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CITY OF BOONEVILLE, MISSISSIPPI

BASIC FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

SEPTEMBER 30, 2020

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

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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, 2020, 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, 2020, 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 January 31, 2022, 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", with a stylized flourish at the end.

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

January 31, 2022

CITY OF BOONEVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

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, 2020. 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 \$18,497,887 (net position).

The government's total net position increased by \$2,637,180 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,832,880, an increase of \$5,607,157 during the current fiscal year. Approximately 47.9 percent of this total amount, or \$4,230,958, 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 \$4,235,526 or 70.5 percent of total general fund expenditures.

The City had fixed asset net additions of \$1,686,327 during the current year. Of this amount \$279,819 occurred in the governmental activities and \$1,406,508 occurred in the business-type activities.

The City's total debt increased by \$4,063,939 during the current fiscal year. This change resulted from new debt issued of \$4,500,000 and debt repayments net of amortization of \$583,743.

During the current fiscal year, the City's operating grants and contributions increased \$521,174 (4586.99 percent) mainly due to a FEMA grant received for storm damage; capital grants and contributions increased \$591,796 (306.75 percent) mainly due to a grant to remodel the park play grounds; property taxes increased \$146,274 (7.47 percent) mainly due to increased assessed valuation; charges for services decreased \$924,736 (10.64 percent) mainly due to decreases in natural gas sold; and total expenses decreased \$314,685 (2.50 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 \$18,497,887 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 88.0 percent or \$16,280,136) 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 24.1 percent or \$4,450,921) 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 12.1 percent or \$2,233,170) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$10,812,298.

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 \$4,134,494 and \$2,248,202, 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 \$2,637,180 during the current fiscal year. This increase was mainly due to the decrease in net position from the governmental activities of \$3,194,507 and the business-type activities decrease in net position of \$557,327 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			
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Current and other assets	\$ 12,059,153	\$ 5,958,531	\$ 6,100,622	102.4%	\$ 7,466,545	\$ 6,879,924	\$ 586,621	8.5%	\$ 19,525,698	\$ 12,838,455	\$ 6,687,243	52.1%
Capital assets	6,591,811	6,814,140	(222,329)	-3.3%	15,967,403	15,170,007	797,396	5.3%	22,559,214	21,984,147	575,067	2.6%
Total assets	18,650,964	12,772,671	5,878,293	46.0%	23,433,948	22,049,931	1,384,017	6.3%	42,084,912	34,822,602	7,262,310	20.9%
Deferred outflows of resources	733,595	457,911	275,684	60.2%	194,049	103,104	90,945	88.2%	927,644	561,015	366,629	65.4%
Long-term liabilities outstanding	11,320,295	8,507,032	2,813,263	33.1%	9,463,005	7,550,568	1,912,437	25.3%	20,783,300	16,057,600	4,725,700	29.4%
Other liabilities	415,613	376,937	38,676	10.3%	911,538	829,410	82,128	9.9%	1,327,151	1,206,347	120,804	10.0%
Total liabilities	11,735,908	8,883,969	2,851,939	32.1%	10,374,543	8,379,978	1,994,565	23.8%	22,110,451	17,263,947	4,846,504	28.1%
Deferred inflows of resources	2,244,379	2,136,850	107,529	5.0%	159,839	122,116	37,723	30.9%	2,404,218	2,258,966	145,252	6.4%
Net position												
Net investment in capital assets	6,133,449	6,353,683	(220,234)	-3.5%	10,146,687	9,953,936	192,751	1.9%	16,280,136	16,307,619	(27,483)	-0.2%
Restricted	3,405,317	718,417	2,686,900	374.0%	1,045,604	875,787	169,817	19.4%	4,450,921	1,594,204	2,856,717	179.2%
Unrestricted	(4,134,494)	(4,862,337)	727,843	-15.0%	1,901,324	2,821,218	(919,894)	-32.6%	(2,233,170)	(2,041,119)	(192,051)	9.4%
Total Net Position	\$ 5,404,272	\$ 2,209,763	\$ 3,194,509	144.6%	\$ 13,093,615	\$ 13,650,941	\$ (557,326)	-4.1%	\$ 18,497,887	\$ 15,860,704	\$ 2,637,183	16.6%

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Revenue												
Program Revenues												
Charges for services	\$ 671,447	\$ 679,147	\$ (7,700)	-1.1%	\$ 7,094,888	\$ 8,011,924	\$ (917,036)	-11.4%	\$ 7,766,335	\$ 8,691,071	\$ (924,736)	-10.6%
Operating grants and contributions	532,536	11,362	521,174	4587.0%	-	-	-	0.0%	532,536	11,362	521,174	4587.0%
Capital grants and contributions	723,799	190,284	533,515	280.4%	60,923	2,642	58,281	2205.9%	784,722	192,926	591,796	306.7%
General Revenues												
Taxes												
Property taxes	2,104,174	1,957,900	146,274	7.5%	-	-	-	0.0%	2,104,174	1,957,900	146,274	7.5%
Sales tax	2,543,678	2,302,075	241,603	10.5%	-	-	-	0.0%	2,543,678	2,302,075	241,603	10.5%
Franchise tax	187,479	200,617	(13,138)	-6.5%	-	-	-	0.0%	187,479	200,617	(13,138)	-6.5%
In lieu taxes	170,034	167,553	2,481	1.5%	-	-	-	0.0%	170,034	167,553	2,481	1.5%
Other taxes and state shared revenues	265,706	259,503	6,203	2.4%	-	-	-	0.0%	265,706	259,503	6,203	2.4%
Investment income	66,392	19,176	47,216	246.2%	80,003	19,444	60,559	311.5%	146,395	38,620	107,775	279.1%
Other	85,721	57,653	28,068	48.7%	-	-	-	0.0%	85,721	57,653	28,068	48.7%
Total revenue	\$ 7,350,966	\$ 5,845,270	\$ 1,505,696	25.8%	\$ 7,235,814	\$ 8,034,010	\$ (798,196)	-9.9%	\$ 14,586,780	\$ 13,879,280	\$ 707,500	5.1%

Government-wide Financial Analysis - continued

City of Booneville, Mississippi's Changes in Net position

	Governmental Activities				Business-Type Activities				Total			
	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change	2020	2019	Increase (Decrease)	% Change
Expenses:												
General government	\$ 971,140	\$ 854,831	\$ 116,309	13.6%	\$ -	\$ -	\$ -	0.0%	\$ 971,140	\$ 854,831	\$ 116,309	13.6%
Public safety	3,614,220	3,597,875	16,345	0.5%	-	-	-	0.0%	3,614,220	3,597,875	16,345	0.5%
Public works	1,498,022	1,359,290	138,732	10.2%	-	-	-	0.0%	1,498,022	1,359,290	138,732	10.2%
Culture and recreation	589,965	651,959	(61,994)	-9.5%	-	-	-	0.0%	589,965	651,959	(61,994)	-9.5%
Tourism	80,185	88,486	(8,301)	-9.4%	-	-	-	0.0%	80,185	88,486	(8,301)	-9.4%
Economic development	48,005	45,000	3,005	6.7%	-	-	-	0.0%	48,005	45,000	3,005	6.7%
Interest	59,814	7,013	52,801	752.9%	-	-	-	0.0%	59,814	7,013	52,801	752.9%
Water and Sewer	-	-	-	0.0%	2,441,393	2,380,897	60,496	2.5%	2,441,393	2,380,897	60,496	2.5%
Natural Gas	-	-	-	0.0%	2,576,047	3,252,724	(676,677)	-20.8%	2,576,047	3,252,724	(676,677)	-20.8%
Sanitation	-	-	-	0.0%	372,124	327,525	44,599	13.6%	372,124	327,525	44,599	13.6%
Total expenses	<u>6,861,351</u>	<u>6,604,454</u>	<u>256,897</u>	<u>3.9%</u>	<u>5,389,564</u>	<u>5,961,146</u>	<u>(571,582)</u>	<u>-9.6%</u>	<u>12,250,915</u>	<u>12,565,600</u>	<u>(314,685)</u>	<u>-2.5%</u>
Increase (decrease) in net assets before contributions and transfers	489,615	(759,184)	1,248,799	-164.5%	1,846,250	2,072,864	(226,614)	-10.9%	2,335,865	1,313,680	1,022,185	77.8%
Gain (loss) on disposition of capital assets	50,655	22,551	28,104	124.6%	250,660	32,982	217,678	660.0%	301,315	55,533	245,782	442.6%
Transfers	<u>2,654,237</u>	<u>179,375</u>	<u>2,474,862</u>	<u>1379.7%</u>	<u>(2,654,237)</u>	<u>(179,375)</u>	<u>(2,474,862)</u>	<u>1379.7%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (decrease) in net position	3,194,507	(557,258)	3,751,765	0.0%	(557,327)	1,926,471	(2,483,798)	-128.9%	2,637,180	1,369,213	1,267,967	92.6%
Rounding	2	(1)	3	-300.0%	1	-	1	0.0%	3	(1)	4	-397.0%
Net position--beginning of year	<u>2,209,763</u>	<u>2,767,022</u>	<u>(557,259)</u>	<u>-20.1%</u>	<u>13,650,941</u>	<u>11,724,470</u>	<u>1,926,471</u>	<u>16.4%</u>	<u>15,860,704</u>	<u>14,491,492</u>	<u>1,369,212</u>	<u>9.4%</u>
Net position--end of year	<u>\$ 5,404,272</u>	<u>\$ 2,209,763</u>	<u>\$ 3,194,509</u>	<u>144.6%</u>	<u>\$ 13,093,615</u>	<u>\$13,650,941</u>	<u>\$ (557,326)</u>	<u>-4.1%</u>	<u>\$18,497,887</u>	<u>\$15,860,704</u>	<u>\$ 2,637,183</u>	<u>16.6%</u>

Government-wide Financial Analysis - continued

Governmental activities

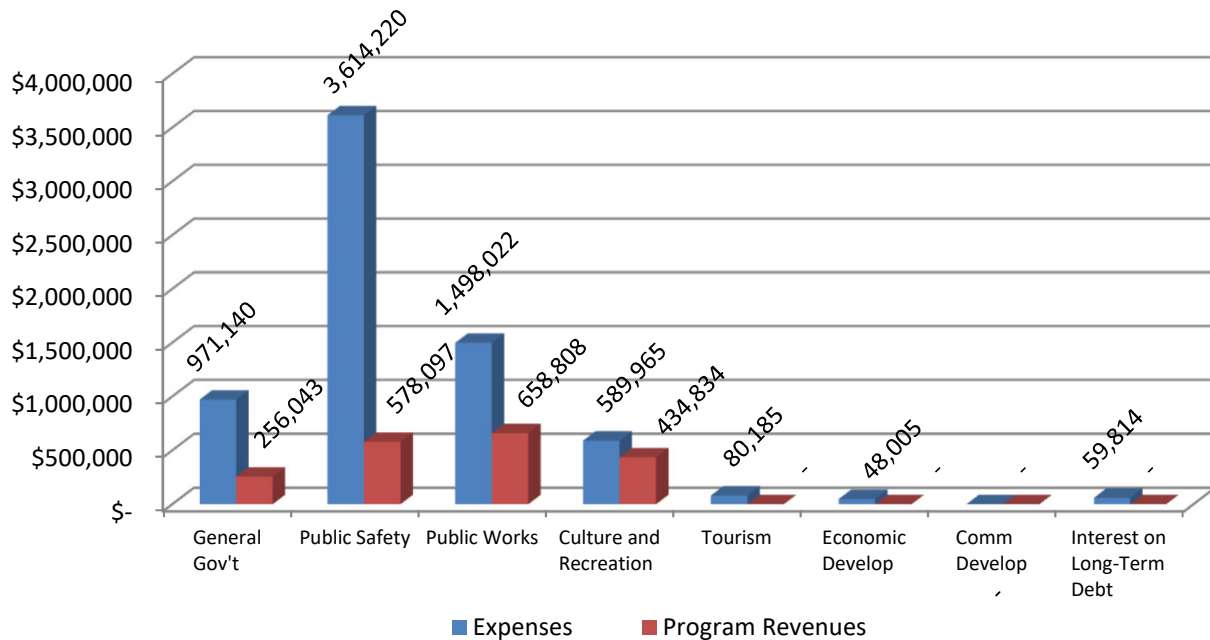
Governmental activities, including transfers from the business-type activities, increased the City's net position by \$3,194,509 during the current year. By comparison, governmental activities including transfers reported a decrease in net position from the previous fiscal year of approximately \$557,258. Key elements of the changes are as follows:

During the year charges for services decreased by \$7,700 (approximately 1 percent), operating grants and contributions increased by \$521,174 (approximately 4587 percent), capital grants and contributions increased by \$533,515 (approximately 280 percent), property taxes increased by \$146,274 (approximately 7 percent), sales tax increased by \$241,603 (approximately 10 percent), general government expenses increased by \$116,309 (approximately 14 percent), public safety expenses increased by \$16,345 (approximately 0 percent), public works expenses increased by \$138,732 (approximately 10 percent), culture and recreation expenses decreased by \$61,994 (approximately 10 percent), tourism expense decreased by \$8,301 (approximately 9 percent), and economic development expenses increased by \$3,005 (approximately 7 percent).

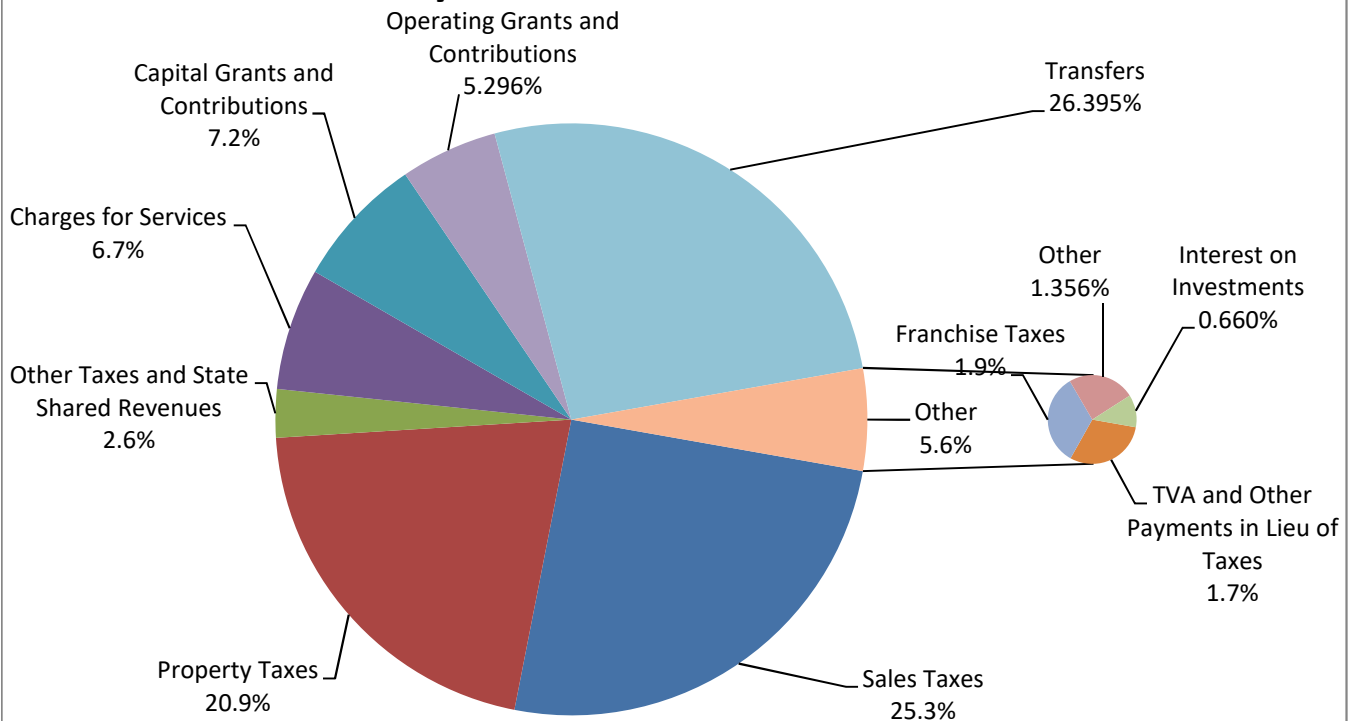
Government-wide Financial Analysis - continued

Governmental activities - continued

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Government-wide Financial Analysis - continued

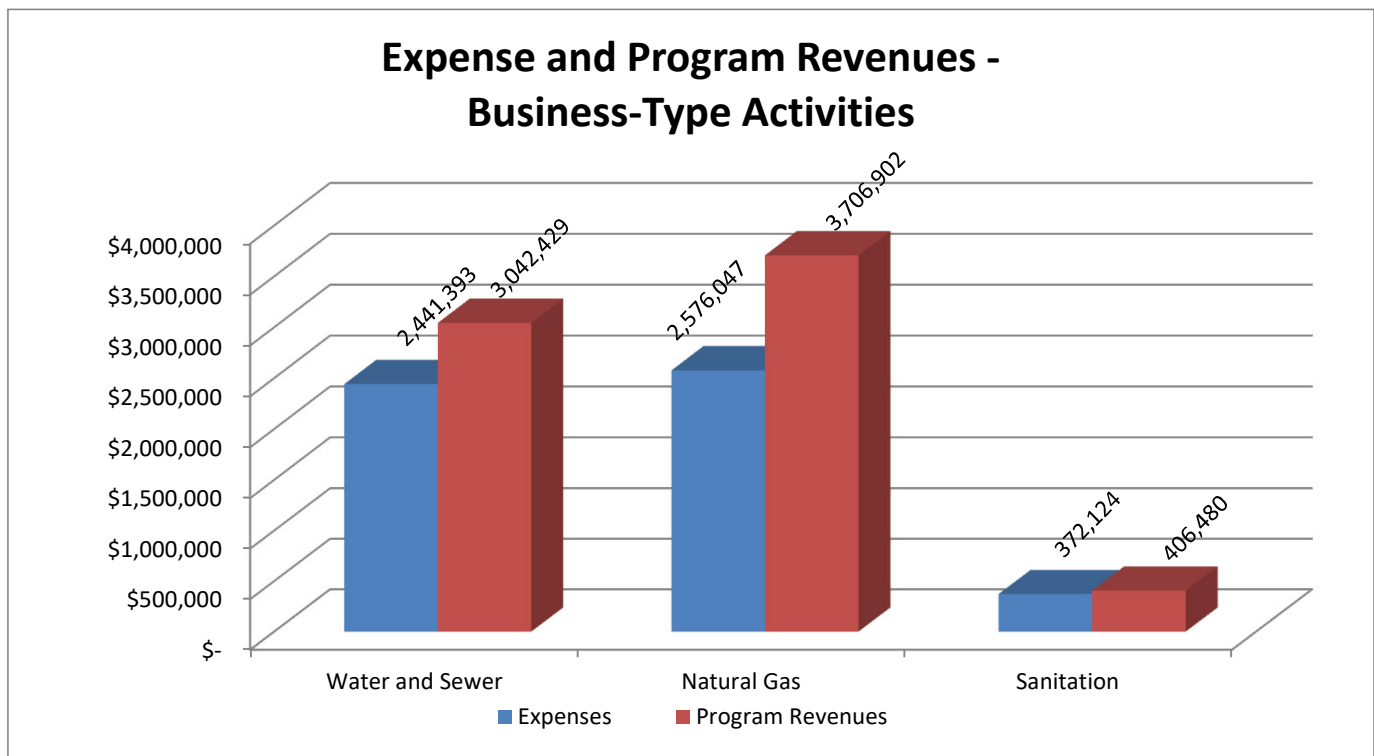
Business-type activities

Business-type activities reported a decrease in the City's net position by \$557,327 during the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$1,926,471. Key elements of this decrease are as follows:

Charges for services for business-type activities decreased \$917,036, or 11.4 percent, compared to the prior year. This was the result of warmer weather and less gas sold.

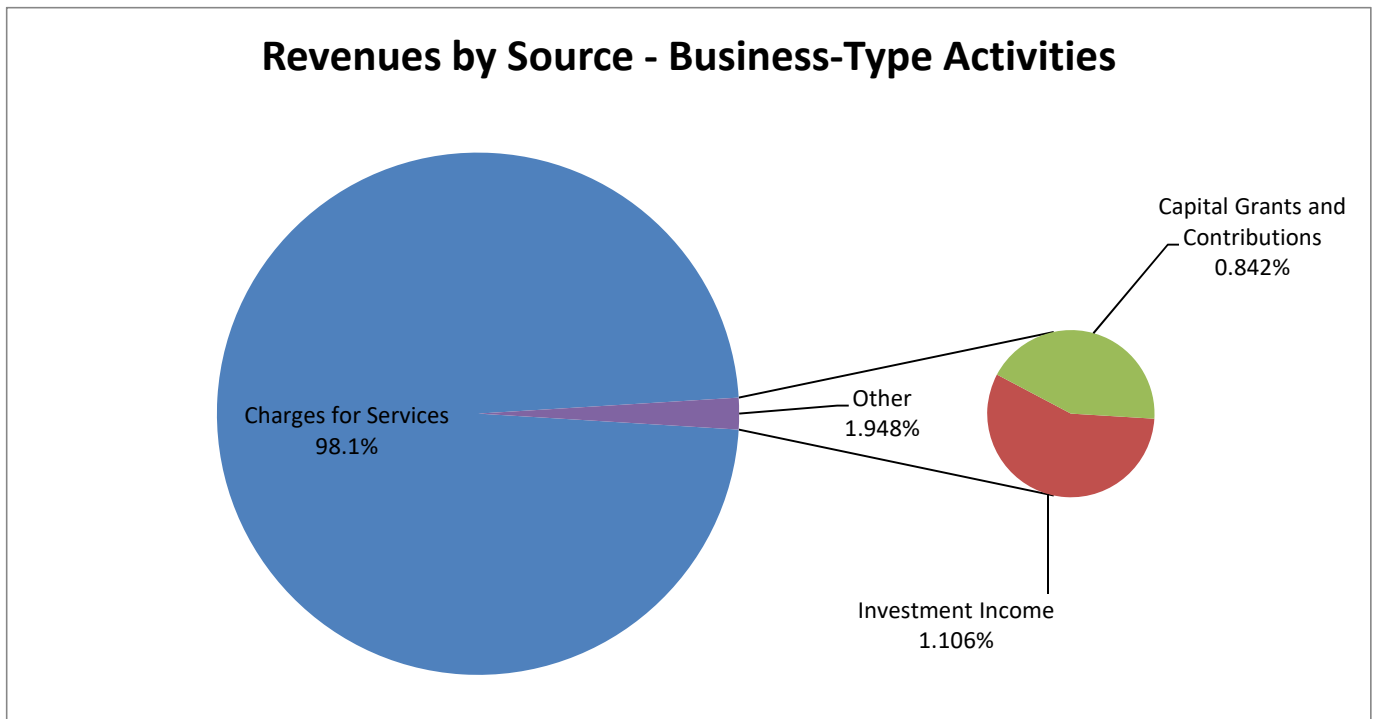
Expenses decreased approximately 9.6 percent or \$571,582, primarily due to water and sewer fund expenditures increased \$60,496 (2.5 percent) and natural gas fund expenditures decreased \$676,677 (20.8 percent). This change resulted from less natural gas purchased.

Transfers out to other funds totaled \$2,654,237 while prior year transfers out to other funds totaled \$179,375. Transfers out decreased approximately 1379.7 percent or \$2,474,862. 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 \$8,832,880, an increase of \$5,607,157 compared to the prior year. Approximately 47.9 percent of this total amount, \$4,230,958 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The remainder of fund balance \$4,601,922 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 \$4,235,526 while total fund balance was \$5,431,714. 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 70.5 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$2,978,096 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 \$845,481, \$1,044,083, and \$11,761, respectively. The gas system fund had a decrease in net position for the year of \$1,480,837, the combined water and sewer system fund had an increase in net position for the year of \$909,573, and the waste collection fund had an increase in net position for the year of \$13,937.

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 - public property - personnel services \$10,000, public property - supplies \$30,000, public property - other services and charges \$20,000, public property - capital outlay \$(60,000), street - other services and charges \$50,000, street - capital outlay \$(50,000).

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 increase in fund balance that was more than the final amended budget fund balance amount by \$3,010,632.

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, 2020, amounted to \$22,559,214 (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 2.6 percent (an approximate 3.3 percent decrease for governmental activities and an approximate 5.3 percent increase for business-type activities).

Major capital asset additions are as follows:

Public property equipment and automotive	\$	6,539
Park equipment		129,011
Street infrastructure		143,251
Construction in progress		1,018
Natural gas system automotive, equipment and office equipment		31,063
Natural gas system distribution system and filling station		53,063
Water and sewer system automotive, equipment and office equipment		1,074
Water and sewer system distribution system		957,312
Construction in progress		363,998

City of Booneville, Mississippi's Capital Assets - Net

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Construction in progress	1,018	427,839	428,857
Infrastructure	2,334,350	-	2,334,350
Building and improvements	1,157,460	642,950	1,800,410
Natural gas system	-	3,156,121	3,156,121
Water and sewer system	-	10,921,839	10,921,839
Automotive, equipment and furnishings	2,055,939	573,292	2,629,231
Total	\$ 6,591,811	\$ 15,967,403	\$ 22,559,214

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 \$9,783,593. Of this amount, \$6,329,634 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	\$ 2,609,634	\$ 3,720,000	\$ 6,329,634
Notes from direct borrowings	46,125	3,407,834	3,453,959
Total	\$ 2,655,759	\$ 7,127,834	\$ 9,783,593

The City's total debt increased by \$4,063,939 (approximately 71.1 percent) during the current fiscal year. There was new debt obligations totaling \$4,500,000 issued during the year.

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

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

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$3,484,582. 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 2021 fiscal year:

The City expects its tax base to remain level.

The City tax millage rate was 38.15 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 \$4,235,526.

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,350,823	\$ 2,434,171	\$ 10,784,994
Restricted cash and cash equivalents	-	3,828,097	3,828,097
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$215,214)	2,179,820	-	2,179,820
Police fines (net of allowances of \$1,929,668)	160,668	-	160,668
Accounts (net of allowances of \$72,671)	-	570,969	570,969
Franchise fees (net of allowances of \$0)	29,144	-	29,144
Accrued interest (net of allowances of \$140,094)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of governmental allowances of \$10,150)	-	1,538	1,538
Prepaid items	63,631	32,795	96,426
Resale inventory	-	299,841	299,841
Supply inventory	-	187,533	187,533
Due from other governments	1,208,627	178,041	1,386,668
Due from other funds	66,440	(66,440)	-
Land and construction in progress	1,044,062	673,201	1,717,263
Other capital assets (net of accumulated depreciation)	5,547,749	15,294,202	20,841,951
	<u>18,650,964</u>	<u>23,433,948</u>	<u>42,084,912</u>
Total Assets			
	<u>18,650,964</u>	<u>23,433,948</u>	<u>42,084,912</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows pertaining to pensions	733,595	159,545	893,140
Deferred outflows pertaining to loss on refunding	-	34,504	34,504
	<u>-</u>	<u>34,504</u>	<u>34,504</u>
Total Deferred Outflows of Resources	<u>\$ 733,595</u>	<u>\$ 194,049</u>	<u>\$ 927,644</u>

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

CITY OF BOONEVILLE, MISSISSIPPI

Statement of Net Position

September 30, 2020

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable - operations	\$ 209,091	\$ 174,292	\$ 383,383
Accounts payable - capital assets	-	116,999	116,999
Credit balance in accounts receivable	-	27,660	27,660
Accrued interest	35,713	44,430	80,143
Accrued liabilities	166,241	49,680	215,921
Matured interest payable	4,000	-	4,000
Matured bonds payable	568	-	568
Customer deposits	-	498,477	498,477
Long-term debt and capital leases			
Bonds and notes payable due within one year	201,233	590,000	791,233
Compensated absence due within one year	17,281	1,620	18,901
Net pension liability due in more than one year	8,525,349	2,286,949	10,812,298
Bonds and notes payable due in more than one year	2,454,526	6,537,834	8,992,360
Compensated absence due in more than one year	121,906	46,602	168,508
Total Liabilities	11,735,908	10,374,543	22,110,451
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows pertaining to pensions	79,014	159,839	238,853
Deferred inflows pertaining to unavailable revenue	2,165,365	-	2,165,365
Total Deferred Inflows of Resources	2,244,379	159,839	2,404,218
NET POSITION			
Net investment in capital assets	6,133,449	10,146,687	16,280,136
Restricted for:			
Debt service - expendable	-	1,005,930	1,005,930
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	1,468	-	1,468
Fire protection capital outlays	78,824	-	78,824
D.A.R.E. program	3,633	-	3,633
Road paving	2,197,965	-	2,197,965
Infrastructure modernization - capital project	171,805	-	171,805
Technology	27,873	-	27,873
Rubbish	158,143	-	158,143
Tourism	765,606	-	765,606
Unemployment	-	29,674	29,674
Unrestricted (deficit)	(4,134,494)	1,901,324	(2,233,170)
TOTAL NET POSITION	\$ 5,404,272	\$ 13,093,615	\$ 18,497,887

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fines and Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 971,140	\$ 255,898	\$ 145	\$ -	\$ (715,097)	\$ -	\$ (715,097)
Public safety	3,614,220	308,798	7,617	261,682	(3,036,123)	-	(3,036,123)
Public works	1,498,022	71,917	524,774	62,117	(839,214)	-	(839,214)
Culture and recreation	589,965	34,834	-	400,000	(155,131)	-	(155,131)
Tourism	80,185	-	-	-	(80,185)	-	(80,185)
Economic development	48,005	-	-	-	(48,005)	-	(48,005)
Interest	59,814	-	-	-	(59,814)	-	(59,814)
Total Governmental Activities	6,861,351	671,447	532,536	723,799	(4,933,569)	-	(4,933,569)
Business-Type Activities:							
Water and Sewer	2,441,393	2,981,506	-	60,923	-	601,036	601,036
Natural Gas	2,576,047	3,706,902	-	-	-	1,130,855	1,130,855
Sanitation	372,124	406,480	-	-	-	34,356	34,356
Total Business-Type Activities	5,389,564	7,094,888	-	60,923	-	1,766,247	1,766,247
TOTAL PRIMARY GOVERNMENT	\$ 12,250,915	\$ 7,766,335	\$ 532,536	\$ 784,722	(4,933,569)	1,766,247	(3,167,322)
General Revenues							
Taxes							
Property taxes and late fees					2,104,174	-	2,104,174
Sales tax					2,543,678	-	2,543,678
Homestead					156,475	-	156,475
Franchise tax					187,479	-	187,479
TVA and other payments in lieu of taxes					170,034	-	170,034
Road tax and advalorem privilege tax					96,185	-	96,185
Other state shared taxes					13,046	-	13,046
Investment income					66,392	80,003	146,395
Other					85,721	-	85,721
Gain (loss) on sale or retirement of capital assets					50,655	250,660	301,315
Transfers					2,654,237	(2,654,237)	-
Total					8,128,076	(2,323,574)	5,804,502
Change in Net Position					3,194,507	(557,327)	2,637,180
NET POSITION--BEGINNING					2,209,765	13,650,942	15,860,707
NET POSITION--ENDING					\$ 5,404,272	\$ 13,093,615	\$ 18,497,887

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

CITY OF BOONEVILLE, STATE OF MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2020

	General	2019 Public Improvement Capital Project Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,956,451	\$ 2,197,965	\$ 1,196,407	\$ 8,350,823
Receivables (net of allowance for uncollectibles)				
Taxes (net of allowances of \$215,214)	2,179,821	-	(1)	2,179,820
Police fines (net of allowances of \$1,929,668)	160,668	-	-	160,668
Cleanup fees (net of allowances of \$10,150)	-	-	-	-
Franchise fees	29,144	-	-	29,144
Due from other funds	179,170	-	10,625	189,795
Due from other governments	1,049,836	-	158,791	1,208,627
Prepaid items	63,631	-	-	63,631
Total assets	<u>\$ 8,618,721</u>	<u>\$ 2,197,965</u>	<u>\$ 1,365,822</u>	<u>\$ 12,182,508</u>
LIABILITIES				
Accounts payable - operations	\$ 205,921	\$ -	\$ 3,170	\$ 209,091
Accrued liabilities	166,241	-	-	166,241
Compensated absence	17,281	-	-	17,281
Due to other funds	54,813	-	68,542	123,355
Matured interest payable	-	-	4,000	4,000
Matured revenue bonds payable	-	-	568	568
Total liabilities	<u>444,256</u>	<u>-</u>	<u>76,280</u>	<u>520,536</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>2,742,751</u>	<u>-</u>	<u>86,341</u>	<u>2,829,092</u>
Total deferred inflows of resources	<u>2,742,751</u>	<u>-</u>	<u>86,341</u>	<u>2,829,092</u>
FUND BALANCES				
Nonspendable	63,631	-	-	63,631
Restricted	-	2,197,965	1,121,010	3,318,975
Committed	59,657	-	86,759	146,416
Assigned	1,072,900	-	-	1,072,900
Unassigned	<u>4,235,526</u>	<u>-</u>	<u>(4,568)</u>	<u>4,230,958</u>
Total fund balance	<u>5,431,714</u>	<u>2,197,965</u>	<u>1,203,201</u>	<u>8,832,880</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,618,721</u>	<u>\$ 2,197,965</u>	<u>\$ 1,365,822</u>	<u>\$ 12,182,508</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, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS

\$ 8,832,880

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

1,044,062

Other capital assets

12,263,945

Less accumulated depreciation

(6,716,196)

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

120,668

Revenues - payments in lieu of tax

167,106

Revenues - property taxes

14,455

Revenues - intergovernmental

361,498

Revenues - other

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.

(35,713)

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

(2,655,759)

Compensated absences

(121,906)

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

(8,525,349)

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

733,595

Deferred inflows related to pensions

(79,014)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,404,272

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, 2020

	General	2019 Public Improvement Capital Project Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Advalorem taxes, penalties and interest	\$2,106,124	\$ -	\$ -	\$ 2,106,124
Franchise taxes	187,479	-	-	187,479
Municipal sales tax	2,130,436	-	413,243	2,543,679
Permits, fees and privilege tax	18,439	-	-	18,439
Municipal court fines and bond fees	241,229	-	11,809	253,038
Intergovernmental revenues	853,243	-	212,206	1,065,449
Interest income	35,060	21,319	10,013	66,392
Charge for services	64,610	-	65,722	130,332
Collection fees	115,778	-	-	115,778
Administrative fees	102,000	-	-	102,000
Donations	400,000	-	-	400,000
Other	23,301	-	-	23,301
Total revenues	<u>6,277,699</u>	<u>21,319</u>	<u>712,993</u>	<u>7,012,011</u>
<u>EXPENDITURES</u>				
Current				
General government	790,611	-	-	790,611
Public safety	3,356,468	-	1,430	3,357,898
Public works	1,109,675	1	-	1,109,676
Culture and recreation	491,355	-	(8,531)	482,824
Tourism	60,132	-	17,220	77,352
Economic development	48,005	-	-	48,005
Capital outlay	112,256	-	185,638	297,894
Principal retirement - general obligation	14,588	-	64,155	78,743
Interest and paying agent	27,679	2,234	15,711	45,624
Total expenditures	<u>6,010,769</u>	<u>2,235</u>	<u>275,623</u>	<u>6,288,627</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 266,930</u>	<u>\$ 19,084</u>	<u>\$ 437,370</u>	<u>\$ 723,384</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, 2020

	<u>General</u>	<u>2019 Public Improvement Capital Project Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from disposition of fixed assets	\$ 50,655	\$ -	\$ -	\$ 50,655
Proceeds from bonds sold	-	2,170,000	-	2,170,000
Proceeds from bond premium	-	110,239	-	110,239
Bond and loan issuance	-	(101,358)	-	(101,358)
Operating transfers in	2,660,511	-	2,939	2,663,450
Operating transfers out	-	-	(9,213)	(9,213)
Total other financing sources (uses)	<u>2,711,166</u>	<u>2,178,881</u>	<u>(6,274)</u>	<u>4,883,773</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>2,978,096</u>	<u>2,197,965</u>	<u>431,096</u>	<u>5,607,157</u>
Fund balance - beginning of year	<u>2,453,618</u>	<u>-</u>	<u>772,105</u>	<u>3,225,723</u>
Fund balance - end of year	<u>\$5,431,714</u>	<u>\$ 2,197,965</u>	<u>\$ 1,203,201</u>	<u>\$ 8,832,880</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, 2020

NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$ 5,607,157

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

Governmental funds report capital outlay as expenditures; however, in the statement of activities, 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	279,821
Depreciation expense	(502,148)

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.

78,740

The proceeds of long-term debt including premiums are reported as other financing sources when received in governmental funds,

(2,280,239)

The long-term debt premiums are amortized in the statement of activities

5,626

The proceeds from a capital lease or other debt is reported as revenue when issued in governmental

Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	(1,950)
Municipal aid	4,362
Modernization use tax	60,402
Municipal court fines	15,360
Advalorem privilege tax	12,300
Payment in lieu of taxes	1,975
Operating grants and contributions	252,781
Capital grant and contributions	(6,274)

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	(351,135)
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Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.

They are as follows:

(Increase) decrease in compensated absences	51,487
(Increase) decrease in accrued interest expense	(33,758)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,194,507

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2020

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 1,078,706	\$ 1,355,465	\$ -	\$ 2,434,171
Cash and cash equivalents - restricted	691,989	141,578	-	833,567
Receivables (net of allowance for uncollectibles)				
Accounts	109,521	419,245	42,203	570,969
Other	1,538	-	-	1,538
Resale inventory	299,841	-	-	299,841
Supply inventory	83,118	104,415	-	187,533
Due from other governments	-	178,041	-	178,041
Due from other funds	188,322	51,452	-	239,774
Prepaid items	18,205	14,590	-	32,795
Total current assets	2,471,240	2,264,786	42,203	4,778,229
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,622	2,980,908	-	2,994,530
Nondepreciable land, improvements and construction in progress	208,736	464,465	-	673,201
Depreciable capital assets, net of accumulated depreciation	4,000,267	11,293,935	-	15,294,202
Total noncurrent assets	4,222,625	14,739,308	-	18,961,933
Total assets	6,693,865	17,004,094	42,203	23,740,162
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pertaining to pensions	76,878	82,667	-	159,545
Deferred outflows pertaining to loss on refunding	-	34,504	-	34,504
Total deferred outflows of resources	\$ 76,878	\$ 117,171	\$ -	\$ 194,049

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Net Position
September 30, 2020

	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	\$ 89,283	\$ 54,567	\$ 30,442	\$ 174,292
Accounts payable - fixed assets	-	116,999	-	116,999
Credit balance in accounts receivable	13,830	13,830	-	27,660
Accrued interest	678	43,752	-	44,430
Accrued liabilities	27,157	22,523	-	49,680
Customer deposits	377,321	121,156	-	498,477
Compensated absences	-	1,620	-	1,620
Due to other funds	-	306,214	-	306,214
Current portion of bonds payable	-	590,000	-	590,000
Total current liabilities	<u>508,269</u>	<u>1,270,661</u>	<u>30,442</u>	<u>1,809,372</u>
Noncurrent Liabilities				
Net pension liability	1,101,766	1,185,183	-	2,286,949
Compensated absences	15,525	31,077	-	46,602
Bonds payable, less current maturities	-	6,537,834	-	6,537,834
Total noncurrent liabilities	<u>1,117,291</u>	<u>7,754,094</u>	<u>-</u>	<u>8,871,385</u>
Total liabilities	<u>1,625,560</u>	<u>9,024,755</u>	<u>30,442</u>	<u>10,680,757</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pertaining to pensions	<u>77,078</u>	<u>82,761</u>	<u>-</u>	<u>159,839</u>
Total deferred inflows of resources	<u>77,078</u>	<u>82,761</u>	<u>-</u>	<u>159,839</u>
NET POSITION				
Net investment in capital assets	4,209,002	5,937,684	-	10,146,686
Restricted for debt service - expendable	-	1,005,930	-	1,005,930
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,622	16,052	-	29,674
Unrestricted	<u>845,481</u>	<u>1,044,083</u>	<u>11,761</u>	<u>1,901,325</u>
Total net position (deficit)	<u>\$ 5,068,105</u>	<u>\$ 8,013,749</u>	<u>\$ 11,761</u>	<u>\$ 13,093,615</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, 2020

	Business-Type Activities--Enterprise Fund			
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	Total Business-Type Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 3,603,046	\$ 2,943,061	\$ 406,480	\$ 6,952,587
Service charges and other	103,856	38,445	-	142,301
Total operating revenues	3,706,902	2,981,506	406,480	7,094,888
<u>OPERATING EXPENSES</u>				
Personnel services	536,397	531,761	-	1,068,158
Professional services	53,723	135,422	-	189,145
Supplies	109,208	73,331	-	182,539
Repairs	57,700	294,271	-	351,971
Operational	213,207	591,679	-	804,886
Administrative	51,000	51,000	-	102,000
Purchase of natural gas	1,357,130	-	-	1,357,130
Waste disposal	-	-	372,124	372,124
Depreciation and amortization	189,573	404,271	-	593,844
Total operating expenses	2,567,938	2,081,735	372,124	5,021,797
Operating income (loss)	1,138,964	899,771	34,356	2,073,091
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	30,076	49,927	-	80,003
Interest expense and fiscal charges	(8,109)	(250,411)	-	(258,520)
Gain (loss) on sale of fixed assets	-	250,660	-	250,660
Total nonoperating revenues and expenses	21,967	50,176	-	72,143
Income (loss) before operating transfers and contributions	1,160,931	949,947	34,356	2,145,234
Capital contributions	-	60,923	-	60,923
Bond issuance cost	-	(109,247)	-	(109,247)
Operating transfers in	-	34,622	-	34,622
Operating transfers out	(2,641,768)	(26,672)	(20,419)	(2,688,859)
Changes in net position	(1,480,837)	909,573	13,937	(557,327)
Net position - beginning	6,548,942	7,104,176	(2,176)	13,650,942
Net position - ending	\$ 5,068,105	\$ 8,013,749	\$ 11,761	\$ 13,093,615

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, 2020

	Business-Type Activities--Enterprise Fund			Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,650,241	\$ 2,912,346	\$ 392,228	\$ 6,954,815
Other operating receipts	25,221	1,389	-	26,610
Payments to employees including fringe benefits	(510,417)	(602,914)	-	(1,113,331)
Payments to suppliers for goods and services	<u>(1,742,244)</u>	<u>(1,119,016)</u>	<u>(371,810)</u>	<u>(3,233,070)</u>
Net cash provided by operating activities	<u>1,422,801</u>	<u>1,191,805</u>	<u>20,418</u>	<u>2,635,024</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	34,622	-	34,622
Interest paid on meter deposits	(8,089)	(2,569)	-	(10,657)
Operating transfers out	(2,641,768)	(26,672)	(20,418)	(2,688,858)
Net changes in due to/from other funds	<u>27,505</u>	<u>45,035</u>	<u>-</u>	<u>72,540</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (2,622,352)</u>	<u>\$ 50,416</u>	<u>\$ (20,418)</u>	<u>\$ (2,592,353)</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2020

	Business-Type Activities--Enterprise Fund			Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from revenue bonds	\$ -	\$ 2,377,240	\$ -	\$ 2,377,240
Proceeds from capital contributions	-	52,219	-	52,219
Bond issuance cost	-	(109,247)	-	(109,247)
Principal payments - bonds	-	(505,000)	-	(505,000)
Payment on payables used to acquire fixed assets	-	(43,875)	-	(43,875)
Proceeds from disposition of fixed assets	-	99,233	-	99,233
Acquisition and construction of capital assets	(84,125)	(1,205,383)	-	(1,289,508)
Interest and fiscal charges paid	-	(246,157)	-	(246,157)
	<u>(84,125)</u>	<u>419,030</u>	<u>-</u>	<u>334,905</u>
Net cash provided (used) by capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>30,076</u>	<u>49,927</u>	<u>-</u>	<u>80,003</u>
Net cash provided (used) by investment activities	<u>\$ 30,076</u>	<u>\$ 49,927</u>	<u>\$ -</u>	<u>\$ 80,003</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2020

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION				
Acquisition of fixed assets on account and capital lease	\$ -	\$ (116,999)	\$ -	\$ (116,999)
Borrowing from suppliers on account	-	116,999	-	116,999
Net effect of non cash transactions	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,253,600)	1,711,178	-	457,578
Cash and cash equivalents, beginning of year	3,037,917	2,766,773	-	5,804,690
Cash and cash equivalents, end of year	<u>\$ 1,784,317</u>	<u>\$ 4,477,951</u>	<u>\$ -</u>	<u>\$ 6,262,268</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended September 30, 2020

	<u>Business-Type Activities--Enterprise Fund</u>			<u>Total Business-Type Funds</u>
	<u>Gas System</u>	<u>Combined Water and Sewer System</u>	<u>Nonmajor Fund Waste Collection</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,138,944	\$ 899,771	\$ 34,356	\$ 2,073,071
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	189,573	404,271	-	593,844
Noncash pension expense	22,777	(12,074)	-	10,703
(Increase) decrease in accounts receivable	(5,478)	(60,478)	(14,252)	(80,208)
(Increase) decrease in other receivables	1,339	-	-	1,339
(Increase) decrease in resale inventory	82,148	-	-	82,148
(Increase) decrease in supply inventory	(10,414)	688	-	(9,726)
(Increase) decrease in prepaid items	(1,235)	(1,226)	-	(2,461)
Increase (decrease) in accounts payable - operations	23,902	(14,386)	314	9,830
Increase (decrease) in accrued liabilities - payroll and benefits	4,341	(3,803)	-	538
Increase (decrease) in accrued liabilities - other than payroll	(20)	3,355	-	3,335
Increase (decrease) in credit balance in accounts receivable	8,603	-	-	8,603
Increase (decrease) in customer deposits	(29,143)	(7,291)	-	(36,434)
Increase (decrease) in compensated absences	(2,537)	(17,021)	-	(19,558)
Total adjustments	283,856	292,035	(13,938)	561,953
Net cash provided (used) by operating activities	\$ 1,422,801	\$ 1,191,805	\$ 20,418	\$ 2,635,024

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

CITY OF BOONEVILLE, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 356,144
Receivables:	
Taxes receivable (net of allowances of \$229,438)	<u>2,300,388</u>
Total receivables	<u>2,300,388</u>
Total Assets	<u>2,656,532</u>
LIABILITIES	
Due to other governments	301,098
Due to investors	<u>32,619</u>
Total Liabilities	<u>333,717</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>2,300,387</u>
Total Deferred Inflows of Resources	<u>2,300,387</u>
NET POSITION	
Restricted	<u>22,428</u>
Total Net Position	<u>\$ 22,428</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, 2020

Custodial Funds**ADDITIONS**

Collections:

Property tax and interest collections for City and other governments	\$ 4,055,439
Property tax and interest collections for tax sale investors	255,593
Cash bonds collected for police fines	<u>9,517</u>

Total Collections	4,320,549
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Interest earned	<u>4,999</u>
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Total Additions	<u>4,325,548</u>
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DEDUCTIONS

Payment of property tax and interest collections to City and other governments	3,943,582
Payment of property tax and interest collections to tax sale investors	224,377
Administrative handling charges	<u>147,837</u>

Total Deductions	<u>4,315,796</u>
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Net increase (decrease) in fiduciary net position	9,752
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Net Position - beginning	<u>12,676</u>
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Net Position - ending	<u><u>\$ 22,428</u></u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020

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 fiduciary funds (each type of 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, 2020**

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, 2020**

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 2019 Public Improvement capital project fund accounts for the receipt and disbursement of bond sale proceeds.

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, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - continued

Other Fund Types:

The City additionally reports for the following fund types:

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

Non-Current Governmental Assets/Liabilities

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

4. Statement of Cash Flows

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

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

	Gas System	Combined Water and Sewer System	Waste Collection	Total
Cash and cash equivalents	\$ 1,078,706	\$ 1,355,465	\$ -	\$ 2,434,171
Restricted cash and cash equivalents	705,611	3,122,486	-	3,828,097
	<u>\$ 1,784,317</u>	<u>\$ 4,477,951</u>	<u>\$ -</u>	<u>\$ 6,262,268</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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

Effective October 1, 2019, the City adopted "GASB 89 Accounting for Interest Cost Incurred before the End of a Construction Period." GASB 89 eliminates capitalization of interest expense during the construction period and requires all interest incurred to be expensed. Implementation of GASB 89 had no effect on beginning net position.

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, 2020**

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	\$ 377,321	\$ 121,156
Accrued interest payable	678	43,752
Revenue bonds payable	-	590,000
	<u>\$ 377,999</u>	<u>\$ 754,908</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

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

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

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

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

	<u>General Fund</u>	<u>Nonmajor Other Governmental Funds</u>
Fund Balances:		
Nonspendable:		
Prepaid Items	\$ 63,631	\$ -
Total - Nonspendable	<u>\$ 63,631</u>	<u>\$ -</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity/Net Position - continued

		2019 Public Improvement Capital Project Fund	Nonmajor Other Governmental Funds
Fund Balances:	General Fund		
Restricted:			
Fire protection	\$ -	\$ -	\$ 78,824
DARE	-	-	3,633
Tourism	-	-	765,606
Street paving	-	2,197,965	-
Infrastructure	-	-	85,464
Fire code	-	-	1,467
Technology	-	-	27,873
Rubbish	-	-	158,143
Total Restricted	<u>\$ -</u>	<u>\$ 2,197,965</u>	<u>\$ 1,121,010</u>
Fund Balances:			
Committed:			
Matching grants	\$ -	\$ -	\$ 86,759
Special police assessment	<u>59,657</u>	<u>-</u>	<u>-</u>
Total Committed	<u>\$ 59,657</u>	<u>\$ -</u>	<u>\$ 86,759</u>
Fund Balance			
Assigned			
Budget shortfall	<u>\$ 1,072,900</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assigned	<u>\$ 1,072,900</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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: public property - personnel services \$10,000, public property - supplies \$30,000, public property - other services and charges \$20,000, public property - capital outlay \$(60,000), street - other services and charges \$50,000, street - capital outlay \$(50,000) during the year ended September 30, 2020.

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, 2020, 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	\$ 8,350,823
Demand deposits	13,693,446	Enterprise Funds	6,262,268
Cash at paying agent	<u>1,272,614</u>	Fiduciary Fund	<u>356,144</u>
	<u>\$ 14,969,235</u>		<u>\$ 14,969,235</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the demand deposits held with various local financial institutions had carrying amounts totaling \$13,693,446 and bank balances totaling \$15,053,823 of which \$250,000 was covered by federal depository insurance and \$14,803,823 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, 2020.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risks

Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The City had no investments in negotiable instruments during the year ended September 30, 2020.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2020, 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 2019 taxes are collected in December, 2019 and January, 2020. The 2019 taxes are levied to fund the 2019-2020 budget year. The assessed value upon which the 2019 taxes were based was \$66,273,077.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 2020 taxes intended to fund the 2020-2021 budget year of \$2,161,537. 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 2020 taxes of \$2,161,537 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2020-2021 budget year.

The City assessed a tax rate of 35.15 mills for the 2019 taxes and 38.15 mills for the 2020 taxes.

NOTE E - RECEIVABLES

Receivables at September 30, 2020 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, 2020

NOTE E - RECEIVABLES - CONTINUED

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 2,395,036	\$ -	\$ -	\$ -	\$ 2,529,825	\$ 4,924,861
Police fines	2,090,336	-	-	-	-	2,090,336
Accounts	-	145,431	451,727	46,482	-	643,640
Franchise fees	29,144	-	-	-	-	29,144
Accrued interest	-	-	-	140,094	-	140,094
Notes receivable	-	-	-	743,000	-	743,000
Other	10,150	1,538	-	-	-	11,688
Gross receivables	4,524,666	146,969	451,727	929,576	2,529,825	8,582,763
Less: Allowance for uncollectables	(2,155,032)	(35,910)	(32,482)	(887,373)	(229,438)	(3,340,235)
Net receivables	<u>\$ 2,369,634</u>	<u>\$ 111,059</u>	<u>\$ 419,245</u>	<u>\$ 42,203</u>	<u>\$ 2,300,387</u>	<u>\$ 5,242,528</u>

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

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 1,043,044	\$ -	\$ -	\$ -	\$ 1,043,044
Construction in progress	5,946	1,018	-	(5,946)	1,018
Total capital assets not being depreciated	<u>1,048,990</u>	<u>1,018</u>	<u>-</u>	<u>(5,946)</u>	<u>1,044,062</u>
Capital assets being depreciated					
Building and improvements	3,063,185	-	-	-	3,063,185
Automotive and equipment	5,457,493	135,550	-	5,946	5,598,989
Infrastructure	3,458,520	143,251	-	-	3,601,771
Total capital assets being depreciated	<u>11,979,198</u>	<u>278,801</u>	<u>-</u>	<u>5,946</u>	<u>12,263,945</u>
Less accumulated depreciation for					
Buildings	1,847,674	58,051	-	-	1,905,725
Automotive and equipment	3,248,020	295,030	-	-	3,543,050
Infrastructure	1,118,354	149,067	-	-	1,267,421
Total accumulated depreciation	<u>6,214,048</u>	<u>502,148</u>	<u>-</u>	<u>-</u>	<u>6,716,196</u>
Total capital assets being depreciated, net	<u>5,765,150</u>	<u>(223,347)</u>	<u>-</u>	<u>5,946</u>	<u>5,547,749</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$ 6,814,140</u></u>	<u><u>\$ (222,329)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,591,811</u></u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
BUSINESS-TYPE ACTIVITIES					
GAS SYSTEM					
Capital assets not being depreciated					
Land	\$ 208,736	\$ -	\$ -	\$ -	\$ 208,736
Total capital assets not being depreciated	<u>208,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,736</u>
Capital assets being depreciated					
Building	606,843	-	-	-	606,843
Automotive and equipment	1,140,517	28,789	-	-	1,169,306
Furniture and office equipment	75,039	2,273	-	-	77,312
Natural gas system	5,633,275	53,063	-	-	5,686,338
Total capital assets being depreciated	<u>7,455,674</u>	<u>84,125</u>	<u>-</u>	<u>-</u>	<u>7,539,799</u>
Less accumulated depreciation for					
Buildings	131,322	13,061	-	-	144,383
Automotive and equipment	721,043	72,398	-	-	793,441
Furniture and office equipment	70,942	549	-	-	71,491
Natural gas system	2,426,652	103,565	-	-	2,530,217
Total accumulated depreciation	<u>3,349,959</u>	<u>189,573</u>	<u>-</u>	<u>-</u>	<u>3,539,532</u>
Total capital assets being depreciated, net	<u>4,105,715</u>	<u>(105,448)</u>	<u>-</u>	<u>-</u>	<u>4,000,267</u>
 GAS SYSTEM CAPITAL ASSETS, NET	 <u>\$ 4,314,451</u>	 <u>\$ (105,448)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,209,003</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance September 30, 2019	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2020
BUSINESS-TYPE ACTIVITIES - CONTINUED					
COMBINED WATER AND SEWER					
Capital assets not being depreciated					
Land	\$ 36,626	\$ -	\$ -	\$ -	\$ 36,626
Construction in progress	63,842	363,997	-	-	427,839
Total capital assets not being depreciated	100,468	363,997	-	-	464,465
Capital assets being depreciated					
Building	228,778	-	-	-	228,778
Automotive and equipment	705,309	-	-	-	705,309
Furniture and office equipment	82,099	1,074	-	-	83,173
Water and sewer system	24,427,773	957,312	(93,963)	-	25,291,122
Total capital assets being depreciated	25,443,959	958,386	(93,963)	-	26,308,382
Less accumulated depreciation for					
Buildings	40,851	7,437	-	-	48,288
Automotive and equipment	479,291	40,117	-	-	519,408
Furniture and office equipment	76,709	759	-	-	77,468
Water and sewer system	14,092,020	355,958	(78,695)	-	14,369,283
Total accumulated depreciation	14,688,871	404,271	(78,695)	-	15,014,447
Total capital assets being depreciated, net	10,755,088	554,115	(15,268)	-	11,293,935
Combined Water and Sewer Capital Asset, Net	10,855,556	918,112	(15,268)	-	11,758,400
BUSINESS-TYPE CAPITAL ASSETS – NET	\$ 15,170,007	\$ 812,664	\$ (15,268)	\$ -	\$ 15,967,403

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE F - CAPITAL ASSETS - CONTINUED

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

Governmental Activities

General government	\$ 12,830
Public safety	173,426
Public works	239,481
Culture and recreation	<u>76,411</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 502,148</u>
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Business-Type Activities

Natural gas	\$ 189,573
Water and sewer	<u>404,271</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 593,844</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, 2020, 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, 2020**

**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 \$1,171.8 million and members contributed \$594.7 million for fiscal year 2020 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, 2020**

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

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, 2020 was 17.40% 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, 2020, 2019, and 2018 were \$637,517, \$608,192, and \$581,992, respectively, equal 100% of the required contributions for each year.

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

At September 30, 2020, the City reported a liability of \$10,812,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was 0.055852%, which was a decrease of 0.001431%, from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$983,042. At September 30, 2020, 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	\$ 93,852	\$ -
Net difference between projected and actual earnings on pension plan investments	444,128	-
Changes of assumptions	60,484	-
Changes in proportion and differences between City contributions and proportionate share of contributions	143,887	238,853
City contributions subsequent to the measurement date	<u>150,789</u>	<u>-</u>
	<u>\$ 893,140</u>	<u>\$ 238,853</u>

\$150,789 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, 2021.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**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
2021	\$ 140,144	\$ 108,789	\$ 248,933
2022	248,519	84,594	333,113
2023	210,573	45,470	256,043
2024	143,115	-	143,115
	<u>\$ 742,351</u>	<u>\$ 238,853</u>	<u>\$ 981,204</u>

Acturial assumptions. The total pension liability in the June 30, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**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%	0.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	<u>1.00%</u>	0.00%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the 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, 2020**

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	\$ 13,995,191	\$ 10,812,298	\$ 8,185,133

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 2020 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.

Payables to the Pension Plan

At September 30, 2020, 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, 2020.

Section 125 Cafeteria Reduction Plan

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$134,089.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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

General long-term debt balances and transactions for the year ended September 30, 2020 are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance 10/1/2019</u>	<u>Additions Changes</u>	<u>Repayments Changes</u>	<u>Ending Balance 9/30/2020</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds							
General Obligation Public							
Improvement Bonds – Series 2004	12/1/2035	3% to 4.00%	\$ -	\$ 2,170,000	\$ -	\$ 2,170,000	\$ 120,000
Total general obligation bonds			-	2,170,000	-	2,170,000	120,000
Plus unamortized premium			-	110,239	5,626	104,613	-
Net general obligation bonds			-	2,280,239	5,626	2,274,613	120,000
Notes from Direct Borrowings and Direct Placements							
BancorpSouth Bank	11/1/2020	2.55%	50,308	-	24,816	25,492	25,492
First American National Bank	1/18/2021	2.23%	40,899	-	20,266	20,633	20,633
Farmers & Merchants Bank	10/4/2028	3.94%	350,018	-	29,205	320,813	30,515
Central Alabama Training Solutions	6/6/2023	3.00%	18,664	-	4,456	14,208	4,593
Total direct borrowings and direct placements			459,889	-	78,743	381,146	81,233
Net pension liability	---	---	7,854,186	630,661	(40,502)	8,525,349	-
Compensated absences	---	---	192,957	-	53,770	139,187	17,281
TOTAL GOVERNMENTAL ACTIVITIES			\$ 8,507,032	\$ 2,910,900	\$ 97,637	\$ 11,320,295	\$ 218,514

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 120,000	\$ 66,550	\$ 186,550	\$ 81,233	\$ 14,228	\$ 95,461
2022	120,000	62,350	182,350	36,452	11,728	48,180
2023	120,000	58,750	178,750	37,848	10,994	48,842
2024	125,000	55,075	180,075	34,266	9,034	43,300
2025	130,000	50,600	180,600	35,616	7,533	43,149
2026 - 2030	725,000	181,050	906,050	155,731	15,689	171,420
2031 - 2035	830,000	63,450	893,450	-	-	-
Total	<u>\$ 2,170,000</u>	<u>\$ 537,825</u>	<u>\$ 2,707,825</u>	<u>\$ 381,146</u>	<u>\$ 69,206</u>	<u>\$ 450,352</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2021	\$ 201,233	\$ 80,778	\$ 282,011
2022	156,452	74,078	230,530
2023	157,848	69,744	227,592
2024	159,266	64,109	223,375
2025	165,616	58,133	223,749
2026 - 2030	880,731	196,739	1,077,470
2031 - 2035	830,000	63,450	893,450
Total	<u>\$ 2,551,146</u>	<u>\$ 607,031</u>	<u>\$ 3,158,177</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, 2020**

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

BUSINESS-TYPE ACTIVITIES

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2019	Additions Changes	Repayments Changes	Ending Balance 9/30/2020	Amounts Due Within One Year
<u>Combined Water and Sewer System Fund:</u>							
General Obligation Bonds							
General Obligation Utility Bonds, Series 2012	9/30/2032	2.4% - 3.40%	\$ 1,480,000	\$ -	\$ 90,000	\$ 1,390,000	\$ 90,000
General Obligation Utility Bonds, Series 2019	12/4/1944	3.00% - 4.00%	-	2,330,000	-	2,330,000	70,000
Total general obligation bonds			1,480,000	2,330,000	90,000	3,720,000	160,000
Plus unamortized premium			-	47,240	1,394	45,846	-
Net general obligation bonds			1,480,000	2,377,240	91,394	3,765,846	160,000
Notes from Direct Borrowings and Direct Placements							
Combined Water, Sewer and Solid Waste Disposal System Revenue Refunding Bonds, Series 2013							
	8/1/2027	2.5%- 4.00%	3,765,000	-	415,000	3,350,000	430,000
Total notes from direct borrowings and direct placements			3,765,000	-	415,000	3,350,000	430,000
Plus unamortized premium			14,765	-	2,777	11,988	-
Net notes from direct borrowings and direct placements			3,779,765	-	417,777	3,361,988	430,000
Net pension liability			1,173,442	11,741	-	1,185,183	-
Compensated absences	---	---	49,718	-	17,021	32,697	1,620
Total combined water and sewer system fund			6,482,925	2,388,981	526,192	8,345,714	591,620
<u>Gas System Fund</u>							
Net pension liability			1,049,582	52,184	-	1,101,766	-
Compensated absences	---	---	18,061	-	2,536	15,525	-
Total gas system fund			1,067,643	52,184	2,536	1,117,291	-
TOTAL BUSINESS TYPE ACTIVITIES			\$ 7,550,568	\$ 2,441,165	\$ 528,728	\$ 9,463,005	\$ 591,620

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 160,000	\$ 108,433	\$ 268,433	\$ 430,000	\$ 117,544	\$ 547,544
2022	160,000	102,997	262,997	445,000	104,644	549,644
2023	165,000	97,817	262,817	455,000	90,738	545,738
2024	175,000	93,392	268,392	475,000	75,950	550,950
2025	180,000	88,423	268,423	495,000	59,325	554,325
2026 - 2030	1,000,000	361,541	1,361,541	1,050,000	63,400	1,113,400
2031 - 2035	740,000	221,544	961,544	-	-	-
2036 - 2040	525,000	136,369	661,369	-	-	-
2041 - 2046	615,000	49,141	664,141	-	-	-
Total	<u>\$ 3,720,000</u>	<u>\$ 1,259,657</u>	<u>\$ 4,979,657</u>	<u>\$ 3,350,000</u>	<u>\$ 511,601</u>	<u>\$ 3,861,601</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
2021	\$ 590,000	\$ 225,977	\$ 815,977
2022	605,000	207,641	812,641
2023	620,000	188,555	808,555
2024	650,000	169,342	819,342
2025	675,000	147,748	822,748
2026 - 2030	2,050,000	424,941	2,474,941
2031 - 2035	740,000	221,544	961,544
2036 - 2040	525,000	136,369	661,369
2041 - 2046	615,000	49,141	664,141
Total	<u>\$ 7,070,000</u>	<u>\$ 1,771,258</u>	<u>\$ 8,841,258</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 \$34,504 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, 2020

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

BUSINESS-TYPE ACTIVITIES - continued

The Business-Type general obligation bonds of \$3,720,000 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 \$3,350,000 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 \$3,350,000 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	\$ -	\$ 2,290,613	\$ 2,290,613
Contingency Reserve	48,222	5,000	53,222
Depreciation Reserve	-	5,000	5,000
Customer Deposits	463,727	141,578	605,305
Unemployment	13,622	16,052	29,674
Construction	180,040	664,243	844,283
Total	<u>\$ 705,611</u>	<u>\$ 3,122,486</u>	<u>\$ 3,828,097</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, 2020, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2020 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 179,170	\$ 54,813
Nonmajor Funds - Other Governmental Funds	10,625	68,542
Gas System Fund	188,322	-
Combined Water and Sewer System Fund	51,452	306,214
	<u>\$ 429,569</u>	<u>\$ 429,569</u>

The general fund receivable of \$179,171 represents funds due from the combined water and sewer system fund of \$110,628 for water and sewer bonds payments and expenses paid by the general fund in error and funds due from the grant fund of \$68,542 for grant expenses paid by the general fund in error. The general fund payable of \$54,813 consists of \$51,451 due to the water and system for FEMA funds directly deposited into the general fund and not transferred to the water and sewer fund, and \$1,091 due to the nonmajor funds for revenue collections not transferred at September 30, 2020 and \$2,270 due to the tourism fund for ineligible expenses paid from the tourism fund. The remaining nonmajor fund receivable of \$7,264 represents rubbish collections by the water and sewer fund that had not been transferred to rubbish fund as of September 30, 2020. The gas system fund receivable of \$188,322 is due from the combined water and sewer system fund for gas revenues deposited to the water and sewer funds in error. 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	\$ 2,660,511	\$ -
Grants Fund	-	6,274
Total Major Governmental Funds	<u>\$ 2,660,511</u>	<u>\$ 6,274</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 2,641,768
Combined Water and Sewer System Fund	34,622	26,672
Total Major Enterprise Funds	<u>\$ 34,622</u>	<u>\$ 2,668,440</u>
Nonmajor Governmental Funds	\$ 2,939	\$ 2,939
Nonmajor Enterprise Funds	-	20,419
Total Nonmajor Funds	<u>\$ 2,939</u>	<u>\$ 23,358</u>
Total all funds	<u>\$ 2,698,072</u>	<u>\$ 2,698,072</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE J - INTERFUND TRANSACTIONS - CONTINUED

The general Fund received transfers of \$2,660,511 which included authorized surplus gas system fund transfers of \$2,600,000 and authorized surplus water and sewer fund transfers of \$26,672, and \$27,563 general fund portion of shop expenditures paid by the gas system fund, and \$6,274 general fund portion of shop expenditures paid by the gas system fund.

The combined water and sewer system fund received transfers of \$34,623 from the gas system fund and waste collection fund. The \$20,419 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 \$14,204 was water and sewer fund's portion of the shop expenses paid by the natural gas fund.

The nonmajor governmental fund fire protection fund received a transfer of \$2,939 from the nonmajor governmental fund fire code due to unspent fire code monies being required by state law to make a transfer after one year of receipt of fire code monies.

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	8,684
Homestead exemption – State of Mississippi	156,475
TVA and other payments in lieu of taxes	168,059
Road tax – Prentiss County	63,054
Solid waste – District	62,420
Police academy – State of Mississippi	2,475
Advalorem privilege tax – Prentiss County	20,831
FEMA grant - federal	327,691
Fire Dept grant	3,374
Department of Transportation – street lights – federal	<u>3,680</u>
Total General Fund	\$ <u>853,243</u>

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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	51,283
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Modernization Use Tax Fund

Fire Protection – State of Mississippi	85,275
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Grant Fund

Spay and neuter – State of Mississippi	145
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Mississippi Department of Transportation - federal	6,274
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Blue Cross Blue Shield	67,766
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Total Nonmajor Governmental Funds	<u>212,205</u>
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Total Governmental Funds	<u>\$ 1,065,448</u>
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Major Enterprise Funds

Water and Sewer Fund – FEMA grant	\$ 52,220
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Water and Sewer Fund – MEMA grant	<u>8,703</u>
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Total Enterprise Funds	<u>\$ 60,923</u>
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Total Intergovernmental Revenue	<u>\$ 1,126,371</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, 2020, the City general fund paid rent for office equipment totaling \$4,585. At September 30, 2020, the City general fund was obligated to rent this office equipment during the years ended September 30, as follows: 2021 \$4,585, 2022 \$4,585, 2023 \$4,585, 2024 \$4,585, 2025 \$4,585, and thereafter \$13,755.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020:

Gas System	\$ 1,962,971
Combined Water and Sewer System	994,125
Waste Collection System	<u>11,761</u>
 Total	 <u>\$ 2,968,857</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, 2020, the Gas System Fund had extended credit to customers totaling \$109,521 and to others totaling \$1,538. Gas System Fund receivables are secured by customer deposits totaling \$377,321. No other collateral has been obtained.

At September 30, 2020, the Combined Water and Sewer System Fund had extended credit to customers totaling \$419,245 and to others totaling \$0. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$121,156. No other collateral has been obtained.

At September 30, 2020, the Nonmajor Enterprise Fund had extended credit to customers totaling \$42,203. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$66,415 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$10,049 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$30,442 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, 2020**

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Litigation

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

Loan Agreements

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

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 30, 2021.

The two 500,000 gallon elevated water tank contracts require 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 30, 2021.

CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED

Maintenance Contracts - continued

The 500,000 gallon elevated water tank contracts require 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 \$10,560 for the year ending September 30, 2021.

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

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, 2020**

NOTE R - DONATED SERVICES

During the year ended September 30, 2020, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 34,288	\$ 406,443
National Guard Armory	576	-
Booneville Municipal Separate School System	<u>12,965</u>	<u>-</u>
Total	<u>\$ 47,829</u>	<u>\$ 406,443</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 \$62,420 during the year ended September 30, 2020.

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 Municipal Gas Authority of Mississippi, 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, 2020**

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 \$13,622 for the Gas System Fund net position and \$16,052 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, 2020. 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 \$4,450,921 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	\$ 1,044,062	\$ 673,201
Other capital assets (net of accumulated depreciation)	5,547,749	15,294,202
Deferred loss on refunding	-	34,504
Unspent bond proceeds	2,197,965	1,272,614
Less matured bonds payable	(568)	-
Less bonds and notes payable	<u>(2,655,759)</u>	<u>(7,127,834)</u>
Net investment in capital asset	<u>\$ 6,133,449</u>	<u>\$ 10,146,687</u>

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE X - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted (deficit) net position amount of (\$4,134,494) 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 \$117,827 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, 2021. The \$615,768 remaining balance of deferred outflow of resources related to pensions at September 30, 2020 will be recognized as an addition to pension expense over the next four years. The \$79,014 balance of the deferred inflows of resources related to pensions at September 30, 2020 will be recognized as a reduction in pension expense over the next four years.

The governmental activities' unrestricted (deficit) net position amount of (\$4,134,494) includes the effect of deferred inflows/outflows of resources related to revenue. The \$2,165,365 deferred inflow of resources related to revenues at September 30, 2020 will be recognized as an addition to revenue during the year ending September 31, 2021.

The business type activities' unrestricted net position amount of \$1,901,324 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$31,153, 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, 2021. The \$128,392 remaining balance of deferred outflow of resources related to pensions at September 30, 2020 will be recognized in pension expense over the next four years. The \$159,839 balance of the deferred inflows of resources related to pensions at September 30, 2020 will be recognized in pension expense over the next four years.

The business type activities' unrestricted net position amount of \$1,901,324 includes the effect of deferred inflows/outflows of resources related to refunding. The \$34,504 deferred outflows of resources pertaining to loss on refunding will be charged to interest expense over the next seven 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.

**CITY OF BOONEVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE Y - TAX ABATEMENTS - CONTINUED

For the year ended September 30, 2020, the City abated property taxes totaling \$673,094 under this program to induce companies to add additional production facilities or by acquiring equipment to be used in its facilities and thereby inducing the company to remain in operation at the facility located in the City of Booneville. These tax abatements include the following agreements that each industry exceed 10% of the total amount abated:

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2011 to 2020 with a total cost or value of \$69,001,980 beginning for the tax rolls as follows: 2011 \$28,060, 2012 \$39,230, 2013 \$35,259, 2014 \$39,322, 2015 \$36,088, 2016 \$48,663, 2017 \$38,766, 2018 \$39,197, 2019 \$59,226, and 2020 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$363,811.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2011 to 2020 with a total cost or value of \$16,521,204 beginning for the tax rolls as follows: 2011 \$6,790, 2012 \$20,601, 2013 \$7,909, 2014 \$9,391, 2015 \$6,855, 2016 \$3,600, 2017 \$3,584, 2018 \$0, 2019 \$22,883, and 2020 \$5,495. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$87,108.

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 \$25,049,235 beginning for the tax rolls as follows: 2011 \$3,167, 2012 \$15,004, 2013 \$2,281, 2014 \$12,707, 2015 \$9,806, 2016 \$6,626, 2017 \$29,724, 2018 \$4,114, 2019 \$10,788, and 2020 \$37,855. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$132,072.

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, 2020, the City abated property taxes totaling \$2,581 under this program to induce companies to renovate or add 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, 2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%	0.055790%	0.056517%	0.057283%	0.055852%
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	\$ 10,812,298
City's covered payroll	\$ 3,462,408	\$3,502,243	\$ 3,664,265	\$ 3,507,997	\$ 3,684,129	\$ 3,748,615	\$ 3,669,113
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%	294.68%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.70%	57.47%	61.49%	62.54%	61.59%	58.97%

* 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, 2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122	\$ 552,509	\$ 580,250	\$ 605,052	\$ 638,426
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>	<u>(638,426)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 3,669,113
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	16.14%	17.40%

* 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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>REVENUES</u>						
Ad valorem taxes, penalties and interest	\$ 1,795,000	\$ 1,795,000	\$ 2,106,124	\$ (3,028)	\$ 2,103,096	\$ 308,096
Franchise taxes	190,000	190,000	187,479	3,498	190,977	977
Municipal sales tax	1,910,000	1,910,000	2,130,436	(62,703)	2,067,733	157,733
Permits, fees, and privilege tax	10,000	10,000	18,439	-	18,439	8,439
Municipal court fines and bond fees	245,000	245,000	241,229	11,134	252,363	7,363
Intergovernmental revenues	363,000	363,000	853,243	(196,554)	656,689	293,689
Interest income	8,000	8,000	35,060	-	35,060	27,060
Charge for services	117,000	117,000	64,610	266	64,876	(52,124)
Collection fees	95,000	95,000	115,778	-	115,778	20,778
Administrative fees	105,000	105,000	102,000	-	102,000	(3,000)
Donations	-	-	400,000	-	400,000	400,000
Other	201,000	201,000	23,301	97	23,398	(177,602)
Total revenues	<u>5,039,000</u>	<u>5,039,000</u>	<u>6,277,699</u>	<u>(247,290)</u>	<u>6,030,409</u>	<u>991,409</u>
<u>EXPENDITURES</u>						
General Government						
Personnel services	565,500	565,500	594,331	3,093	597,424	(31,924)
Supplies	37,700	37,700	33,275	(2,710)	30,565	7,135
Other services and charges	210,200	210,200	163,005	42,738	205,743	4,457
Capital outlay	25,000	25,000	-	-	-	25,000
Total	<u>\$ 838,400</u>	<u>\$ 838,400</u>	<u>\$ 790,611</u>	<u>\$ 43,121</u>	<u>\$ 833,732</u>	<u>\$ 4,668</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the fiscal year ended September 30, 2020

	Budgeted Amounts		Actual Amounts			Variance with
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Total	Final Budget Positive (Negative)
EXPENDITURES - continued						
Public Safety - Fire						
Personnel services	\$ 1,436,000	\$ 1,436,000	\$ 1,475,126	\$ (3,202)	\$ 1,471,924	\$ (35,924)
Supplies	46,000	46,000	47,791	(1,778)	46,013	(13)
Other services and charges	80,000	80,000	68,669	(5,007)	63,662	16,338
Debt service	-	-	5,031	(5,031)	-	-
Capital outlay	23,600	23,600	-	5,031	5,031	18,569
Total	1,585,600	1,585,600	1,596,617	(9,987)	1,586,630	(1,030)
Public Safety - Police						
Personnel services	1,372,500	1,372,500	1,337,146	3,768	1,340,914	31,586
Supplies	134,000	134,000	100,624	(1,616)	99,008	34,992
Other services and charges	379,400	379,400	327,112	(36,544)	290,569	88,831
Debt service	-	-	10,564	(10,564)	-	-
Capital outlay	32,000	32,000	-	10,564	10,564	21,436
Total	1,917,900	1,917,900	1,775,446	(34,391)	1,741,055	176,845
Public Property						
Personnel services	132,500	142,500	135,132	(60)	135,072	7,428
Supplies	26,000	56,000	46,058	1,864	47,921	8,079
Other services and charges	99,900	119,900	109,626	(2,362)	107,265	12,635
Capital outlay	65,000	5,000	-	-	-	5,000
Total	\$ 323,400	\$ 323,400	\$ 290,816	\$ (558)	\$ 290,258	\$ 33,142

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>EXPENDITURES - continued</u>						
Street						
Personnel services	\$ 494,000	\$ 494,000	\$ 452,047	\$ (6,739)	\$ 445,308	\$ 48,692
Supplies	129,500	129,500	105,530	(3,093)	102,437	27,063
Other services and charges	236,800	286,800	261,282	(22,234)	239,048	47,752
Debt service	340,000	340,000	26,672	-	26,672	313,328
Capital outlay	220,000	170,000	81,559	-	81,559	88,441
Total	1,420,300	1,420,300	927,090	(32,066)	895,024	525,276
Park Operations						
Personnel services	164,500	164,500	118,891	-	118,891	45,609
Supplies	44,500	44,500	15,096	(489)	14,607	29,893
Other services and charges	23,000	23,000	23,022	331	23,353	(353)
Total	232,000	232,000	157,009	(158)	156,851	75,149
Park Maintenance						
Personnel services	242,500	242,500	219,094	(664)	218,430	24,070
Supplies	66,500	66,500	73,802	(4,552)	69,250	(2,750)
Other services and charges	60,500	60,500	41,450	(282)	41,168	19,332
Capital outlay	33,000	33,000	30,697	-	30,697	2,303
Total	\$ 402,500	\$ 402,500	\$ 365,043	\$ (5,498)	\$ 359,545	\$ 42,955

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Final Budget Positive (Negative)</u>
<u>EXPENDITURES - continued</u>						
Tourism						
Personnel services	\$ 71,100	\$ 71,100	\$ 59,354	\$ -	\$ 59,354	\$ 11,746
Supplies	3,000	3,000	64	108	172	2,828
Other services and charges	3,000	3,000	714	244	958	2,042
Capital outlay	2,000	2,000	-	-	-	2,000
Total	79,100	79,100	60,132	352	60,484	18,616
Economic Development						
Other services and charges	-	-	48,005	(48,005)	-	-
Total	-	-	48,005	(48,005)	-	-
Total expenditures	6,799,200	6,799,200	6,010,769	(87,190)	5,923,579	875,621
Excess (deficit) of revenues over (under) expenditures	\$ (1,760,200)	\$ (1,760,200)	\$ 266,930	\$ (160,100)	\$ 106,830	\$ 1,867,030

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Non-revenue receipts	\$ -	\$ -	\$ 50,655	\$ -	\$ 50,655
Operating transfers in	1,540,000	1,540,000	2,660,511	(27,564)	2,632,947
Total other financing sources (uses)	1,540,000	1,540,000	2,711,166	(27,564)	2,683,602
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(220,200)	(220,200)	2,978,096	(187,664)	2,790,432
Fund balances - beginning of year	2,453,618	2,453,618	2,453,618	-	2,453,618
Fund balances - end of year	<u>\$ 2,233,418</u>	<u>\$ 2,233,418</u>	<u>\$ 5,431,714</u>	<u>\$ (187,664)</u>	<u>\$ 5,244,050</u>
					<u>\$ 3,010,632</u>

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

CITY OF BOONEVILLE, MISSISSIPPI
Notes to Required Supplementary Information
For the fiscal year ended September 30, 2020

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, 2020

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, 2020

NOTE 2 - BUDGETARY INFORMATION - CONTINUED

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

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

Revenues

	<u>General Fund</u>
Deferred revenues	\$ 504,092
Receivables	(762,516)
Payables	<u>11,134</u>
Total	<u>(247,290)</u>

Expenditures

Accounts payable paid after 30 days	(67,167)
Prepaid expenses	5,258
Vacation accrual paid after 30 days	2,283
Reclassification of \$10,564 note payment from debt service to capital outlay	-
Reclassification of \$48,005 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	<u>(27,564)</u>
Total	<u>(87,190)</u>

Other Financing Sources (Uses)

Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual	<u>(27,564)</u>
Total	<u>(27,564)</u>

Net difference in budgetary basis and actual	\$ (187,664)
-----------------------------------------------------	---------------------

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Balance Sheets
September 30, 2020

	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
ASSETS											
Cash and cash equivalents	\$ 78,824	\$ 155,302	\$ 694,056	\$ 2,855	\$ -	\$ 85,464	\$ 1,467	\$ 27,560	\$ 150,879	\$ -	\$ 1,196,407
Taxes	-	(1)	-	-	-	-	-	-	-	-	(1)
Due from other funds	-	-	2,270	778	-	-	-	313	7,264	-	10,625
Due from other governments	-	-	72,450	-	-	86,341	-	-	-	-	158,791
Notes receivable - long-term net of allowance for uncollectables see Note E	-	-	-	-	-	-	-	-	-	-	-
Total assets and other debits	<u>\$ 78,824</u>	<u>\$ 155,301</u>	<u>\$ 768,776</u>	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 171,805</u>	<u>\$ 1,467</u>	<u>\$ 27,873</u>	<u>\$ 158,143</u>	<u>\$ -</u>	<u>\$ 1,365,822</u>
LIABILITIES											
Accounts payable - operations	\$ -	\$ -	\$ 3,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,170
Due to other funds	-	68,542	-	-	-	-	-	-	-	-	68,542
Matured interest payable	-	-	-	-	-	-	-	-	-	4,000	4,000
Matured revenue bonds payable	-	-	-	-	-	-	-	-	-	568	568
Total liabilities	<u>-</u>	<u>68,542</u>	<u>3,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,568</u>	<u>76,280</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	-	-	-	-	-	86,341	-	-	-	-	86,341
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,341</u>
FUND BALANCES											
Restricted	78,824	-	765,606	3,633	-	85,464	1,467	27,873	158,143	-	1,121,010
Committed	-	86,759	-	-	-	-	-	-	-	-	86,759
Unassigned	-	-	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	<u>78,824</u>	<u>86,759</u>	<u>765,606</u>	<u>3,633</u>	<u>-</u>	<u>85,464</u>	<u>1,467</u>	<u>27,873</u>	<u>158,143</u>	<u>(4,568)</u>	<u>1,203,201</u>
Total liabilities and fund balances	<u>\$ 78,824</u>	<u>\$ 155,301</u>	<u>\$ 768,776</u>	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 171,805</u>	<u>\$ 1,467</u>	<u>\$ 27,873</u>	<u>\$ 158,143</u>	<u>\$ -</u>	<u>\$ 1,365,822</u>

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2020

	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	\$ -	\$ -	\$ 413,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,243
Municipal court fines and bond fees	-	-	-	8,512	-	-	-	3,297	-	-	11,809
Intergovernmental revenues	51,284	74,185	-	-	-	85,275	1,462	-	-	-	212,206
Interest income	389	1,599	6,270	21	-	189	28	281	1,236	-	10,013
Charge for services	-	-	-	-	-	-	-	-	65,722	-	65,722
Total revenues	51,673	75,784	419,513	8,533	-	85,464	1,490	3,578	66,958	-	712,993
EXPENDITURES											
Current											
Public safety	930	-	-	500	-	-	-	-	-	-	1,430
Tourism	-	-	17,220	-	-	-	-	-	-	-	17,220
Culture and recreation	-	(8,531)	-	-	-	-	-	-	-	-	(8,531)
Capital outlay	-	75,476	110,162	-	-	-	-	-	-	-	185,638
Debt Service											
Principal retirement - general obligation	29,205	-	-	10,133	-	-	-	-	24,817	-	64,155
Interest and paying agent	13,944	-	-	431	-	-	-	-	1,336	-	15,711
Total expenditures	44,079	66,945	127,382	11,064	-	-	-	-	26,153	-	275,623
Excess (deficit) of revenues over (under) expenditures	\$ 7,594	\$ 8,839	\$ 292,131	\$ (2,531)	\$ -	\$ 85,464	\$ 1,490	\$ 3,578	\$ 40,805	\$ -	\$ 437,370

CITY OF BOONEVILLE, MISSISSIPPI
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2020

	<u>Fire Protection</u>	<u>Grants</u>	<u>Tourism</u>	<u>Drug Abuse Resistance Education</u>	<u>Home Loan Program</u>	<u>Modernization Use Tax</u>	<u>Fire Code</u>	<u>Technology</u>	<u>Rubbish</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>											
Operating transfers in	\$ 2,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,939
Operating transfers out	<u>-</u>	<u>(6,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,213)</u>
Total other financing sources (uses)	<u>2,939</u>	<u>(6,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,274)</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	10,533	2,565	292,131	(2,531)	-	85,464	(1,449)	3,578	40,805	-	431,096
Fund balance - beginning of year	<u>68,291</u>	<u>84,194</u>	<u>473,475</u>	<u>6,164</u>	<u>-</u>	<u>-</u>	<u>2,916</u>	<u>24,295</u>	<u>117,338</u>	<u>(4,568)</u>	<u>772,105</u>
Fund balance - end of year	<u>\$ 78,824</u>	<u>\$ 86,759</u>	<u>\$ 765,606</u>	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 85,464</u>	<u>\$ 1,467</u>	<u>\$ 27,873</u>	<u>\$ 158,143</u>	<u>\$ (4,568)</u>	<u>\$ 1,203,201</u>

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Chris Lindley	Mayor	\$ 100,000	St Paul	7/3/2021
Lisa Stevens	Aldersperson	100,000	St Paul	7/3/2021
William Scott	Aldersperson	100,000	St Paul	7/3/2021
Mark McCoy	Aldersperson	100,000	St Paul	7/3/2021
Jason Michael	Aldersperson	100,000	St Paul	7/3/2021
Jeff Williams	Aldersperson	100,000	St Paul	7/3/2021
Lavaile Shields	City Clerk	100,000	Brierfield Ins. Co.	12/11/2020
Molly Wimbish	Deputy City Clerk	50,000	Travelers Casualty	8/24/2021
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2021
Curtis Featherstone	Department Head	50,000	Brierfield Ins. Co.	3/11/2021
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2021
Candrice Williams	Clerk	50,000	Travelers Casualty	2/2/2021
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2021
Tim Holloway	Park Manager	50,000	Brierfield Ins. Co.	3/10/2021
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2021
Lacey Hill	Clerk	50,000	Brierfield Ins. Co.	3/10/2021
Kimberly Godwin	Clerk	50,000	Travelers Casualty	8/5/2021
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2021
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2021
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/10/2021
Robbie Lambert	Clerk	50,000	Brierfield Ins. Co.	3/10/2021
Jacquelin Rowan	Clerk	50,000	Brierfield Ins. Co.	3/10/2021
Hannah Gibbs	Clerk	50,000	Brierfield Ins. Co.	3/10/2021
Lexie Gamble	Tourism Department Head	50,000	Brierfield Ins. Co.	3/10/2021
Christy Horn	Clerk	50,000	Travelers Casualty	12/20/2020
Rebecca Barnes	Tax Collector	50,000	Brierfield Ins. Co.	3/10/2021
Merideth Starkey	Clerk	50,000	Travelers Casualty	8/22/2021
Melissa Harris	Deputy Court Clerk	50,000	Brierfield Ins. Co.	3/10/2021
Lindsey Hodger	Administrative Assistant	50,000	Travelers Casualty	2/21/2021
Daniel Walker	Clerk	50,000	Travelers Casualty	1/9/2021

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, 2020, 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 January 31, 2022.

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) as a basis for determining 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 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 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 2020-006, 2020-007, and 2019-008 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 financial statements. 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 2020-009, and 2020-010.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated January 31, 2022.


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

January 31, 2022

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, 2020, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated January 31, 2022.

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 2020-009 and 2020-010.

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.

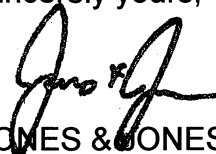
Purpose of this Report

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,

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

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

January 31, 2022

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT

MATERIAL WEAKNESSES

2020-001. 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.

2020-002. Property Tax

Condition: The tax reconciliation report did not agree with the monthly tax receipt report generated by the City's computer system. The City has funds in the tax collector account that has not been settled. The City is not enforcing collections of personal property taxes.

Criteria: Controls should be in place to reconcile the tax reconciliation report to the monthly collection report and investigate and document differences.

Controls should be in place to settle tax collections monthly.

Controls should be in place to follow up on delinquent personal property taxes.

Effect: The tax reconciliation report reflected total tax billings for the City and school totaling \$4,591,688, homestead credits of \$471,367 and tax due after payments of \$26,284. This would net to collections of \$4,094,037. The monthly receipt report reflects total collections before interest and other charges of \$3,997,443 for a difference of \$96,594.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2020-002. Property Tax - continued

Effect: - continued

At September 30, 2020, the tax collector bank account had reconciled funds on deposit of \$496,489 and disbursed only \$167,627 in October 2020.

At September 30, 2020, 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, \$6,995 from the 2015 tax year, \$7,690 from the 2016 tax year, \$4,097 from the 2017 tax year, \$4,693 from the 2018 year, and \$4,246 from the 2019 year.

Cause: The City had problems with the tax billing software including wrong amounts and adjustments were made to the amounts billed. Documents to verify these changes were not maintained.

The tax collector account was being reconciled monthly, but the remaining amount in the account was not being considered.

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

Recommendation: The City should compare the tax reconciliation report to the monthly tax receipts and balance to the general ledger each month. The differences should be investigated. The City should consult with its software company to understand why there is a difference between these two reports.

The City should compare the checks disbursed from the tax collector account to the balance in the tax collector account and investigate when differences occur.

The City should consult its attorney and determine what can be done to collect unpaid personal property taxes.

Response: We will research the above and install the appropriate controls

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2020-003. 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.

2020-004. 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 \$300,723 during the year ended September 30, 2020.

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.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

MATERIAL WEAKNESSES – CONTINUED

2020-005. Material Reclassification of General Ledger Entries Were Required

Condition: The general ledger for the enterprise funds required material adjustments before the financial statement could be prepared.

Criteria: Internal controls should be in place and functioning that provide for revenue and expenses to be coded to the proper category.

Effect: The general ledger required material adjustments to correct income and expense posting errors. After correcting revenue related posting errors, general ledger revenue was \$20,815 short of enterprise funds billing records.

Cause: This was the first full year the bookkeeper was responsible for maintaining the general ledger.

Recommendation: We recommend the City implement controls to review postings to the general ledger for accurate recording of revenues and expenses.

We recommend the City establish controls to compare the revenue recorded in the general ledger to the collection records and research differences.

Response: We feel that there will be significant improvement in the financial records for the year ending September 30, 2021.

SIGNIFICANT DEFICIENCIES

2020-006. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2020-009 and 2020-010 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 2020-009 and 2020-010.

Cause: See cause in finding numbers 2020-009 and 2020-010.

Recommendation: See recommendation in finding numbers 2020-009 and 2020-010. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES

2020-007. 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.

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.

2020-008. Unaccounted for Natural Gas

Condition: Unaccounted for natural gas per City records was 11.69%.

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

Effect: The City records reflected sales of 373,388 MCF compared to 442,176 MCF purchased. The difference of MCF (11.69) cost the City approximately \$146,665, in cost of gas and/or \$214,463 in potential lost sales compared to the expected loss percentage including transportation of 5%.

Cause: The cause is unknown.

Recommendation: We recommend the City test meters to determine they are programmed correctly. We recommend the City use the reports generated by their billing software to determine zero use meters and significant variation from normal usage reports to discover broken meters and replace them immediately. If it is determined that there were reading errors in the amounts charged customers, the City should determine the correct amount due and bill customers for the error.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED

SIGNIFICANT DEFICIENCIES

2020-008. Unaccounted for Natural Gas

Response: We have reprogrammed several meters and we are replacing broken meters.

COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS

2020-009. 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 – general government – personnel services	\$ 31,924
General Fund – public safety – fire – personnel services	35,924
General Fund – public safety – fire – supplies	13
General Fund – park operations – other services and charges	353
General Fund – park maintenance – supplies	2,750
Tourism Fund – supplies	17,220
Gas System Fund – other services and charges	2,641,768
Water and Sewer System – debt service	34,333

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 will continue our due diligence in our budget amendment process.

CITY OF BOONEVILLE, MISSISSIPPI
Schedule of Findings and Responses
For the fiscal year ended September 30, 2020

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

2020-010. Purchasing Laws Not Followed

Condition: The City purchased supplies from a vendor totaling \$24,325 without providing proof of two written quotes. The City purchased furniture and canopies totaling \$8,144 without providing two written quotes. The City purchased fitness signs and equipment for \$56,767 without providing proof of advertising or using the reverse auction system. The City entered into a contract to repair the Jacinto Lift Station of \$194,2000 without providing proof of advertising.

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

Effect: The City did not provide proof that the purchasing laws for the above items were followed.

Cause: These items were requested from the City Clerk, but they were never provided.

2020-010. Purchasing Laws Not Followed

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

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

CITY OF BOONEVILLE, MISSISSIPPI
Results of Prior Year Findings
For the fiscal year ended September 30, 2020

Financial Statement Findings

Finding Number	Finding Title	Status
2019-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2020-001.
2019-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2020-002.
2019-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2020-003.
2019-004	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2020-004.
2019-005	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2020-006.
2019-006	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2020-007.
2019-007	Budget (original finding 2011-012).	Repeated - see current year finding 2020-009.
2019-008	The City Gave Two Taxpayers Tax Abatements in Excess of the Allowed Amounts. (Original Finding 2018-010).	Corrected
2019-009	Purchasing Laws not Followed	Repeated - see current year finding 2020-010.
2019-010	General Fund Expenditures Charged to Tourism Fund (original finding 2019-010)	Corrected

Federal Award Findings and Questioned Costs

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