewer System Fund portion of the Internal Service Fund expenditures being paid by the Natural Gas System.

NOTE K - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues include the following:

Major Governmental Funds

General Fund

Fire protection – Prentiss County	\$ 36,500
Municipal aid – revolving fund and gasoline tax – State of Mississippi	13,044
Homestead exemption – State of Mississippi	158,903
TVA and other payments in lieu of taxes	137,284
Road tax – Prentiss County	65,015
Solid waste – District	53,290
Police academy – State of Mississippi	7,531
Advalorem privilege tax – Prentiss County	22,282
Railroad car tax – Prentiss County	5,932
Fire grant – federal	1,250
Department of Transportation – street lights – federal	<u>1,964</u>

Total General Fund	\$ <u>502,995</u>
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CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE K - INTERGOVERNMENTAL REVENUES - CONTINUED

Nonmajor Governmental Funds

Special Revenue Funds

Fire Code Fund

Fire Code – State of Mississippi	\$ 1,462
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Fire Protection Fund

Fire Protection – State of Mississippi	50,141
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Grant Fund

Spade and neuter – State of Mississippi	605
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Blue Cross Blue Shield	9,071
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MDWFP RTP walking trail renovation - State of Mississippi	<u>97,610</u>
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Total Nonmajor Governmental Funds	<u>158,889</u>
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Total Governmental Funds	<u>\$ 661,884</u>
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Major Enterprise Funds

Water and Sewer Fund – FEMA and MEMA grant	<u>\$ 2,642</u>
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Total Enterprise Funds	<u>\$ 2,642</u>
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Total Intergovernmental Revenue	<u>\$ 664,526</u>
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NOTE L - LEASES

Capital Leases

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

Operating Lease

During the year ended September 30, 2019, the City general fund paid rent for office equipment totaling \$4,585. At September 30, 2019, the City General Fund was obligated to rent this office equipment and park equipment during the years ended September 30, as follows: 2020 \$0, 2021 \$0, 2022 \$0, 2023 \$0, and 2024 \$0.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

<u>Purpose of Levy</u>	<u>Mills</u>
General district expense	47.14
Bonded indebtedness	6.83
Other debt	3.09
Shortfall	2.46
	<u>59.52</u>

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

The City did not comply with all the requirements of the State Department of Audit or grant and loan requirements as set forth in the Municipal Compliance Questionnaire and grant and loan contracts. The results of our tests disclosed the instances of noncompliance listed in the schedule of findings and responses on pages 98 - 104. The ultimate resolution of these findings cannot presently be determined. Accordingly, no provision for any liability, if any, that may result has been recognized in the accompanying financial statements.

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE O - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

The individual Enterprise Funds have the following net working capital (deficit) (current assets less current liabilities) at September 30, 2019:

Gas System	\$ 3,316,676
Combined Water and Sewer System	795,643
Waste Collection System	<u>(2,176)</u>
Total	<u>\$ 4,110,143</u>

Enterprise Funds operate in the City of Booneville, Mississippi geographic area. Their revenues are subject to the economic conditions of Booneville, Mississippi. At September 30, 2019, the Gas System Fund had extended credit to customers totaling \$104,045 and to others totaling \$2,877. Gas System Fund receivables are secured by customer deposits totaling \$400,024. No other collateral has been obtained.

At September 30, 2019, the Combined Water and Sewer System Fund had extended credit to customers totaling \$341,106 and to others totaling \$6,822. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$128,447. No other collateral has been obtained.

At September 30, 2019, the Nonmajor Enterprise Fund had extended credit to customers totaling \$27,952. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$50,977 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$61,546 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$30,128 for contract waste collection and dumping fees.

NOTE P - RELATED PARTY TRANSACTIONS

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

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

The Board of Alderman in its September 17, 2019 board meeting declared a surplus in the Natural Gas fund of \$1,300,000 and authorized the Natural Gas Fund to transfer \$1,300,000 to the General Fund. The Natural Gas System Fund transferred \$1,300,000 to the General Fund on October 14, 2019.

Loan Agreements

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

Grant Audit

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

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

Maintenance Contracts

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

The 200,000 gallon elevated water tank contract requires a monthly payment of \$653 beginning December 15, 2018. The fee will remain constant for 5 years of the agreement and adjusted to reflect the current cost of service each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$7,836 for the year ending September 29, 2020.

The two 500,000 gallon elevated water tank contract requires a monthly payment of \$1,842 until October 15, 2024. The fee will be adjusted to reflect the current cost of service on October 15, 2024 and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$22,104 for the year ending September 29, 2020.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Maintenance Contracts - continued

The 500,000 gallon elevated water tank contract requires a monthly payment of \$880 until December 15, 2020. The fee will be adjusted to reflect the current cost of service on December 15, 2025 and each five years thereafter. This contract is not subject to cancellation for the first year, and can be cancelled only by the owner if notice of cancellation is made prior to October 30, of each subsequent year. The future minimum payments under this contract is \$10,566 for the year ending September 29, 2020.

Joint Ventures

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

Subsequent Events

On October 14, 2019, the City adopted a loan resolution to issue \$4,500,000 of general obligation bonds for use in the general fund and the water and sewer fund.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple employers. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the City expects this matter to negatively impact its ability to generate certain revenues. However, the related financial impact and duration cannot be reasonably estimated at this time.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE R - DONATED SERVICES

During the year ended September 30, 2019, the following utilities were not charged for:

	Natural Gas	Water and Sewer
City of Booneville	\$ 41,614	\$ 192,892
National Guard Armory	539	833
Booneville Municipal Separate School System	21,998	-
Total	<u>\$ 64,151</u>	<u>\$ 193,725</u>

NOTE S - JOINT VENTURE

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

Northeast Mississippi Solid Waste Management Authority owns a landfill and contracts out operations and receives royalties from the contractor based on tonnage dumped. This is a joint venture comprising the Mississippi cities of Booneville and Ripley and the Mississippi counties of Benton, Prentiss, and Tippah. Each member appoints one director. The Northeast Mississippi Solid Waste Management Authority's financial statements are available by request from the Authority at P. O. Box 320, Booneville, MS 38829. The City received rebates from the Authority totaling \$53,290 during the year ended September 30, 2019.

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

NOTE T - ECONOMIC DEPENDENCE

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

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE U - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

Significant losses are covered by commercial insurance for all major programs except unemployment for the Enterprise Funds. The City has segregated cash and reserved \$13,495 for the Gas System Fund net position and \$15,882 for the Combined Water and Sewer System Fund net position for future unemployment charges. There were no material unemployment charges to these funds during the current year or the three previous years.

The City is a member of the Mississippi Municipal Service Company which provides general liability and worker's compensation. The City pays insurance premiums based on experience ratios. Settlement amounts have not exceeded insurance coverage for the current or three prior years. There were outstanding open claims at September 30, 2019. No liability has been recognized for the open claims due to these claims being covered by the plan. It is at least reasonably possible that management's estimate of no liability in excess of insurance coverage could change in the near term.

NOTE V - NET POSITION

The government-wide statement of net position reports \$1,594,204 of restricted net position, of which \$0 is restricted by enabling legislation.

NOTE W - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and construction in progress	\$ 1,048,990	\$ 309,204
Other capital assets (net of accumulated depreciation)	5,765,150	14,860,803
Deferred loss on refunding	-	43,697
Less matured bonds payable	(568)	-
Less bonds and notes payable	<u>(459,889)</u>	<u>(5,259,765)</u>
Net investment in capital asset	<u>\$ 6,353,683</u>	<u>\$ 9,953,939</u>

NOTE X - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted (deficit) net position amount of (\$4,862,337) includes the effect of deferred inflows/outflows of resources related to pension. A portion of the deferred outflows of resources related to pensions in the amount of \$124,410 resulted from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$333,501 balance of deferred outflow of resources related to pensions at September 30, 2019 will be recognized as an addition to pension expense over the next four years. The \$123,358 balance of the deferred inflows of resources related to pensions at September 30, 2019 will be recognized as a reduction in pension expense over the next four years.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The governmental activities' unrestricted (deficit) net position amount of (\$4,862,337) includes the effect of deferred inflows/outflows of resources related to loss on refunding and revenue. The \$2,013,492 deferred inflow of resources related to revenues at September 30, 2019 will be recognized as an addition to revenue during the year ending September 31, 2020.

The business type activities' unrestricted net position amount of \$2,821,215 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$32,962, resulted from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$26,445 balance of deferred outflow of resources related to pensions at September 30, 2019 will be recognized in pension expense over the next four years. The \$122,116 balance of the deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense over the next four years.

The business type activities' unrestricted net position amount of \$2,821,215 includes the effect of deferred inflows/outflows of resources related to pensions. The \$43,697 deferred outflows of resources pertaining to loss on refund will be charged to interest expense over the next eight years using the interest method.

NOTE Y - TAX ABATEMENTS

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

For the year ended September 30, 2019, the City abated property taxes totaling \$591,960 under this program to induce companies to add additional production facilities or by acquiring equipment to be used in its facilities and thereby inducing the company to remain in operation at the facility located in the City of Booneville. These tax abatements include the following agreements that each industry exceed 10% of the total amount abated:

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE Y - TAX ABATEMENTS - CONTINUED

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2010 to 2019 with a total cost or value of \$74,895,000 beginning for the tax rolls as follows: 2010 \$31,076, 2011 \$28,060, 2012 \$39,230, 2013 \$35,259, 2014 \$39,322, 2015 \$36,088, 2016 \$48,663, 2017 \$38,766, 2018 \$39,197, and 2019 \$59,226. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$394,887.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2010 to 2019 with a total cost or value of \$17,488,000 beginning for the tax rolls as follows: 2010 \$10,592, 2011 \$6,790, 2012 \$20,601, 2013 \$7,909, 2014 \$9,391, 2015 \$6,855, 2016 \$3,600, 2017 \$3,584, 2018 \$0, and 2019 \$22,883. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$92,205.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2010 to 2019 with a total cost or value of \$18,301,747 beginning for the tax rolls as follows: 2010 \$2,279, 2011 \$3,167, 2012 \$15,004, 2013 \$2,281, 2014 \$12,707, 2015 \$9,806, 2016 \$6,626, 2017 \$29,724, 2018 \$4,114 and 2019 \$10,788. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$96,496.

The City enters into property tax abatements under Miss. Code Ann. 27-31-101, 27-31-105 and related sections of Miss. Code (Ann.) 1972 and Miss Code 17-21-5(1) Entitled Exemption from Municipal Ad Valorem Taxes for Certain Structures in Central Business Districts, or on Historic Landmarks; Application for Exemption.

For the year ended September 30, 2019, the City abated property taxes totaling \$2,581 under this program to induce companies to renovate or add on to existing facilities. These tax abatements include the following agreements that each industry exceed 10% of the total amount abated:

A property tax abatement by a local business for construction of a building with a total cost of \$223,140 beginning for each of the remaining years of 2019 to 2022 of \$1,229 per year.

A property tax abatement by a local business for renovation of a building with a total cost of \$256,450 beginning for the tax rolls for each of the remaining years of 2019 to 2022 of \$1,352 per year.

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Public Employee Retirement System of Mississippi
Last 10 Fiscal Years*
For the fiscal year ended September 30, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%	0.055790%	0.056517%	0.057283%
City's proportionate share of the net pension liability (asset)	\$ 6,953,593	\$8,694,676	\$10,204,488	\$ 9,274,191	\$ 9,400,456	\$ 10,077,210
City's covered payroll	\$ 3,462,408	\$3,502,243	\$ 3,664,265	\$ 3,507,997	\$ 3,684,129	\$ 3,748,615
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	200.83%	248.26%	278.49%	264.37%	255.16%	268.82%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%	61.59%

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedules of Required Supplementary Information

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

Last 10 Fiscal Years*
For the fiscal year ended September 30, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122	\$ 552,509	\$ 580,250	\$ 605,052
Contributions in relation to the statutorily required contribution	<u>(545,329)</u>	<u>(551,603)</u>	<u>(577,122)</u>	<u>(552,509)</u>	<u>(580,250)</u>	<u>(605,052)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,462,408	\$ 3,502,343	\$ 3,664,265	\$ 3,507,997	\$ 3,684,129	\$ 3,748,615
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	16.14%

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2019

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>REVENUES</u>						
Ad valorem taxes, penalties and interest	\$ 1,717,750	\$ 1,717,750	\$ 1,996,058	\$ 12,815	\$ 2,008,873	\$ 291,123
Excess tax sale	-	-	2,161	-	2,161	2,161
Franchise taxes	220,000	220,000	216,543	(117)	216,426	(3,574)
Municipal sales tax	1,905,000	1,905,000	1,903,391	13,949	1,917,340	12,340
Permits, fees, and privilege tax	15,000	15,000	11,883	-	11,883	(3,117)
Municipal court fines and bond fees	300,000	300,000	246,573	(1,600)	244,973	(55,027)
Intergovernmental revenues	419,500	419,500	502,995	(2,897)	500,098	80,598
Interest income	6,000	6,000	10,993	-	10,993	4,993
Charge for services	116,300	116,300	131,211	(600)	130,611	14,311
Collection fees	95,000	95,000	106,430	-	106,430	11,430
Administrative fees	101,000	101,000	101,126	-	101,126	126
Donations	1,000	1,000	-	-	-	(1,000)
Other	-	-	4,363	-	4,363	4,363
Total revenues	4,896,550	4,896,550	5,233,727	21,550	5,255,277	358,727
<u>EXPENDITURES</u>						
General Government						
Personnel services	540,000	540,000	525,914	(3,434)	522,480	17,520
Supplies	27,500	64,500	45,942	937	46,879	17,621
Other services and charges	236,000	191,000	112,336	66,615	178,951	12,049
Capital outlay	5,000	13,000	9,535	-	9,535	3,465
Total	\$ 808,500	\$ 808,500	\$ 693,727	\$ 64,118	\$ 757,845	\$ 50,655

The accompanying notes to required supplementary information is an integral part of this schedule.
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CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2019

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>EXPENDITURES - continued</u>						
Public Safety - Fire						
Personnel services	\$ 1,450,000	\$ 1,440,000	\$ 1,412,780	\$ (3,400)	\$ 1,409,380	\$ 30,620
Supplies	50,000	36,000	35,339	166	35,505	495
Other services and charges	87,750	61,750	56,349	(1,613)	54,736	7,014
Debt service	-	-	6,394	(4,157)	2,237	(2,237)
Capital outlay	81,300	131,300	111,490	4,158	115,648	15,652
Total	1,669,050	1,669,050	1,622,352	(4,846)	1,617,506	51,544
Public Safety - Police						
Personnel services	1,350,000	1,350,000	1,365,985	(6,399)	1,359,586	(9,586)
Supplies	118,000	148,000	131,449	7,677	139,126	8,874
Other services and charges	358,000	328,000	277,460	11,897	289,357	38,643
Debt service	-	-	54,751	(54,753)	(2)	2
Capital outlay	94,075	94,075	40,934	54,752	95,686	(1,611)
Total	1,920,075	1,920,075	1,870,579	13,174	1,883,753	36,322
Public Property						
Personnel services	130,000	140,000	129,270	(130)	129,140	10,860
Supplies	30,000	30,000	25,664	(2,382)	23,282	6,718
Other services and charges	100,000	130,000	128,572	1,435	130,007	(7)
Capital outlay	75,000	35,000	9,600	-	9,600	25,400
Total	\$ 335,000	\$ 335,000	\$ 293,106	\$ (1,077)	\$ 292,029	\$ 42,971

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

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2019

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>EXPENDITURES - continued</u>						
Street						
Personnel services	\$ 470,000	\$ 470,000	\$ 420,235	\$ 380	\$ 420,615	\$ 49,385
Supplies	116,000	136,000	123,861	912	124,773	11,227
Other services and charges	230,000	210,000	252,902	(19,833)	233,069	(23,069)
Debt service	155,000	155,000	151,875	-	151,875	3,125
Capital outlay	205,000	205,000	134,419	-	134,419	70,581
Total	1,176,000	1,176,000	1,083,292	(18,541)	1,064,751	111,249
Park Operations						
Personnel services	160,000	160,000	154,144	(332)	153,812	6,188
Supplies	45,000	45,000	32,370	(59)	32,311	12,689
Other services and charges	25,000	25,000	28,445	(135)	28,310	(3,310)
Total	230,000	230,000	214,959	(526)	214,433	15,567
Park Maintenance						
Personnel services	240,000	240,000	243,595	364	243,959	(3,959)
Supplies	62,000	62,000	56,654	59	56,713	5,287
Other services and charges	49,000	59,000	44,942	295	45,237	13,763
Capital outlay	55,000	45,000	37,267	-	37,267	7,733
Total	\$ 406,000	\$ 406,000	\$ 382,458	\$ 718	\$ 383,176	\$ 22,824

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

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2019

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>EXPENDITURES - continued</u>						
Tourism						
Personnel services	\$ 80,000	\$ 80,000	\$ 51,610	\$ -	\$ 51,610	\$ 28,390
Supplies	6,000	6,000	1,897	(108)	1,789	4,211
Other services and charges	5,000	5,000	4,987	(244)	4,743	257
Capital outlay	5,000	5,000	2,430	-	2,430	2,570
Total	96,000	96,000	60,924	(352)	60,572	35,428
Economic Development						
Other services and charges	-	-	45,000	(45,000)	-	-
Total	-	-	45,000	(45,000)	-	-
Total expenditures	6,640,625	6,640,625	6,266,397	7,668	6,274,065	366,560
Excess (deficit) of revenues over (under) expenditures	\$ (1,744,075)	\$ (1,744,075)	\$ (1,032,670)	\$ 13,882	\$ (1,018,788)	\$ 725,287

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

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the fiscal year ended September 30, 2019

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from other loans	\$ -	\$ -	\$ 20,900	\$ -	\$ 20,900	\$ 20,900
Non-revenue receipts	-	-	53,354	(4,454)	48,900	48,900
Operating transfers in	1,540,000	1,540,000	279,375	(27,455)	251,920	(1,288,080)
Total other financing sources (uses)	1,540,000	1,540,000	353,629	(31,909)	321,720	(1,218,280)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(204,075)	(204,075)	(679,041)	(18,027)	(697,068)	(492,993)
Fund balances - beginning of year	3,132,661	3,132,661	3,132,661	-	3,132,661	-
Fund balances - end of year	\$ 2,928,586	\$ 2,928,586	\$ 2,453,620	\$ (18,027)	\$ 2,435,593	\$ (492,993)

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2019

NOTE 1 - PENSION SCHEDULES

- A.** *Changes in benefit provisions.* Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.
- B.** *Changes in assumptions:* Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.
- In 2015, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015; (2) the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; (4) the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and (5) the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- In 2017, (1) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives; (2) the wage inflation assumption was reduced from 3.75% to 3.25%; (3) withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; and (4) the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- In 2019, the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; (2) for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and (3) projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- In 2019, the price inflation assumption was reduced from 3.00% to 2.75%.
- In 2019, the wage inflation assumption was reduced from 3.25% to 3.00%.
- In 2019, withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- In 2019, the percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2019

NOTE 1 - PENSION SCHEDULES - CONTINUED

- C. *Changes in size or composition of the population covered by the benefit terms.* None were identified during the periods presented in the required supplementary information.
- D. *Method and assumptions used in calculations of actuarially determined contributions.* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentages of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

NOTE 2 - BUDGETARY INFORMATION

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

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2019

NOTE 2 - BUDGETARY INFORMATION - CONTINUED

B.

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

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

	General Fund
Revenues	
Deferred revenues	\$ 148,993
Receivables	(126,743)
Payables	(700)
Total	<u>21,550</u>
Expenditures	
Accounts payable paid after 30 days	42,747
Accrued liabilities paid after 30 days	(1,147)
Prepaid expenses	7,346
Vacation accrual paid after 30 days	(13,823)
Reclassification of \$54,753 capital lease from debt service to capital outlay	-
Reclassification of \$45,000 economic development other services and charges budgeted in general government other services and charges	-
Shop expenses budgeted on Gas System Fund included in expense on general fund	(27,455)
Total	<u>7,668</u>
Other Financing Sources (Uses)	
Deferred revenues	(4,454)
Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual	(27,455)
Total	<u>(31,909)</u>
Net difference in budgetary basis and actual	<u>\$ (18,027)</u>

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2019

ASSETS	Fire Protection	Grants	Tourism	Drug Abuse Resistance Education	Home Loan Program	Modernization Use Tax	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 67,361	\$ 63,230	\$ 406,118	\$ 5,396	\$ -	\$ -	\$ 2,916	\$ 23,963	\$ 117,338	\$ -	\$ 686,322
Due from other funds	-	-	2,270	768	-	-	-	332	-	-	3,370
Due from other governments	-	103,884	66,537	-	-	25,939	-	-	-	-	196,360
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-	-	-	-
Total assets and other debits	\$ 67,361	\$ 167,114	\$ 474,925	\$ 6,164	\$ -	\$ 25,939	\$ 2,916	\$ 24,295	\$ 117,338	\$ -	\$ 886,052
LIABILITIES											
Accounts payable - operations	\$ (930)	\$ 8,735	\$ 1,450	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 9,257
Deferred revenue	-	74,185	-	-	-	25,939	-	-	-	-	100,124
Matured interest payable	-	-	-	-	-	-	-	-	-	4,000	4,000
Matured revenue bonds payable	-	-	-	-	-	-	-	-	-	568	568
Total liabilities	(930)	82,920	1,450	1	-	25,939	-	1	-	4,568	113,949
FUND BALANCES											
Restricted	68,291	84,194	473,475	6,163	-	-	2,916	24,294	117,338	-	776,671
Unassigned	-	-	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	68,291	84,194	473,475	6,163	-	-	2,916	24,294	117,338	(4,568)	772,103
Total liabilities and fund balances	\$ 67,361	\$ 167,114	\$ 474,925	\$ 6,164	\$ -	\$ 25,939	\$ 2,916	\$ 24,295	\$ 117,338	\$ -	\$ 886,052

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2019

	Fire Protection	Grants	Tourism	Drug Abuse Resistance Education	Home Loan Program	Modernization Use Tax	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES											
Municipal sales tax	\$ -	\$ -	\$ 398,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,684
Municipal court fines and bond fees	-	-	-	9,406	-	-	-	3,987	-	-	13,393
Intergovernmental revenues	50,140	107,285	-	-	-	-	1,463	-	-	-	158,888
Interest income	149	420	1,239	31	-	-	6	82	324	-	2,251
Charge for services	-	-	-	-	-	-	-	-	49,884	-	49,884
Total revenues	50,289	107,705	399,923	9,437	-	-	1,469	4,069	50,208	-	623,100
EXPENDITURES											
Current											
Public safety	518	-	-	1,787	-	-	-	-	-	-	2,305
Tourism	-	-	23,027	-	-	-	-	-	-	-	23,027
Capital outlay	550,775	145,562	172,361	-	-	-	-	-	-	-	868,698
Debt Service											
Principal retirement - general obligation	-	-	-	18,535	-	-	-	-	24,254	-	42,789
Interest and paying agent	-	-	-	849	-	-	-	-	1,898	-	2,747
Total expenditures	551,293	145,562	195,388	21,171	-	-	-	-	26,152	-	939,566
Excess (deficit) of revenues over (under) expenditures	\$ (501,004)	\$ (37,857)	\$ 204,535	\$ (11,734)	\$ -	\$ -	\$ 1,469	\$ 4,069	\$ 24,056	\$ -	\$ (316,466)

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2019

	Fire Protection	Grants	Tourism	Drug Abuse Resistance Education	Home Loan Program	Modernization Use Tax	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Proceeds from other loans	\$ 350,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,018
Operating transfers out	-	(100,000)	-	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	350,018	(100,000)	-	-	-	-	-	-	-	-	250,018
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(150,986)	(137,857)	204,535	(11,734)	-	-	1,469	4,069	24,056	-	(66,448)
Fund balance - beginning of year	219,277	222,051	268,940	17,897	-	-	1,447	20,225	93,282	(4,568)	838,551
Fund balance - end of year	\$ 68,291	\$ 84,194	\$ 473,475	\$ 6,163	\$ -	\$ -	\$ 2,916	\$ 24,294	\$ 117,338	\$ (4,568)	\$ 772,103

OTHER FINANCING SOURCES (USES)

Proceeds from other loans
Operating transfers out

Total other financing sources (uses)
Excess (deficit) of revenues and
other sources over (under)
expenditures and other uses

Fund balance - beginning of year

Fund balance - end of year

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2019

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Chris Lindley	Mayor	\$ 100,000	St Paul	7/3/2020
Lisa Stevens	Aldersperson	100,000	St Paul	7/3/2020
William Scott	Aldersperson	100,000	St Paul	7/3/2020
Mark McCoy	Aldersperson	100,000	St Paul	7/3/2020
Jason Michael	Aldersperson	100,000	St Paul	7/3/2020
Jeff Williams	Aldersperson	100,000	St Paul	7/3/2020
Lavaile Shields	City Clerk	100,000	Brierfield Ins. Co.	12/11/2019
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2020
Curtis Featherstone	Department Head	50,000	Brierfield Ins. Co.	3/10/2020
Billy Joe Spencer	Department Head	50,000	Travelers Casualty	2/28/2020
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2020
Amanda Bland	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2020
Melissa Harris	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2020
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2020
Tameka C Holland	Clerk	50,000	RLI Surety	2/18/2020
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2020
Lacinda Steward	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Gayla Dawn Stevenson	Clerk	50,000	Travelers Casualty	2/17/2020
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2020
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2020
Oscar Joshlin, Jr	Customer Service	50,000	Brierfield Ins. Co.	3/10/2020
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2020
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2020
Paul Bowling	Animal Control Officer	50,000	Brierfield Ins. Co.	3/10/2020
Robbie Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Jacquelin Rowan	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Hannah Gibbs	Clerk	50,000	Brierfield Ins. Co.	3/10/2020
Lexie Gamble	Tourism Department Head	50,000	Brierfield Ins. Co.	3/10/2020
Christy Horn	Clerk	50,000	Travelers Casualty	12/20/2019
Rebecca Barnes	Tax Collector	50,000	Brierfield Ins. Co.	3/10/2020
Merideth Starkey	Clerk	50,000	Travelers Casualty	8/22/2020

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, and 2019-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-005, and 2019-006 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Booneville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-007, 2019-008, 2019-009, and 2019-010.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated December 7, 2020.

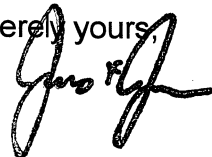
City of Booneville, Mississippi's Response to Findings

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

Purpose of this Report

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

Sincerely yours,



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

December 7, 2020

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

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

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

Honorable Mayor and Board of Alderpersons
City of Booneville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2019, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated December 7, 2020.

Compliance

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

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which is described in the accompanying schedule of findings and responses as items 2019-007, 2019-008, 2019-009, and 2019-010.

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

City of Booneville, Mississippi's Response to Findings

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

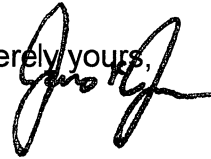
Purpose of this Report

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

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

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

Sincerely yours,



December 7, 2020

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENT

MATERIAL WEAKNESSES

2019-001. Segregation of Duties

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

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

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

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

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

Response: We concur with the recommendation.

2019-002. Property Tax Collection

Condition: The City is not enforcing collection on citizens who do not pay their personal property taxes. The City made adjustments to taxes that were not reflected on the collection records.

Criteria: Procedures should be in place to follow up on delinquent personal property taxes. Procedures should be in place to maintain records of all credits given on taxes owed when the total billing is not adjusted.

Effect: At September 30, 2019, the City had outstanding taxes of \$2,548 from the 2003 tax year, \$5,329 from the 2004 tax year, \$7,491 from the 2005 tax year, \$5,857 from the 2006 tax year, \$6,461 from the 2007 tax year, \$22,195 from the 2008 tax year, \$19,592 from the 2009 tax year, \$13,661 from the 2010 tax year, \$16,680 from the 2011 tax year, \$19,846 from the 2012 tax year, \$9,826 from the 2013 tax year, \$8,034 from the 2014 tax year, \$7,141 from the 2015 tax year, \$7,862 from the 2016 tax year, \$5,398 from the 2017 tax year, and \$6,183 from the 2018 year.

The 2018 taxes billed could not be balanced to the collections and receivables. The City was out by \$10,136 and the School was out by \$20,526.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2019-002. Property Tax Collection - continued

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

The City had problems with the tax billing software and had to make manual adjustments to the amounts billed that was not reflected in the billing records. Documents to verify these changes were not maintained.

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

The City should maintain full records of any changes to the tax billing system that are not reflected as changes to the billings thereon.

Response: We concur with the recommendation.

2019-003. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation

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

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

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

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

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2019-004. Police Fine Collection Efforts

Condition: The delinquent police fine receivables are increasing.

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

Effect: The police fine receivables increased by \$79,295 during the year ended September 30, 2019.

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

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

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

SIGNIFICANT DEFICIENCIES

2019-005. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2019-007, 2019-008, 2019-009, and 2019-010, there were violations of State of Mississippi laws and regulations.

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

Effect: The City did not comply with budget laws and regulations, and purchase laws. See additional information in finding numbers 2019-007, 2019-008, 2019-009, and 2019-010.

Cause: See cause in finding numbers 2019-007, 2019-008, 2019-009, and 2019-010.

Recommendation: See recommendation in finding numbers 2019-007, 2019-008, 2019-009, and 2019-010. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

2019-006. Home Loan Notes Receivable

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

**CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES - CONTINUED

2019-006. Home Loan Notes Receivable - continued

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

Effect: The City has not received any loan payments on the outstanding Home Loans made.

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

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

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

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2019-007. Budget

Condition: Expenditures exceeded the budget in various categories.

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

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

General Fund – public safety – fire – debt service	\$ 2,237
General Fund – public safety – police – personnel services	9,586
General Fund – public property – other services and charges	7
General Fund – street – other services and charges	23,069
General Fund – park operations – other services and charges	3,310
General Fund – park maintenance – personnel services	3,959

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2019-007. Budget - continued

Effect: - continued

Grant Fund – Capital outlays	\$75,562
Gas System Fund – other services and charges	54,051
Waste Collection Fund other services and charges	7,525

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

Recommendation: We recommend the City continue reviewing the budget vs actual comparison and amend the budget as circumstances require.

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

2019-008. Tax Abatement

Condition: The City gave one industry multiple years of tax abatement when the City Board of Alderman minutes did not reflect such tax abatement was given.

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

Criteria: The Board of Alderman give tax abatements under Miss. Code Ann. 27-31-101, 27-31-105 and related sections of Miss. Code (Ann.) 1972 and. Miss Code 17-21-5(1). These sections allows the Board of Alderman to give up to 10 years of tax exemption on new additions.

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

Effect: The City has one industry that has was given a tax abatement of \$47,723 during the year ended September 30, 2019 that had not been approved by the City Board of Alderman. Tax exemptions had been approved by Prentiss County Board of Supervisors and the State of Mississippi.

The City only has 2 businesses taking advantage of this tax abatement policy. The City exempted the entire City portion on one of the businesses, instead of exempting only the improvement portion. The other industry was exempted on personal property in error and did not exempt the required real property improvements. The board minutes that authorized the tax abatement for one business is in the name of the business and not the name of the owner of the property that was improved.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

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

2019-008. Tax Abatement – continued

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

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

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

2019-009. Purchasing Laws Not Followed

Condition: The City Purchased 2 splash pads at a cost of \$49,990 each for a total purchase price of \$99,980. The City did not advertise as required by the purchasing laws. The City purchased concrete finishing services for \$7,000 without obtaining two written quotes.

Criteria: The purchasing laws require the City to obtain advertised bids when the total purchase order exceeds \$50,000 and obtain two written quotes for purchases between \$5,000 and \$50,000.

Effect: The City obtained two quotes for the purchase of one splash pad and used this quote to order two splash pads. The total cost was \$99,980.

The City did not obtain two written quotes for the purchase of concrete finishing of \$7,000.

Cause: City Personnel thought as long as the splash pad cost less than \$50,000 no advertisement was required.

Recommendation: We recommend that the City follow its purchasing policy.

Response: We will follow the purchasing laws on future purchases.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2019

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

2019-010. General Fund expenditures charged to Tourism Funds

Condition: The Tourism Fund had expenditures totaling \$2,270 that were for expenditures that had not been approved for payment from Tourism Funds by either the City Board of Alderman or the Park Commission.

Criteria: The Tourism Fund resources can only be used for projects that meet certain criteria and have been approved by both the City Board of Alderman and one of the Tourism Commissions.

Effect: The Tourism Fund paid \$2,270 for items that had not been properly approved to be charged to the Tourism Fund.

Cause: The City personnel who writes the checks misunderstood which fund to pay the expenditure from.

Recommendation: We recommend that all expenditures charged to the Tourism Fund be properly approved by all required parties and the invoice be stamped pay from Tourism Fund.

Response: We will advise those in charge of Tourism Fund expenditures to communicate which expenditures can be charged to the Tourism Fund.

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Year Findings
For the fiscal year ended September 30, 2019

Financial Statement Findings

Finding Number	Finding Title	Status
2018-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2019-001.
2018-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2019-002.
2018-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2019-003.
2018-004	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2019-004.
2018-005	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2019-005.
2018-006	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2019-006.
2018-007	Unaccounted for Natural Gas (original finding 2017-007).	Corrected
2018-008	Budget (original finding 2011-012).	Repeated - see current year finding 2019-007.
2018-009	The Board of Alderperson's minutes do not reflect the rate increases implemented by the Board of Alderpersons. (Original Finding 2018-009).	Corrected
2018-010	The City gave two taxpayers tax abatements in excess of the allowed amounts. (Original Finding 2018-010).	Repeated - see current year finding 2019-008.

Federal Award Findings and Questioned Costs

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