

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

**CITY OF BOONEVILLE, MISSISSIPPI**

**BASIC FINANCIAL STATEMENTS**  
**AND ACCOMPANYING INFORMATION**

**SEPTEMBER 30, 2021**

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

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**CITY OF BOONEVILLE, MISSISSIPPI**

**Basic Financial Statements**

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

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

**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, Mississippi, as of and for the year ended September 30, 2021, 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, 2021, 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.

## ***Emphasis of Matter - Prior Period Adjustment***

As discussed in Note Z to the financial statements, there was a restatement to the beginning net position in Governmental Activities of \$73,360, and the beginning fund balance in the General Fund of \$73,360. Our opinion is not modified with respect to these matters.

## ***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 85, Schedule of City's contribution to Public Employee Retirement System of Mississippi (Schedule 2) on page 86, and budgetary comparison information (Schedule 3) on pages 87 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 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

September 30, 2022

**CITY OF BOONEVILLE, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2021**

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, 2021. 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 \$20,897,339 (net position).

The government's total net position increased by \$2,326,094 during the current fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,230,453, a decrease of \$1,675,786 during the current fiscal year. Approximately 43.7 percent of this total amount, or \$3,159,069, 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 \$3,163,637 or 36.7 percent of total general fund expenditures.

The City had fixed asset net additions of \$4,403,162 during the current year. Of this amount \$3,849,919 occurred in the governmental activities and \$553,243 occurred in the business-type activities.

The City's total debt decreased by \$809,960 during the current fiscal year. This change resulted from new debt issued of \$0 and debt repayments net of amortization of \$809,960.

During the current fiscal year, the City's operating grants and contributions decreased \$497,914 (93.50 percent) mainly due to the prior year including a FEMA grant received for storm damage; capital grants and contributions decreased \$446,163 (56.86 percent) mainly due to a grant to remodel the park playgrounds in the prior year; property taxes increased \$213,486 (10.15 percent) mainly due to increase of 3 mills in tax rate; charges for services increased \$560,545 (7.22 percent) mainly due to increases in natural gas sold and increase in cost of gas purchased; and total expenses decreased \$16,093 (0.13 percent) mainly due to the normal changes in operations.

## 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 twelve 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 and the 2019 public improvement capital project fund, which are considered to be major funds. 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 87 – 91 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 – 84 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 85 – 96 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 97 – 99 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 \$20,897,339 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately 91.4 percent or \$19,089,852) 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 17.8 percent or \$3,713,623) 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 9.1 percent or \$1,906,136) which is a result of the City recognizing its portion of the Public Employee Retirement System of Mississippi unfunded net pension liability of \$8,302,615.

At the end of the current fiscal year, the City reported an unrestricted deficit net position in both governmental activities and government as a whole of \$3,900,883 and \$1,906,136 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 \$2,326,094 during the current fiscal year. This increase was mainly due to the increase in net position from the governmental activities of \$1,544,700 and the business-type activities decrease in net position of \$781,394 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		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Current and other assets	\$ 11,023,004	\$ 12,059,151	-8.6%	\$ 7,645,079	\$ 7,466,545	2.4%	\$ 18,668,083	\$ 19,525,696	-4.4%
Capital assets	9,757,634	6,591,811	48.0%	15,917,280	15,967,403	-0.3%	25,674,914	22,559,214	13.8%
Total assets	20,780,638	18,650,962	11.4%	23,562,359	23,433,948	0.5%	44,342,997	42,084,910	5.4%
Deferred outflows of resources	827,660	733,595	12.8%	231,444	194,049	19.3%	1,059,104	927,644	14.2%
Long-term liabilities outstanding	9,185,079	11,320,295	-18.9%	8,348,211	9,463,005	-11.8%	17,533,290	20,783,300	-15.6%
Other liabilities	1,400,303	415,613	236.9%	964,002	911,538	5.8%	2,364,305	1,327,151	78.1%
Total liabilities	10,585,382	11,735,908	-9.8%	9,312,213	10,374,543	-10.2%	19,897,595	22,110,451	-10.0%
Deferred inflows of resources	4,000,585	2,244,379	78.2%	606,582	159,839	279.5%	4,607,167	2,404,218	91.6%
Net position									
Net investment in capital assets	8,387,259	6,133,449	36.7%	10,702,593	10,146,686	5.5%	19,089,852	16,280,135	17.3%
Restricted	2,535,955	3,405,317	-25.5%	1,177,668	1,045,604	12.6%	3,713,623	4,450,921	-16.6%
Unrestricted	(3,900,883)	(4,134,496)	-5.7%	1,994,747	1,901,325	4.9%	(1,906,136)	(2,233,171)	-14.6%
Total Net Position	\$ 7,022,331	\$ 5,404,270	29.9%	\$ 13,875,008	\$ 13,093,615	6.0%	\$ 20,897,339	\$ 18,497,885	13.0%

City of Booneville, Mississippi's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Revenue									
Program Revenues									
Charges for services	\$ 823,946	\$ 671,448	22.7%	\$ 7,502,935	\$ 7,094,888	5.8%	\$ 8,326,881	\$ 7,766,336	7.2%
Operating grants and contributions	34,622	532,536	-93.5%	-	-	0.0%	34,622	532,536	-93.5%
Capital grants and contributions	338,559	723,799	-53.2%	-	60,923	-100.0%	338,559	784,722	-56.9%
General Revenues									
Taxes									
Property taxes	2,317,660	2,104,174	10.1%	-	-	0.0%	2,317,660	2,104,174	10.1%
Sales tax	2,766,142	2,543,678	8.7%	-	-	0.0%	2,766,142	2,543,678	8.7%
Franchise tax	177,325	187,479	-5.4%	-	-	0.0%	177,325	187,479	-5.4%
In lieu taxes	138,605	170,034	-18.5%	-	-	0.0%	138,605	170,034	-18.5%
Other taxes and state shared revenues	254,786	265,706	-4.1%	-	-	0.0%	254,786	265,706	-4.1%
Investment income	115,567	66,392	74.1%	103,548	80,003	29.4%	219,115	146,395	49.7%
Other	71,404	85,721	-16.7%	-	-	0.0%	71,404	85,721	-16.7%
Total revenue	\$ 7,038,616	\$ 7,350,967	-4.2%	\$ 7,606,483	\$ 7,233,814	5.1%	\$ 14,645,099	\$ 14,586,781	0.4%

## Government-wide Financial Analysis - continued

## City of Booneville, Mississippi's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Expenses:									
General government	\$ 753,248	\$ 971,140	-22.4%	\$ -	\$ -	0.0%	\$ 753,248	\$ 971,140	-22.4%
Public safety	3,693,288	3,614,220	2.2%	-	-	0.0%	3,693,288	3,614,220	2.2%
Public works	1,461,303	1,498,022	-2.5%	-	-	0.0%	1,461,303	1,498,022	-2.5%
Culture and recreation	710,318	589,965	20.4%	-	-	0.0%	710,318	589,965	20.4%
Tourism	135,814	80,185	69.4%	-	-	0.0%	135,814	80,185	69.4%
Economic development	49,093	48,005	2.3%	-	-	0.0%	49,093	48,005	2.3%
Interest	52,852	59,814	-11.6%	-	-	0.0%	52,852	59,814	-11.6%
Water and Sewer	-	-	0.0%	2,064,305	2,441,393	-15.4%	2,064,305	2,441,393	-15.4%
Natural Gas	-	-	0.0%	2,926,106	2,576,047	13.6%	2,926,106	2,576,047	13.6%
Sanitation	-	-	0.0%	388,496	372,124	4.4%	388,496	372,124	4.4%
Total expenses	6,855,916	6,861,351	-0.1%	5,378,907	5,389,564	-0.2%	12,234,823	12,250,915	-0.1%
Increase (decrease) in net assets before contributions and transfers	182,700	489,616	-62.7%	2,227,576	1,846,250	20.7%	2,410,276	2,335,866	3.2%
Gain (loss) on disposition of capital assets	(66,318)	50,655	-230.9%	(17,864)	250,660	-107.1%	(84,182)	301,315	-127.9%
Transfers	1,428,318	2,654,237	-46.2%	(1,428,318)	(2,654,237)	-46.2%	-	-	0.0%
Increase (decrease) in net position	1,544,700	3,194,508	-51.6%	781,394	(557,327)	-240.2%	2,326,094	2,637,181	-11.8%
Rounding	1	-	0.0%	(1)	-	0.0%	-	-	0.0%
Net position--beginning of year	5,404,270	2,209,762	144.6%	13,093,615	13,650,942	-4.1%	18,497,885	15,860,704	16.6%
Prior period adjustment	73,360	-	0.0%	-	-	0.0%	73,360	-	0.0%
Restated net position beg of year	5,477,630	2,209,762	144.6%	13,093,615	13,650,942	-4.1%	18,571,245	15,860,704	16.6%
Net position--end of year	\$ 7,022,331	\$ 5,404,270	29.9%	\$ 13,875,008	\$ 13,093,615	6.0%	\$ 20,897,339	\$ 18,497,885	13.0%

**Government-wide Financial Analysis - continued**

**Governmental activities**

Governmental activities, including transfers from the business-type activities, increased the City's net position by \$1,544,701 during the current year. By comparison, governmental activities including transfers reported an increase in net position from the previous fiscal year of approximately \$3,194,508. Key elements of the changes are as follows:

During the year charges for services increased by \$152,498 (approximately 23 percent), operating grants and contributions decreased by \$497,914 (approximately 93 percent), capital grants and contributions decreased by \$385,240 (approximately 53 percent), property taxes increased by \$213,486 (approximately 10 percent), sales tax increased by \$222,464 (approximately 9 percent), general government expenses decreased by \$217,892 (approximately 22 percent), public safety expenses increased by \$79,068 (approximately 2 percent), public works expenses decreased by \$36,719 (approximately 2 percent), culture and recreation expenses increased by \$120,353 (approximately 20 percent), tourism expense increased by \$55,629 (approximately 69 percent), and economic development expenses increased by \$1,088 (approximately 2 percent).

## **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 \$3,163,637 while total fund balance was \$4,676,354. 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 36.7 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$828,720 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 \$905,193, \$1,083,368, and \$6,185, respectively. The gas system fund had a decrease in net position for the year of \$149,980, the combined water and sewer system fund had an increase in net position for the year of \$936,950, and the waste collection fund had a decrease in net position for the year of \$5,576.

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 safety - police-capital outlay \$3,500,000.

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 \$389,637.

## 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, 2021, amounted to \$25,674,914 (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 13.8 percent (an approximate 48.0 percent increase for governmental activities and an approximate 0.3 percent decrease for business-type activities).

Major capital asset additions are as follows:

Fire equipment	\$	580,889
Park equipment		982,195
Park buildings and improvements		63,415
Street equipment		61,115
Tourism equipment		27,639
Street infrastructure		1,437,436
Public property building		61,300
Natural gas system automotive, equipment and office equipment		24,643
Water and sewer system automotive, equipment and office equipment		14,669
Water and sewer system distribution system		513,931
Construction in progress		635,930

### City of Booneville, Mississippi's Capital Assets - Net

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 1,043,044	\$ 245,362	\$ 1,288,406
Construction in progress	635,930	-	635,930
Infrastructure	3,596,899	-	3,596,899
Building and improvements	1,148,607	622,628	1,771,235
Natural gas system	-	3,000,022	3,000,022
Water and sewer system	-	11,534,160	11,534,160
Automotive, equipment and furnishings	3,333,154	515,108	3,848,262
<b>Total</b>	<b>\$ 9,757,634</b>	<b>\$ 15,917,280</b>	<b>\$ 25,674,914</b>

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 \$8,973,633. Of this amount, \$5,744,253 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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General obligation bonds	\$ 2,141,668	\$ 3,602,585	\$ 5,744,253
Notes from direct borrowings	299,914	2,929,466	3,229,380
<b>Total</b>	<b>\$ 2,441,582</b>	<b>\$ 6,532,051</b>	<b>\$ 8,973,633</b>

The City's total debt decreased by \$809,960 (approximately 8.3 percent) during the current fiscal year. There was new debt obligations totaling \$0 issued during the year.

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

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

State statute limits the amount of general obligation debt a governmental entity may issue to 15 percent of the assessed value of the taxable property within such City according to the last completed assessment for taxation. The margin for additional debt under the 15 percent debt limit is approximately \$3,908,049. 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 2022 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 38.15 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 \$3,163,637.

## **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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,653,779	\$ 2,470,312	\$ 10,124,091
Restricted cash and cash equivalents	-	4,315,725	4,315,725
Receivables (Net, where applicable, of allowances for uncollectibles)			
Property taxes (net of allowances of \$223,266)	1,990,183	-	1,990,183
Police fines (net of allowances of \$2,206,029)	185,030	-	185,030
Accounts (net of allowances of \$106,488)	-	470,310	470,310
Franchise fees and other receivables (net of allowances of \$0)	65,448	-	65,448
Accrued interest (net of allowances of \$147,524)	-	-	-
Notes receivable (net of allowances of \$743,000)	-	-	-
Other (net of governmental allowances of \$10,150)	11,151	7,505	18,656
Prepaid items	57,460	32,529	89,989
Resale inventory	-	233,966	233,966
Supply inventory	-	223,679	223,679
Due from other governments	772,965	178,041	951,006
Due from other funds	286,988	(286,988)	-
Land and construction in progress	1,678,974	245,362	1,924,336
Other capital assets (net of accumulated depreciation)	8,078,660	15,671,918	23,750,578
	<u>20,780,638</u>	<u>23,562,359</u>	<u>44,342,997</u>
<b>Total Assets</b>			
	<u>20,780,638</u>	<u>23,562,359</u>	<u>44,342,997</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows pertaining to pensions	827,660	205,152	1,032,812
Deferred outflows pertaining to loss on refunding	-	26,292	26,292
	<u>-</u>	<u>26,292</u>	<u>26,292</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 827,660</u>	<u>\$ 231,444</u>	<u>\$ 1,059,104</u>

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



**CITY OF BOONEVILLE, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable - operations	\$ 177,901	\$ 239,714	\$ 417,615
Accounts payable - capital assets	-	56,836	56,836
Credit balance in accounts receivable	-	81,252	81,252
Accrued interest	32,041	51,174	83,215
Accrued liabilities	138,320	15,156	153,476
Matured interest payable	568	-	568
Matured bonds payable	4,000	-	4,000
Customer deposits	-	519,870	519,870
Unearned revenue	1,047,473	-	1,047,473
Long-term debt and capital leases			
Bonds and notes payable due within one year	156,452	605,000	761,452
Compensated absence due within one year	23,315	-	23,315
Net pension liability due in more than one year	6,549,858	1,752,757	8,302,615
Bonds and notes payable due in more than one year	2,285,130	5,927,051	8,212,181
Compensated absense due in more than one year	170,324	63,403	233,727
	<u>10,585,382</u>	<u>9,312,213</u>	<u>19,897,595</u>
Total Liabilities			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows pertaining to pensions	2,023,875	606,582	2,630,457
Deferred inflows pertaining to unavailable revenue	1,976,710	-	1,976,710
	<u>4,000,585</u>	<u>606,582</u>	<u>4,607,167</u>
Total Deferred Inflows of Resources			
<b>NET POSITION</b>			
Net investment in capital assets	8,387,259	10,702,593	19,089,852
Restricted for:			
Debt service - expendable	-	1,137,507	1,137,507
Bond cushion, depreciation and contingency - expendable	-	10,000	10,000
Fire code updates	3,011	-	3,011
Fire protection capital outlays	91,109	-	91,109
D.A.R.E. program	12,750	-	12,750
Road paving	1,075,205	-	1,075,205
Infrastructure modernization - capital project	340,549	-	340,549
Technology	33,067	-	33,067
Rubbish	199,912	-	199,912
Tourism	780,352	-	780,352
Unemployment	-	30,161	30,161
Unrestricted (deficit)	(3,900,883)	1,994,747	(1,906,136)
	<u>\$ 7,022,331</u>	<u>\$ 13,875,008</u>	<u>\$ 20,897,339</u>
TOTAL NET POSITION			

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, 2021**

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		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 753,248	\$ 273,749	\$ -	\$ -	\$ (479,499)	\$ -	\$ (479,499)
Public safety	3,693,288	369,762	16,526	300,559	(3,006,441)	-	(3,006,441)
Public works	1,461,303	72,451	18,096	-	(1,370,756)	-	(1,370,756)
Culture and recreation	710,318	107,984	-	38,000	(564,334)	-	(564,334)
Tourism	135,814	-	-	-	(135,814)	-	(135,814)
Economic development	49,093	-	-	-	(49,093)	-	(49,093)
Interest	52,852	-	-	-	(52,852)	-	(52,852)
Total Governmental Activities	6,855,916	823,946	34,622	338,559	(5,658,789)	-	(5,658,789)
Business-Type Activities:							
Water and Sewer	2,064,305	2,870,084	-	-	-	805,779	805,779
Natural Gas	2,926,106	4,231,345	-	-	-	1,305,239	1,305,239
Sanitation	388,496	401,506	-	-	-	13,010	13,010
Total Business-Type Activities	5,378,907	7,502,935	-	-	-	2,124,028	2,124,028
TOTAL PRIMARY GOVERNMENT	\$ 12,234,823	\$ 8,326,881	\$ 34,622	\$ 338,559	(5,658,789)	2,124,028	(3,534,761)
General Revenues							
Taxes							
Property taxes and late fees					2,317,660	-	2,317,660
Sales tax					2,766,142	-	2,766,142
Homestead					156,242	-	156,242
Franchise tax					177,325	-	177,325
TVA and other payments in lieu of taxes					138,605	-	138,605
Road tax and advalorem privilege tax					85,507	-	85,507
Other state shared taxes					13,037	-	13,037
Investment income					115,567	103,548	219,115
Other					71,404	-	71,404
Gain (loss) on sale or retirement of capital assets					(66,318)	(17,864)	(84,182)
Transfers					1,428,318	(1,428,318)	-
Total					7,203,489	(1,342,634)	5,860,855
Change in Net Position					1,544,700	781,394	2,326,094
NET POSITION--BEGINNING					5,404,271	13,093,614	18,497,885
Prior period adjustment					73,360	-	73,360
RESTATED NET POSITIONS--BEGINNING					5,477,631	13,093,614	18,571,245
NET POSITION--ENDING					\$ 7,022,331	\$ 13,875,008	\$ 20,897,339

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

**CITY OF BOONEVILLE, STATE OF MISSISSIPPI**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2021**

<b>ASSETS</b>	<b>General</b>	<b>2019 Public Improvement Capital Project Fund</b>	<b>Nonmajor Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 5,176,393	\$ 1,075,205	\$ 1,402,181	\$ 7,653,779
Receivables (net of allowance for uncollectibles)				
Taxes (net of allowances of \$223,266)	1,990,183	-	-	1,990,183
Police fines (net of allowances of \$2,206,029)	185,030	-	-	185,030
Cleanup fees (net of allowances of \$10,150)	-	-	-	-
Franchise fees and other receivables	65,448	-	-	65,448
Other	11,151	-	-	11,151
Due from other funds	399,718	-	10,475	410,193
Due from other governments	567,151	-	205,814	772,965
Prepaid items	57,460	-	-	57,460
<b>Total assets</b>	<b>\$ 8,452,534</b>	<b>\$ 1,075,205</b>	<b>\$ 1,618,470</b>	<b>\$ 11,146,209</b>
<b>LIABILITIES</b>				
Accounts payable - operations	\$ 177,904	-	-	\$ 177,904
Accrued liabilities	138,320	-	-	138,320
Compensated absence	23,315	-	-	23,315
Due to other funds	54,663	-	68,542	123,205
Unearned revenue	1,047,473	-	-	1,047,473
Matured interest payable	-	-	568	568
Matured revenue bonds payable	-	-	4,000	4,000
<b>Total liabilities</b>	<b>1,441,675</b>	<b>-</b>	<b>73,110</b>	<b>1,514,785</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	2,334,505	-	66,466	2,400,971
<b>Total deferred inflows of resources</b>	<b>2,334,505</b>	<b>-</b>	<b>66,466</b>	<b>2,400,971</b>
<b>FUND BALANCES</b>				
Nonspendable	57,460	-	-	57,460
Restricted	-	1,075,205	1,394,284	2,469,489
Committed	255,357	-	89,178	344,535
Assigned	1,199,900	-	-	1,199,900
Unassigned	3,163,637	-	(4,568)	3,159,069
<b>Total fund balance</b>	<b>4,676,354</b>	<b>1,075,205</b>	<b>1,478,894</b>	<b>7,230,453</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,452,534</b>	<b>1,075,205</b>	<b>1,618,470</b>	<b>\$ 11,146,209</b>

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, 2021**

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 7,230,453
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	1,678,974
Other capital assets	14,875,542
Less accumulated depreciation	(6,796,882)
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	145,029
Revenues - payments in lieu of tax	136,058
Revenues - property taxes	13,350
Revenues - intergovernmental	105,580
Revenues - franchise fees	11,568
Revenues - fire code	1,525
Revenues - privilege tax	11,151
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.	(32,041)
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	(2,441,582)
Compensated absences	(170,324)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the governmental fund financial statements.	(6,549,858)
Rounding	3
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	827,660
Deferred inflows related to pensions	(2,023,875)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,022,331</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, 2021**

	<b>General</b>	<b>2019 Public Improvement Capital Project Fund</b>	<b>Nonmajor Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>				
Advalorem taxes, penalties and interest	\$ 2,318,764	\$ -	\$ -	\$ 2,318,764
Franchise taxes	165,757	-	-	165,757
Municipal sales tax	2,287,886	-	478,256	2,766,142
Permits, fees and privilege tax	24,118	-	-	24,118
Municipal court fines and bond fees	284,857	-	19,360	304,217
Intergovernmental revenues	789,476	-	321,960	1,111,436
Interest income	56,379	26,818	19,638	102,835
Charge for services	132,223	-	65,486	197,709
Collection fees	120,890	-	-	120,890
Administrative fees	105,000	-	-	105,000
Donations	49,450	-	-	49,450
Other	11,766	-	-	11,766
Total revenues	<u>6,346,566</u>	<u>26,818</u>	<u>904,700</u>	<u>7,278,084</u>
<b><u>EXPENDITURES</u></b>				
<b>Current</b>				
General government	796,475	105	-	796,580
Public safety	3,471,199	-	36	3,471,235
Public works	1,237,280	-	-	1,237,280
Culture and recreation	587,698	-	-	587,698
Tourism	73,206	-	56,714	129,920
Economic development	49,093	-	-	49,093
Capital outlay	2,213,324	1,149,473	497,368	3,860,165
Principal retirement - general obligation	134,910	-	66,324	201,234
Interest and paying agent	68,538	-	13,564	82,102
Total expenditures	<u>8,631,723</u>	<u>1,149,578</u>	<u>634,006</u>	<u>10,415,307</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (2,285,157)</u>	<u>\$ (1,122,760)</u>	<u>\$ 270,694</u>	<u>\$ (3,137,223)</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, 2021

	General	2019 Public Improvement Capital Project Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from disposition of fixed assets	\$ 33,119	\$ -	\$ -	\$ 33,119
Operating transfers in	1,428,318	-	5,000	1,433,318
Operating transfers out	(5,000)	-	-	(5,000)
Total other financing sources (uses)	<u>1,456,437</u>	<u>-</u>	<u>5,000</u>	<u>1,461,437</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>(828,720)</u>	<u>(1,122,760)</u>	<u>275,694</u>	<u>(1,675,786)</u>
Fund balance - beginning of year	5,431,714	2,197,965	1,203,200	8,832,879
Prior period adjustment	<u>73,360</u>	<u>-</u>	<u>-</u>	<u>73,360</u>
RESTATED FUND BALANCE--BEGINNING	<u>5,505,074</u>	<u>2,197,965</u>	<u>1,203,200</u>	<u>8,906,239</u>
Fund balance - end of year	<u>\$ 4,676,354</u>	<u>\$ 1,075,205</u>	<u>\$ 1,478,894</u>	<u>\$ 7,230,453</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, 2021**

NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$ (1,675,786)

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	3,849,920
Basis of assets disposed of	(99,437)
Depreciation expense	(584,659)

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.	201,234
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The long-term debt premiums are amortized in the statement of activities	12,945
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Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds. Deferred revenues increased (decreased) by these amounts during the current year:

Property taxes	(1,104)
Municipal aid	(4,360)
Modernization use tax	(21,401)
Municipal court fines	24,361
Advalorem privilege tax	(12,236)
Payment in lieu of taxes	(31,048)
Privilege tax	11,151
Franchise tax	11,568
Operating grants and contributions	1,525
Capital grant and contributions	(217,922)

Rounding	(2)
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Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	124,697
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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	(48,418)
(Increase) decrease in accrued interest expense	3,672

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,544,700
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The accompanying notes are an integral part of this financial statement.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2021**

	<b>Business-Type Activities--Enterprise Fund</b>			
	<b>Gas System</b>	<b>Combined Water and Sewer System</b>	<b>Nonmajor Fund Waste Collection</b>	<b>Total Business-Type Funds</b>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 1,222,812	\$ 1,247,500	\$ -	\$ 2,470,312
Cash and cash equivalents - restricted	716,157	146,828	-	862,985
Receivables (net of allowance for uncollectibles)				
Accounts	96,295	326,706	47,309	470,310
Other	4,998	2,507	-	7,505
Resale inventory	233,966	-	-	233,966
Supply inventory	72,743	150,936	-	223,679
Due from other governments	-	178,041	-	178,041
Due from other funds	215,105	51,452	-	266,557
Prepaid items	18,389	14,140	-	32,529
Total current assets	<u>2,580,465</u>	<u>2,118,110</u>	<u>47,309</u>	<u>4,745,884</u>
Noncurrent Assets				
Restricted Assets				
Cash and cash equivalents	13,855	3,438,885	-	3,452,740
Nondepreciable land, improvements and construction in progress	208,736	36,626	-	245,362
Depreciable capital assets, net of accumulated depreciation	<u>3,790,341</u>	<u>11,881,577</u>	<u>-</u>	<u>15,671,918</u>
Total noncurrent assets	<u>4,012,932</u>	<u>15,357,088</u>	<u>-</u>	<u>19,370,020</u>
Total assets	<u>6,593,397</u>	<u>17,475,198</u>	<u>47,309</u>	<u>24,115,904</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows pertaining to pensions	101,340	103,812	-	205,152
Deferred outflows pertaining to loss on refunding	<u>-</u>	<u>26,292</u>	<u>-</u>	<u>26,292</u>
Total deferred outflows of resources	<u>\$ 101,340</u>	<u>\$ 130,104</u>	<u>\$ -</u>	<u>\$ 231,444</u>

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



**CITY OF BOONEVILLE, MISSISSIPPI**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2021**

	<b>Business-Type Activities--Enterprise Fund</b>			
	<b>Gas System</b>	<b>Combined Water and Sewer System</b>	<b>Nonmajor Fund Waste Collection</b>	<b>Total Business-Type Funds</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable - operations	\$ 120,660	\$ 77,930	\$ 41,124	\$ 239,714
Accounts payable - fixed assets	730	56,106	-	56,836
Credit balance in accounts receivable	67,752	13,500	-	81,252
Accrued interest	-	51,174	-	51,174
Accrued liabilities	8,283	6,873	-	15,156
Customer deposits	387,816	132,054	-	519,870
Due to other funds	-	553,545	-	553,545
Current portion of bonds payable	-	605,000	-	605,000
Total current liabilities	<u>585,241</u>	<u>1,496,182</u>	<u>41,124</u>	<u>2,122,547</u>
Noncurrent Liabilities				
Net pension liability	865,817	886,940	-	1,752,757
Compensated absences	25,918	37,485	-	63,403
Bonds payable, less current maturities	-	5,927,051	-	5,927,051
Total noncurrent liabilities	<u>891,735</u>	<u>6,851,476</u>	<u>-</u>	<u>7,743,211</u>
Total liabilities	<u>1,476,976</u>	<u>8,347,658</u>	<u>41,124</u>	<u>9,865,758</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows pertaining to pensions	<u>299,636</u>	<u>306,946</u>	<u>-</u>	<u>606,582</u>
Total deferred inflows of resources	<u>299,636</u>	<u>306,946</u>	<u>-</u>	<u>606,582</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,999,077	6,703,517	-	10,702,594
Restricted for debt service - expendable	-	1,137,507	-	1,137,507
Restricted for revenue bond cushion, depreciation and contingent - expendable	-	10,000	-	10,000
Restricted for unemployment - expendable	13,855	16,306	-	30,161
Unrestricted	<u>905,193</u>	<u>1,083,368</u>	<u>6,185</u>	<u>1,994,746</u>
Total net position (deficit)	<u>\$ 4,918,125</u>	<u>\$ 8,950,698</u>	<u>\$ 6,185</u>	<u>\$ 13,875,008</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, 2021**

	<b>Business-Type Activities--Enterprise Fund</b>			
	<b>Gas System</b>	<b>Combined Water and Sewer System</b>	<b>Nonmajor Fund Waste Collection</b>	<b>Total Business-Type Funds</b>
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 4,083,352	\$ 2,819,399	\$ 401,505	\$ 7,304,256
Service charges and other	147,993	50,685	-	198,678
Total operating revenues	<u>4,231,345</u>	<u>2,870,084</u>	<u>401,505</u>	<u>7,502,934</u>
<b><u>OPERATING EXPENSES</u></b>				
Personnel services	537,773	483,994	-	1,021,767
Professional services	35,927	108,918	-	144,845
Supplies	113,741	95,116	-	208,857
Repairs	84,708	212,855	-	297,563
Operational	239,463	459,826	-	699,289
Administrative	52,500	52,500	-	105,000
Purchase of natural gas	1,675,739	-	-	1,675,739
Waste disposal	-	6,258	388,496	394,754
Depreciation and amortization	181,771	403,731	-	585,502
Total operating expenses	<u>2,921,622</u>	<u>1,823,198</u>	<u>388,496</u>	<u>5,133,316</u>
Operating income (loss)	<u>1,309,723</u>	<u>1,046,886</u>	<u>13,009</u>	<u>2,369,618</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Interest revenue	40,489	63,060	-	103,549
Interest expense and fiscal charges	(4,484)	(241,107)	-	(245,591)
Gain (loss) on sale of fixed assets	-	(17,864)	-	(17,864)
Total nonoperating revenues and expenses	<u>36,005</u>	<u>(195,911)</u>	<u>-</u>	<u>(159,906)</u>
Income (loss) before operating transfers and contributions	1,345,728	850,975	13,009	2,209,712
Operating transfers in	-	85,975	-	85,975
Operating transfers out	<u>(1,495,708)</u>	<u>-</u>	<u>(18,585)</u>	<u>(1,514,293)</u>
Changes in net position	(149,980)	936,950	(5,576)	781,394
Net position - beginning	<u>5,068,105</u>	<u>8,013,748</u>	<u>11,761</u>	<u>13,093,614</u>
Net position - ending	<u>\$ 4,918,125</u>	<u>\$ 8,950,698</u>	<u>\$ 6,185</u>	<u>\$ 13,875,008</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, 2021**

	<b>Business-Type Activities--Enterprise Fund</b>				<b>Total Business-Type Funds</b>
	<b>Gas System</b>	<b>Combined Water and Sewer System</b>	<b>Nonmajor Fund Waste Collection</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 4,266,888	\$ 2,971,622	\$ 396,400	\$	7,634,910
Other operating receipts	31,980	(939)	-		31,041
Payments to employees including fringe benefits	(582,741)	(582,612)	-		(1,165,353)
Payments to suppliers for goods and services	(2,089,339)	(957,415)	(377,816)		(3,424,570)
Net cash provided by operating activities	<u>1,626,788</u>	<u>1,430,656</u>	<u>18,584</u>		<u>3,076,028</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	33,177	-		33,177
Interest paid on meter deposits	(5,164)	(1,525)	-		(6,689)
Operating transfers out	(1,442,910)	-	(18,584)		(1,461,494)
Net changes in due to/from other funds	<u>(26,783)</u>	<u>247,331</u>	<u>-</u>		<u>220,548</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (1,474,857)</u>	<u>\$ 278,983</u>	<u>\$ (18,584)</u>	<u>\$</u>	<u>(1,214,458)</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, 2021**

	<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>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments - bonds	\$ -	\$ (590,000)	\$ -	\$ -	(590,000)
Payment on payables used to acquire fixed assets	-	(60,893)	-	-	(60,893)
Acquisition and construction of capital assets	(23,913)	(528,600)	-	-	(552,513)
Interest and fiscal charges paid	-	(237,944)	-	-	(237,944)
Net cash provided (used) by capital and related financing activities	<u>(23,913)</u>	<u>(1,417,437)</u>	<u>-</u>		<u>(1,441,350)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	<u>40,489</u>	<u>63,060</u>	<u>-</u>		<u>103,549</u>
Net cash provided (used) by investment activities	<u>\$ 40,489</u>	<u>\$ 63,060</u>	<u>\$ -</u>		<u>\$ 103,549</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, 2021

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection		
<b>NON CASH TRANSACTIONS AFFECTING FINANCIAL POSITION</b>					
Acquisition of fixed assets on account and capital lease	\$ (730)	\$ (56,106)	\$ -	\$ -	(56,836)
Borrowing from suppliers on account	730	56,106	-	-	56,836
Transfers of fixed assets	(52,798)	52,798	-	-	-
Fixed assets contributed by other funds	-	(52,798)	-	-	(52,798)
Fixed assets contributed to other funds	52,798	-	-	-	52,798
Net effect of non cash transactions	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	168,507	355,262	-	-	523,769
Cash and cash equivalents, beginning of year	1,784,317	4,477,951	-	-	6,262,268
Cash and cash equivalents, end of year	\$ 1,952,824	\$ 4,833,213	\$ -	\$ -	6,786,037

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, 2021

	Business-Type Activities--Enterprise Fund				Total Business-Type Funds
	Gas System	Combined Water and Sewer System	Nonmajor Fund Waste Collection		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,309,723	\$ 1,046,885	\$ 13,009	\$	2,369,617
Adjustments to reconcile net income to net cash from operating activities:					
Depreciation	181,771	403,731	-		585,502
Noncash pension expense (reduction of expense)	(37,853)	(86,991)	-		(124,844)
(Increase) decrease in accounts receivable	13,229	90,033	(5,106)		98,156
(Increase) decrease in other receivables	(3,460)	-	-		(3,460)
(Increase) decrease in resale inventory	65,875	-	-		65,875
(Increase) decrease in supply inventory	10,375	(46,521)	-		(36,146)
(Increase) decrease in prepaid items	515	450	-		965
Increase (decrease) in accounts payable - operations	31,377	23,363	10,681		65,421
Increase (decrease) in accrued liabilities - payroll and benefits	(18,874)	(15,650)	-		(34,524)
Increase (decrease) in credit balance in accounts receivable	53,921	(330)	-		53,591
Increase (decrease) in customer deposits	9,796	10,898	-		20,694
Increase (decrease) in compensated absences	10,393	4,788	-		15,181
Total adjustments	317,065	383,771	5,575		706,411
Net cash provided (used) by operating activities	\$ 1,626,788	\$ 1,430,656	\$ 18,584	\$	3,076,028

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

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2021**

	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 121,243
Receivables:	
Taxes receivable (net of allowances of \$236,638)	<u>2,282,160</u>
Total receivables	<u>2,282,160</u>
Total Assets	<u>2,403,403</u>
<b>LIABILITIES</b>	
Due to other governments	99,737
Payroll taxes and other payroll withholdings due to others	1,191
Due to investors	<u>5,145</u>
Total Liabilities	<u>106,073</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	<u>2,281,997</u>
Total Deferred Inflows of Resources	<u>2,281,997</u>
<b>NET POSITION</b>	
Restricted	<u>15,333</u>
Total Net Position	<u>\$ 15,333</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, 2021**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Collections:	
Other collections for City and other governments	\$ 4,259,893
Property tax and interest collections for City and other governments	1,634
Property tax and interest collections for tax sale investors	201,138
Cash bonds collected for police fines	<u>72,524</u>
Total Collections	4,535,189
Interest earned	<u>10,268</u>
Total Additions	<u>4,545,457</u>
<b>DEDUCTIONS</b>	
Payment of property tax and interest collections to City and other governments	4,149,507
Payment of property tax and interest collections to tax sale investors	183,993
Payments of bonds collected to satisfy police fines	76,217
Bond payments returned to payer in excess of police fines	3,953
Administrative handling charges	<u>138,882</u>
Total Deductions	<u>4,552,552</u>
Net increase (decrease) in fiduciary net position	(7,095)
Net Position - beginning	<u>22,428</u>
Net Position - ending	<u>\$ 15,333</u>

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



**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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	\$ 1,222,812	\$ 1,247,500	\$ -	\$ 2,470,312
Restricted cash and cash equivalents	<u>730,012</u>	<u>3,585,713</u>	<u>-</u>	<u>4,315,725</u>
	<u>\$ 1,952,824</u>	<u>\$ 4,833,213</u>	<u>\$ -</u>	<u>\$ 6,786,037</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021**

**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 - 15
Furniture and fixtures	7
Heavy equipment	10
Infrastructure – streets and roads	20
Improvements other than buildings	20 - 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.

**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, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Long-Term Obligations**

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

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

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

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

**11. Payable from Restricted Assets**

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

	<u>Gas System</u>	<u>Combined Water and Sewer System</u>
Customer deposits	\$ 387,816	\$ 132,054
Accrued interest payable	-	51,174
Revenue bonds payable	-	605,000
	<u>\$ 387,816</u>	<u>\$ 788,228</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021**

**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>2019 Public Improvement Capital Project Fund</u>	<u>Nonmajor Other Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	\$ 57,460	\$ -	\$ -
Total - Nonspendable	<u>\$ 57,460</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**13. Fund Equity/Net Position - continued**

Fund Balances:		2019 Public Improvement Capital Project Fund	Nonmajor Other Governmental Funds
Restricted:	General Fund		
Fire protection	\$ -	\$ -	\$ 91,109
DARE	-	-	12,750
Tourism	-	-	780,352
Street paving	-	1,075,205	-
Infrastructure	-	-	275,609
Fire code	-	-	1,485
Technology	-	-	33,067
Rubbish	-	-	199,912
Total Restricted	<u>\$ -</u>	<u>\$ 1,075,205</u>	<u>\$ 1,394,284</u>
Fund Balances:			
Committed:			
Matching grants	\$ -	\$ -	\$ 89,178
Paving	151,938	-	-
Special police assessment	103,419	-	-
Total Committed	<u>\$ 255,357</u>	<u>\$ -</u>	<u>\$ 89,178</u>
Fund Balance			
Assigned			
Budget shortfall	\$ 1,199,900	\$ -	\$ -
Total Assigned	<u>\$ 1,199,900</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, 2021**

**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, 2021**

**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: police - capital outlay \$3,500,000 during the year ended September 30, 2021.

The notes to required supplementary information budgetary reporting on pages 95 - 96 also provides additional budgetary information.

**NOTE C - DEPOSITS AND INVESTMENTS**

At September 30, 2021, 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	\$ 7,653,779
Demand deposits	14,540,568	Enterprise Funds	6,786,037
Cash at paying agent	<u>17,317</u>	Fiduciary Fund	<u>121,244</u>
	<u>\$ 14,561,060</u>		<u>\$ 14,561,060</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021, the demand deposits held with various local financial institutions had carrying amounts totaling \$14,540,568 and bank balances totaling \$14,654,678 of which \$250,000 was covered by federal depository insurance and \$14,404,678 was covered by the Statewide Collateral Pool Program.

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

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, 2021.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021.

Concentration of Credit Risks

The City of Booneville had no investments at September 30, 2021, 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 2020 taxes are collected in December, 2020 and January, 2021. The 2020 taxes are levied to fund the 2020-2021 budget year. The assessed value upon which the 2020 taxes were based was \$73,444,593.



**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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 2021 taxes intended to fund the 2021-2022 budget year of \$1,976,708. 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 2021 taxes of \$1,976,708 are also included in unavailable revenue and not in current revenues in governmental activities because they are levied to fund the 2021-2022 budget year.

The City assessed a tax rate of 38.15 mills for both the 2020 and 2021 taxes.

**NOTE E - RECEIVABLES**

Receivables at September 30, 2021 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, 2021**

**NOTE E - RECEIVABLES - CONTINUED**

	General	Gas System	Water and Sewer System	Nonmajor Funds	Fiduciary	Total
Receivables:						
Taxes	\$ 2,213,449	\$ -	\$ -	\$ -	\$ 2,518,798	\$ 4,732,247
Police fines	2,391,059	-	-	-	-	2,391,059
Accounts	-	130,620	395,067	51,111	-	576,798
Franchise fees	65,448	-	-	-	-	65,448
Accrued interest	-	-	-	147,524	-	147,524
Notes receivable	-	-	-	743,000	-	743,000
Other	21,301	4,998	2,507	-	-	28,806
Gross receivables	4,691,257	135,618	397,574	941,635	2,518,798	8,684,882
Less: Allowance for uncollectables	(2,439,445)	(34,325)	(68,361)	(894,326)	(236,638)	(3,673,095)
Net receivables	\$ 2,251,812	\$ 101,293	\$ 329,213	\$ 47,309	\$ 2,282,160	\$ 5,011,787

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, 2021**

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated					
Land	\$ 1,043,044	\$ -	\$ -	\$ -	\$ 1,043,044
Construction in progress	1,018	635,930	-	(1,018)	635,930
Total capital assets not being depreciated	<u>1,044,062</u>	<u>635,930</u>	<u>-</u>	<u>(1,018)</u>	<u>1,678,974</u>
Capital assets being depreciated					
Building and improvements	3,063,185	124,716	(361,712)	1,018	2,827,207
Automotive and equipment	5,598,989	1,651,837	(241,698)	-	7,009,128
Infrastructure	3,601,771	1,437,436	-	-	5,039,207
Total capital assets being depreciated	<u>12,263,945</u>	<u>3,213,989</u>	<u>(603,410)</u>	<u>1,018</u>	<u>14,875,542</u>
Less accumulated depreciation for					
Buildings and improvements	1,905,725	62,245	(289,370)	-	1,678,600
Automotive and equipment	3,543,050	347,527	(214,603)	-	3,675,974
Infrastructure	1,267,421	174,887	-	-	1,442,308
Total accumulated depreciation	<u>6,716,196</u>	<u>584,659</u>	<u>(503,973)</u>	<u>-</u>	<u>6,796,882</u>
Total capital assets being depreciated, net	<u>5,547,749</u>	<u>2,629,330</u>	<u>(99,437)</u>	<u>1,018</u>	<u>8,078,660</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 6,591,811</b>	<b>\$ 3,265,260</b>	<b>\$ (99,437)</b>	<b>\$ -</b>	<b>\$ 9,757,634</b>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE F - CAPITAL ASSETS - CONTINUED**

**BUSINESS-TYPE ACTIVITIES**

**GAS SYSTEM**

Capital assets not being depreciated

Land

Total capital assets not being depreciated

Capital assets being depreciated

Building

Automotive and equipment

Furniture and office equipment

Natural gas system

Total capital assets being depreciated

Less accumulated depreciation for

Buildings

Automotive and equipment

Furniture and office equipment

Natural gas system

Total accumulated depreciation

Total capital assets being depreciated, net

**GAS SYSTEM CAPITAL ASSETS, NET**

	Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
\$ 208,736	\$ -	\$ -	\$ -	\$ -	\$ 208,736
208,736	-	-	-	-	208,736
606,843	-	-	-	-	606,843
1,169,306	24,643	-	-	1,200	1,195,149
77,312	-	-	-	(1,200)	76,112
5,686,338	-	-	-	(53,063)	5,633,275
7,539,799	24,643	-	-	(53,063)	7,511,379
144,383	12,959	-	-	-	157,342
793,441	64,904	-	-	-	858,345
71,491	607	-	-	-	72,098
2,530,217	103,301	-	-	(265)	2,633,253
3,539,532	181,771	-	-	(265)	3,721,038
4,000,267	(157,128)	-	-	(52,798)	3,790,341
\$ 4,209,003	\$ (157,128)	\$ -	\$ -	\$ (52,798)	\$ 3,999,077

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE F - CAPITAL ASSETS - CONTINUED**

**BUSINESS-TYPE ACTIVITIES - CONTINUED  
COMBINED WATER AND SEWER**

Capital assets not being depreciated

Balance September 30, 2020	Additions	Retirements	Transfers and Other Adjustments	Balance September 30, 2021
\$ 36,626	\$ -	\$ -	-	\$ 36,626
427,839	-	-	(427,839)	-
464,465	-	-	(427,839)	36,626

Total capital assets not being depreciated

228,778	-	-	-	228,778
705,309	14,669	-	-	719,978
83,173	-	-	-	83,173
25,291,122	513,931	(126,850)	480,902	26,159,105
26,308,382	528,600	(126,850)	480,902	27,191,034

Total capital assets being depreciated

Less accumulated depreciation for

Buildings	48,288	7,363	-	-	55,651
Automotive and equipment	519,408	31,109	-	-	550,517
Furniture and office equipment	77,468	876	-	-	78,344
Water and sewer system	14,369,283	364,383	(108,986)	265	14,624,945
Total accumulated depreciation	15,014,447	403,731	(108,986)	265	15,309,457
Total capital assets being depreciated, net	11,293,935	124,869	(17,864)	480,637	11,881,577

Combined Water and Sewer Capital Asset, Net

11,758,400	124,869	(17,864)	52,798	11,918,203
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**BUSINESS-TYPE CAPITAL ASSETS - NET**

\$ 15,967,403	\$ (32,259)	\$ (17,864)	\$ -	\$ 15,917,280
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**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE F - CAPITAL ASSETS - CONTINUED**

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

Governmental Activities

General government	\$ 12,415
Public safety	202,115
Public works	240,715
Recreation	658
Culture and recreation	<u>128,756</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 584,659</u>
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Business-Type Activities

Natural gas	\$ 181,771
Water and sewer	<u>403,731</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 585,502</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, 2021, the City had no 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, 2021**

**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 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,169.7 million and members contributed \$594.9 million for fiscal year 2021.

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 Annual Comprehensive Financial Report of the Public Employees Retirement System available at [www.PERS.ms.gov](http://www.PERS.ms.gov).

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021 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, 2021, 2020, and 2019 were \$672,411, \$637,517, and \$608,192, 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, 2021, the City reported a liability of \$8,302,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the City's proportion was 0.056173%, which was an increase of 0.000321%, from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$421,353. At September 30, 2021, 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	\$ 132,758	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,500,393
Changes of assumptions	638,883	-
Changes in proportion and differences between City contributions and proportionate share of contributions	85,533	130,064
City contributions subsequent to the measurement date	<u>175,638</u>	<u>-</u>
	<u>\$ 1,032,812</u>	<u>\$ 2,630,457</u>

\$175,638 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, 2022.



**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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
2022	\$ 356,759	\$ (682,664)	\$ (325,905)
2023	276,819	(601,522)	(324,703)
2024	223,596	(601,168)	(377,572)
2025	-	(745,103)	(745,103)
	<u>\$ 857,174</u>	<u>\$ (2,630,457)</u>	<u>\$ (1,773,283)</u>

*Acturial assumptions.* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Price Inflation	2.40 percent
Salary increases	2.65-17.9 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disabled retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL, were based on the results of an actuarial experience study for the period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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%	4.50%
Global Equity	12.00%	4.80%
Fixed Income	20.00%	-0.25%
Real Estate	10.00%	3.75%
Private Equity	8.00%	6.00%
Cash	<u>1.00%</u>	-1.00%
Total	<u>100.00%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.55 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, 2021**

**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 7.55 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 (6.55%) or one percentage point higher (8.55%) than the current rate:

	1% Decrease <u>(6.55%)</u>	Current Discount Rate <u>(7.55%)</u>	1% Increase <u>(8.55%)</u>
City's proportionate share of the net pension liability	\$ 11,758,366	\$ 8,302,615	\$ 5,454,694

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 2021 PERS Comprehensive Annual Report on the PERS website, [www.pers.ms.gov](http://www.pers.ms.gov) for collective calculations and note disclosures. The City's portion of the plan's net position has been determined on the same basis used by the plan.

**Changes of Assumptions**

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2021 there were the following changes of assumptions.

- A. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 95% of male rates up to 60, 110% for ages 61 to 75, and 101% for ages above 77; (2) for females, 84% of female rates up to age 72, and 100% for ages above 76; (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- B. In 2021 the expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: (1) for males, 134% of male rates at all ages; (2) for females, 121% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Changes of Assumptions - continued**

- C. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: (1) for males, 97% of male rates at all ages; (2) for females, 110% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- D. The price inflation assumption was reduced from 2.75% to 2.40%.
- E. The wage inflation assumption was reduced from 3.00% to 2.65%
- F. The investment rate of return assumption was changed from 7.75% to 7.55%.
- G. The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- H. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- I. The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- J. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

**Payables to the Pension Plan**

At September 30, 2021, the City reported a payable of \$7,546 for the outstanding amount of contributions to the pension plan for the required amount due for the error in the April 2021 retirement report.

**Section 125 Cafeteria Reduction Plan**

Section 125 Cafeteria reduction plan expense for employees included in the accompanying financial statements totaled \$128,246.

**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, 2021**

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

General long-term debt balances and transactions for the year ended September 30, 2021 are as follows:

**GOVERNMENTAL ACTIVITIES**

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2020	Additions Changes	Repayments Changes	Ending Balance 9/30/2021	Amounts Due Within One Year
General Obligation Bonds							
General Obligation Public							
Improvement Bonds – Series 2004	12/1/2035	3% to 4.00%	\$ 2,170,000	\$ -	\$ 120,000	\$ 2,050,000	\$ 120,000
Total general obligation bonds			2,170,000	-	120,000	2,050,000	120,000
Plus unamortized premium			104,613	-	12,945	91,668	-
Net general obligation bonds			2,274,613	-	132,945	2,141,668	120,000
Notes from Direct Borrowings and Direct Placements							
BancorpSouth Bank	11/1/2020	2.55%	25,492	-	25,492	-	-
First American National Bank	1/18/2021	2.23%	20,633	-	20,633	-	-
Farmers & Merchants Bank	10/4/2028	3.94%	320,813	-	30,515	290,298	31,717
Central Alabama Training Solutions	6/6/2023	3.00%	14,208	-	4,592	9,616	4,735
Total direct borrowings and direct placements			381,146	-	81,232	299,914	36,452
Net pension liability	---	---	8,525,349	-	1,975,491	6,549,858	-
Compensated absences	---	---	139,187	54,452	-	193,639	23,315
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			<b>\$ 11,320,295</b>	<b>\$ 54,452</b>	<b>\$ 2,189,668</b>	<b>\$ 9,185,079</b>	<b>\$ 179,767</b>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021 are as follows:

Years Ending Sept. 30,	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 120,000	\$ 62,350	\$ 182,350	\$ 36,452	\$ 11,729	\$ 48,181
2023	120,000	58,750	178,750	37,848	10,333	48,181
2024	125,000	55,075	180,075	34,266	8,883	43,149
2025	130,000	50,600	180,600	35,616	7,533	43,149
2026	135,000	50,600	185,600	37,020	6,130	43,150
2027 - 2031	750,000	181,050	931,050	118,712	9,559	128,271
2032 - 2036	670,000	63,450	733,450	-	-	-
Total	<u>\$ 2,050,000</u>	<u>\$ 521,875</u>	<u>\$ 2,571,875</u>	<u>\$ 299,914</u>	<u>\$ 54,167</u>	<u>\$ 354,081</u>

Years Ending Sept. 30,	Total		
	Principal	Interest	Total
2022	\$ 156,452	\$ 74,079	\$ 230,531
2023	157,848	69,083	226,931
2024	159,266	63,958	223,224
2025	165,616	58,133	223,749
2026	172,020	56,730	228,750
2027 - 2031	868,712	190,609	1,059,321
2032 - 2036	670,000	63,450	733,450
Total	<u>\$ 2,349,914</u>	<u>\$ 576,042</u>	<u>\$ 2,925,956</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 a 208,230 volt single phase electric driven open frame compressor, and a fire 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, 2021**

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

**BUSINESS-TYPE ACTIVITIES**

	Final Maturity Date	Interest Rate	Beginning Balance 10/1/2020	Additions Changes	Repayments Changes	Ending Balance 9/30/2021	Amounts Due Within One Year
<u>Combined Water and Sewer System Fund:</u>							
General Obligation Bonds							
General Obligation Utility Bonds,		2.4% -					
Series 2012	9/30/2032	3.40%	\$ 1,390,000	\$ -	\$ 90,000	\$ 1,300,000	\$ 95,000
General Obligation Utility Bonds,		3.00% -					
Series 2019	12/4/2044	4.00%	2,330,000	-	70,000	2,260,000	65,000
Total general obligation bonds			3,720,000	-	160,000	3,560,000	160,000
Plus unamortized premium			45,846	-	3,261	42,585	-
Net general obligation bonds			3,765,846	-	163,261	3,602,585	160,000
<u>Notes from Direct Borrowings and Direct Placements</u>							
Combined Water, Sewer and Solid							
Waste Disposal System Revenue		2.5%-					
Refunding Bonds, Series 2013	8/1/2027	4.00%	3,350,000	-	430,000	2,920,000	445,000
Total notes from direct borrowings and direct placements			3,350,000	-	430,000	2,920,000	445,000
Plus unamortized premium			11,988	-	2,522	9,466	-
Net notes from direct borrowings and direct placements			3,361,988	-	432,522	2,929,466	445,000
Net pension liability			1,185,183	-	298,243	886,940	-
Compensated absences	---	---	32,697	4,788	-	37,485	-
Total combined water and sewer system fund			8,345,714	4,788	894,026	7,456,476	605,000
<u>Gas System Fund</u>							
Net pension liability			1,101,766	-	235,949	865,817	-
Compensated absences	---	---	15,525	10,393	-	25,918	-
Total gas system fund			1,117,291	10,393	235,949	891,735	-
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>			<b>\$ 9,463,005</b>	<b>\$ 15,181</b>	<b>\$ 1,129,975</b>	<b>\$ 8,348,211</b>	<b>\$ 605,000</b>

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**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, 2021 are as follows:

Years Ending Sept. 30	General Obligation Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
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	185,000	82,883	267,883	515,000	42,000	557,000
2027 - 2031	1,040,000	333,840	1,373,840	535,000	21,400	556,400
2032 - 2036	615,000	199,831	814,831	-	-	-
2037 - 2041	540,000	120,322	660,322	-	-	-
2042 - 2046	500,000	31,719	531,719	-	-	-
Total	<u>\$ 3,560,000</u>	<u>\$ 1,151,224</u>	<u>\$ 4,711,224</u>	<u>\$ 2,920,000</u>	<u>\$ 394,057</u>	<u>\$ 3,314,057</u>

Years Ending Sept. 30	Total		
	Principal	Interest	Total
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	700,000	124,883	824,883
2027 - 2031	1,575,000	355,240	1,930,240
2032 - 2036	615,000	199,831	814,831
2037 - 2041	540,000	120,322	660,322
2042 - 2046	500,000	31,719	531,719
Total	<u>\$ 6,480,000</u>	<u>\$ 1,545,281</u>	<u>\$ 8,025,281</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 \$26,292 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, 2021

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

BUSINESS-TYPE ACTIVITIES - continued

The Business-Type general obligation bonds of \$3,560,000 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 \$2,920,000 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 \$2,920,000 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	\$ -	\$ 2,468,722	\$ 2,468,722
Contingency Reserve	48,985	5,000	53,985
Depreciation Reserve	-	5,000	5,000
Customer Deposits	478,490	146,828	625,318
Unemployment	13,855	16,306	30,161
Construction	188,682	943,857	1,132,539
Total	<u>\$ 730,012</u>	<u>\$ 3,585,713</u>	<u>\$ 4,315,725</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, 2021, the revenue bond reserve accounts were sufficient to satisfy such bond ordinance requirements.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE J - INTERFUND TRANSACTIONS**

A summary of interfund receivables and payables at September 30, 2021 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 399,718	\$ 54,663
Nonmajor Funds - Other Governmental Funds	10,475	68,542
Gas System Fund	215,105	-
Combined Water and Sewer System Fund	51,452	553,545
	<u>\$ 676,750</u>	<u>\$ 676,750</u>

The general fund receivable of \$399,178 represents funds due from the combined water and sewer system fund of \$331,176 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 \$54,663 consists of \$51,452 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 \$941 due to the nonmajor funds for revenue collections not transferred at September 30, 2021 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, 2021. The gas system fund receivable of \$215,105 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, 2022.

Transfers between funds during the year were as follows:

	Transfers in	Transfers out
Major Governmental Funds:		
General Fund	\$ 1,428,318	\$ 5,000
Grants Fund	-	-
Total Major Governmental Funds	<u>\$ 1,428,318</u>	<u>\$ 5,000</u>
Major Enterprise Funds		
Gas System Fund	\$ -	\$ 1,495,708
Combined Water and Sewer System Fund	85,975	-
Total Major Enterprise Funds	<u>\$ 85,975</u>	<u>\$ 1,495,708</u>
Nonmajor Governmental Funds	\$ 5,000	\$ -
Nonmajor Enterprise Funds	-	18,585
Total Nonmajor Funds	<u>\$ 5,000</u>	<u>\$ 18,585</u>
Total all funds	<u>\$ 1,519,293</u>	<u>\$ 1,519,293</u>

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE J - INTERFUND TRANSACTIONS - CONTINUED**

The general fund received transfers of \$1,428,318 which included authorized surplus gas system fund transfers of \$1,400,000, and \$28,318 general fund portion of shop expenditures paid by the gas system fund.

The combined water and sewer system fund received transfers of \$85,975 from the gas system fund and waste collection fund. The \$18,585 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 \$52,798 was capital assets transferred from the natural gas system to the water and sewer system. The \$14,592 was water and sewer fund's portion of the shop expenses paid by the natural gas fund.

The nonmajor dare fund received transfers of \$5,000 from the general fund as a result of a shortfall in dare funds to make a payment on police car note.

**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	17,397
Homestead exemption – State of Mississippi	156,242
TVA and other payments in lieu of taxes	169,653
Road tax – Prentiss County	75,203
Solid waste – District	59,640
Advalorem privilege tax – Prentiss County	22,540
Railroad car tax – Prentiss County	12,732
FEMA grant - federal	200,115
MEMA grant - state	35,903
Municipal court fund	<u>3,551</u>
Total General Fund	<u>\$ 789,476</u>

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE K - INTERGOVERNMENTAL REVENUES - CONTINUED**

Nonmajor Governmental Funds

Special Revenue Funds

Fire Protection Fund

Fire Protection – State of Mississippi

\$ 54,859

Modernization Use Tax Fund

Use Tax – State of Mississippi

267,101

Total Nonmajor Governmental Funds

321,960

Total Governmental Funds

\$ 1,111,436

**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, 2021, the City general fund paid rent for office equipment totaling \$6,181. At September 30, 2021, the City general fund was obligated to rent this office equipment during the years ended September 30, as follows: 2022 \$6,118, 2023 \$6,118, 2024 \$6,118, 2025 \$, 2026 \$0, and thereafter \$0.

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

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

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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

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	47.66
Bonded indebtedness	6.26
Other debt	2.66
Shortfall	2.94
	<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 105 - 113. 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, 2021**

**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, 2021:

Gas System	\$ 1,995,224
Combined Water and Sewer System	621,928
Waste Collection System	<u>6,185</u>
 Total	 <u>\$ 2,623,337</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, 2021, the Gas System Fund had extended credit to customers totaling \$96,295 and to others totaling \$4,998. Gas System Fund receivables are secured by customer deposits totaling \$387,816. No other collateral has been obtained.

At September 30, 2021, the Combined Water and Sewer System Fund had extended credit to customers totaling \$326,706 and to others totaling \$2,507. Combined Water and Sewer System Fund receivables are secured by customer deposits totaling \$132,054. No other collateral has been obtained.

At September 30, 2021, the Nonmajor Enterprise Fund had extended credit to customers totaling \$47,309. The Nonmajor Enterprise Fund receivables are not secured.

Gas System Fund accounts payable - operations consist mainly of \$96,116 for natural gas purchases. The Combined Water and Sewer System Fund accounts payable - operations consist mainly of \$19,247 for repairs and supplies. The Nonmajor Enterprise Fund accounts payable - operations consist of \$41,124 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, 2021

**NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES**

Litigation

The City has one open lawsuit claim. The City is covered by insurance of \$500,000 per claim. An estimate of the potential liability cannot be determined; therefore, no potential liability has been accrued. 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, 2022.

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, 2022.

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE Q - COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES - CONTINUED**

Maintenance Contracts - continued

The 500,000 gallon elevated water tank contract requires a monthly payment of \$1,055 until December 15, 2025. 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 \$12,660 for the year ending September 30, 2022.

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 their 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, 2021**

**NOTE R - DONATED SERVICES**

During the year ended September 30, 2021, the following utilities were not charged for:

	<u>Natural Gas</u>	<u>Water and Sewer</u>
City of Booneville	\$ 76,375	\$ 595,221
National Guard Armory	1,749	1,217
Booneville Municipal Separate School System	<u>21,579</u>	<u>-</u>
Total	<u>\$ 99,703</u>	<u>\$ 596,438</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 \$59,640 during the year ended September 30, 2021.

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, 2021

**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 \$13,855 for the Gas System Fund net position and \$16,306 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, 2021. 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 \$3,713,623 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	\$ 1,678,974	\$ 245,362
Other capital assets (net of accumulated depreciation)	8,078,660	15,671,918
Deferred loss on refunding	-	26,292
Unspent bond proceeds	1,075,204	1,291,072
Less matured bonds payable	(4,000)	-
Rounding	3	-
Less bonds and notes payable	<u>(2,441,582)</u>	<u>(6,532,051)</u>
Net investment in capital asset	<u>\$ 8,387,259</u>	<u>\$ 10,702,593</u>

**CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

The governmental activities' unrestricted (deficit) net position amount of (\$3,900,883) 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 \$138,543 resulted from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. The \$689,117 remaining balance of deferred outflow of resources related to pensions at September 30, 2021 will be recognized as an addition to pension expense over the next four years. The \$2,023,875 balance of the deferred inflows of resources related to pensions at September 30, 2021 will be recognized as a reduction in pension expense over the next four years.

The governmental activities' unrestricted (deficit) net position amount of (\$3,900,883) includes the effect of deferred inflows/outflows of resources related to revenue. The \$1,976,710 deferred inflow of resources related to revenues at September 30, 2021 will be recognized as an addition to revenue during the year ending September 31, 2022.

The business type activities' unrestricted net position amount of \$1,994,747 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 \$37,095, resulted from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. The \$168,057 remaining balance of deferred outflow of resources related to pensions at September 30, 2021 will be recognized in pension expense over the next four years. The \$606,582 balance of the deferred inflows of resources related to pensions at September 30, 2021 will be recognized in pension expense over the next four years.

The business type activities' unrestricted net position amount of \$1,994,747 includes the effect of deferred inflows/outflows of resources related to refunding. The \$26,292 deferred outflows of resources pertaining to loss on refunding will be charged to interest expense over the next six 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, 2021**

**NOTE Y - TAX ABATEMENTS - CONTINUED**

For the year ended September 30, 2021, the City abated property taxes totaling \$353,234 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 2012 to 2021 with a total cost or value of \$8,381,413 beginning for the tax rolls as follows: 2012 \$991, 2013 \$2,370, 2014 \$2,738, 2015 \$3,900, 2016 \$5,843, 2017 \$1,312, 2018 \$0, 2019 \$25,024, 2020 \$5,785, and 2021 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$47,963.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$11,836,380 beginning for the tax rolls as follows: 2012 \$820, 2013 \$51, 2014 \$4,791, 2015 \$215, 2016 \$4,408, 2017 \$548, 2018 \$1,500, 2019 \$53,724, 2020 \$1,676, and 2021 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$67,733.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$15,561,140 beginning for the tax rolls as follows: 2012 \$1,802, 2013 \$440, 2014 \$5,081, 2015 \$3,967, 2016 \$4,434, 2017 \$19,386, 2018 \$918, 2019 \$10,842, 2020 \$36,996, and 2021 \$5,184. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$89,050.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$16,832,900 beginning for the tax rolls as follows: 2012 \$991, 2013 \$2,370, 2014 \$2,738, 2015 \$39,002, 2016 \$5,843, 2017 \$1,312, 2018 \$0, 2019 \$25,024, 2020 \$5,785, and 2021 \$13,262. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$96,327.

A 100% property tax abatement to a local industry for purchasing equipment and/or adding to facilities placed in service at the facility during 2012 to 2021 with a total cost or value of \$7,324,240 beginning for the tax rolls as follows: 2012 \$411, 2013 \$1,655, 2014 \$5,925, 2015 \$8,609, 2016 \$8,343, 2017 \$3,181, 2018 \$1,112, 2019 \$7,138, 2020 \$5,538 and 2021 \$0. Each of these abatements are effective for 10 years from the beginning date. These abatements reduced this industry's current year taxes by \$41,912.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE Y - TAX ABATEMENTS - CONTINUED**

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, 2021, the City abated property taxes totaling \$2,802 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 2021 to 2022 of \$1,334 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 2021 to 2022 of \$1,468 per year.

**NOTE Z - PRIOR PERIOD ADJUSTMENTS**

**Prior period adjustments for the governmental activities and the general fund**

- 1 During the year ended September 30, 2020, the accounts payable system automatically included certain items in accounts payable based on docket date instead of when the payable was incurred. This resulted in the September 30, 2020 accounts payable being overstated by \$28,315. The City corrected this error by decreasing its beginning governmental activities and general fund accounts payable by \$28,315 and increasing its beginning governmental activities net position by \$28,315 and the general fund fund balance by \$28,315.
- 2 During the year ended September 30, 2020, the City double paid a medical insurance bill. This resulted in the September 30, 2020 prepaid items being understated by \$55,746. The City corrected this error by increasing its beginning governmental activities and general fund prepaid items by \$55,746 and increasing its beginning governmental activities net position by \$55,746 and the general fund fund balance by \$55,746.
- 3 During the year ended September 30, 2020, the City underaccrued a receivable from workers compensation insurance. This resulted in the September 30, 2020 franchise fees and other receivables being understated by \$23,155. The City corrected this error by increasing its beginning governmental activities and general fund franchise tax and other receivables by \$23,155 and increasing its beginning governmental activities net position by \$23,155 and the general fund fund balance by \$23,155.

CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE Z - PRIOR PERIOD ADJUSTMENTS - CONTINUED**

**Prior period adjustments for the governmental activities and the general fund - continued**

- 4 During the year ended September 30, 2020, the City overstated the City's portion of the cash in the tax collector account. This resulted in the September 30, 2020 City's portion of the cash in the tax collector account being overstated by \$33,856. The City corrected this error by decreasing its beginning governmental activities and general fund City's portion of the cash in the tax collector account by \$33,856 and decreasing its beginning governmental activities net position by \$33,856 and the general fund fund balance by \$33,856.



CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE Z - PRIOR PERIOD ADJUSTMENTS - CONTINUED**

**Prior period adjustments for the governmental activities and the general fund - continued**

The following table summarizes the effects of the prior period adjustment in the governmental funds balance sheet as of September 30, 2020.

	General Fund			2019 Public Improvement Capital Project Fund			NonMajor Other Governmental Fund		
	As Previously Reported 9/30/2020	Summary of Changes and Corrections	As Adjusted 9/30/2020	As Previously Reported 9/30/2020	Summary of Changes and Corrections	As Adjusted 9/30/2020	As Previously Reported 9/30/2020	Summary of Changes and Corrections	As Adjusted 9/30/2020
Total Assets	\$ 8,618,721	\$ 45,045	\$ 8,663,766	\$ 2,197,965	\$ -	\$ 2,197,965	\$ 1,365,822	\$ -	\$ 1,365,822
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total Liabilities	444,256	(28,315)	415,941	-	-	-	76,280	-	76,280
Deferred inflows of resources	2,742,751	-	2,742,751	-	-	-	86,341	-	86,341
Fund Balances									
Nonspendable	63,631	-	63,631	-	-	-	-	-	-
Restricted	-	-	-	2,197,965	-	2,197,965	1,121,010	-	1,121,010
Committed	59,657	-	59,657	-	-	-	86,759	-	86,759
Assigned	1,072,900	-	1,072,900	-	-	-	-	-	-
Unrestricted	4,235,526	73,360	4,308,886	-	-	-	(4,568)	-	(4,568)
Total fund balance	\$ 5,431,714	\$ 73,360	\$ 5,505,074	\$ 2,197,965	\$ -	\$ 2,197,965	\$ 1,203,201	\$ -	\$ 1,203,201



CITY OF BOONEVILLE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

**NOTE Z - PRIOR PERIOD ADJUSTMENTS - CONTINUED**

**Prior period adjustments for the governmental activities and the general fund - continued**

	Total Governmental Funds		
	As Previously Reported 9/30/2020	Summary of Changes and Corrections	As Adjusted 9/30/2020
Total Assets	\$ 12,182,508	\$ 45,045	\$ 12,227,553
Deferred outflows of resources	-	-	-
Total Liabilities	520,536	(28,315)	492,221
Deferred inflows of resources	2,829,092	-	2,829,092
Fund Balance			
Nonspendable	63,631	-	63,631
Restricted	3,318,975	-	3,318,975
Committed	146,416	-	146,416
Assigned	1,072,900	-	1,072,900
Unrestricted	4,230,958	73,360	4,304,318
Total net position	\$ 8,832,880	\$ 73,360	\$ 8,906,240

**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, 2021**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.057287%	0.056247%	0.057128%	0.055790%	0.056517%	0.057283%	0.055852%	0.056173%
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	\$ 8,302,615
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	\$ 3,888,126
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%	213.54%
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%	70.44%

\* 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, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 545,329	\$ 551,603	\$ 577,122	\$ 552,509	\$ 580,250	\$ 605,052	\$ 638,426	\$ 676,534
Contributions in relation to the statutorily required contribution	(545,329)	(551,603)	(577,122)	(552,509)	(580,250)	(605,052)	(638,426)	(671,560)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,974
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	\$ 3,888,126
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%	16.14%	17.40%	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, 2021**

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Total	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<b><u>REVENUES</u></b>						
Ad valorem taxes, penalties and interest	\$ 2,101,800	\$ 2,101,800	\$ 2,318,764	\$ 179	\$ 2,318,943	\$ 217,143
Franchise taxes	190,000	190,000	165,757	2,121	167,878	(22,122)
Municipal sales tax	2,120,000	2,120,000	2,287,886	16,427	2,304,313	184,313
Permits, fees, and privilege tax	10,000	10,000	24,118	-	24,118	14,118
Municipal court fines and bond fees	252,500	252,500	284,857	(226)	284,631	32,131
Intergovernmental revenues	402,500	402,500	789,476	200,389	989,865	587,365
Interest income	70,000	70,000	56,379	-	56,379	(13,621)
Charge for services	112,750	112,750	132,223	(1,166)	131,057	18,307
Collection fees	95,000	95,000	120,890	-	120,890	25,890
Administrative fees	105,000	105,000	105,000	-	105,000	-
Donations	-	-	49,450	-	49,450	49,450
Other	-	-	11,766	(97)	11,669	11,669
Total revenues	5,459,550	5,459,550	6,346,566	217,627	6,564,193	1,104,643
<b><u>EXPENDITURES</u></b>						
<b>General Government</b>						
Personnel services	614,000	614,000	567,946	(4,529)	563,417	50,583
Supplies	39,750	39,750	51,014	1,542	52,556	(12,806)
Other services and charges	210,550	210,550	177,515	44,639	222,154	(11,604)
Capital outlay	5,000	5,000	-	-	-	5,000
Total	\$ 869,300	\$ 869,300	\$ 796,475	\$ 41,652	\$ 838,127	\$ 31,173

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, 2021

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<b>EXPENDITURES - continued</b>					
<b>Public Safety - Fire</b>					
Personnel services	\$ 1,529,000	\$ 1,529,000	\$ 1,495,623	\$ 9,919	\$ 23,458
Supplies	41,000	41,000	40,450	1,084	(534)
Other services and charges	66,750	66,750	60,144	(1,766)	8,372
Debt service	-	-	5,032	(5,032)	-
Capital outlay	595,000	595,000	580,889	5,032	9,079
<b>Total</b>	<b>2,231,750</b>	<b>2,231,750</b>	<b>2,182,138</b>	<b>9,237</b>	<b>40,375</b>
<b>Public Safety - Police</b>					
Personnel services	1,439,000	1,439,000	1,414,727	7,496	16,777
Supplies	129,000	129,000	119,771	1,534	7,695
Other services and charges	378,500	378,500	340,484	39,388	(1,373)
Debt service	-	-	10,616	-	(10,616)
Capital outlay	193,575	3,693,575	636,230	-	3,057,345
<b>Total</b>	<b>2,140,075</b>	<b>5,640,075</b>	<b>2,521,828</b>	<b>48,420</b>	<b>3,069,827</b>
<b>Public Property</b>					
Personnel services	141,000	141,000	139,234	(349)	2,115
Supplies	26,000	26,000	19,056	(11)	6,956
Other services and charges	110,900	110,900	136,408	(3,672)	(21,837)
Capital outlay	65,000	65,000	23,550	-	41,450
<b>Total</b>	<b>\$ 342,900</b>	<b>\$ 342,900</b>	<b>\$ 318,248</b>	<b>\$ (4,033)</b>	<b>\$ 28,685</b>

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, 2021**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<b>EXPENDITURES - continued</b>					
<b>Street</b>					
Personnel services	\$ 509,500	\$ 509,500	\$ 494,642	\$ (4,405)	\$ 19,263
Supplies	127,000	127,000	188,824	(2,087)	(59,737)
Other services and charges	241,000	241,000	259,116	(21,932)	3,816
Debt service	340,000	340,000	187,800	-	152,200
Capital outlay	226,500	226,500	188,615	-	37,885
<b>Total</b>	<b>1,444,000</b>	<b>1,444,000</b>	<b>1,318,997</b>	<b>(28,424)</b>	<b>153,427</b>
<b>Park Operations</b>					
Personnel services	251,500	251,500	169,493	(1,642)	83,649
Supplies	44,500	44,500	31,228	559	12,713
Other services and charges	23,500	23,500	25,048	125	(1,673)
<b>Total</b>	<b>319,500</b>	<b>319,500</b>	<b>225,769</b>	<b>(958)</b>	<b>94,689</b>
<b>Park Maintenance</b>					
Personnel services	365,000	365,000	251,145	(6,520)	120,375
Supplies	74,000	74,000	58,596	3,748	11,656
Other services and charges	57,500	57,500	52,188	(39)	5,351
Capital outlay	93,000	93,000	782,006	-	(689,006)
<b>Total</b>	<b>\$ 589,500</b>	<b>\$ 589,500</b>	<b>\$ 1,143,935</b>	<b>\$ (2,811)</b>	<b>\$ (551,624)</b>

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, 2021**

	<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>	
<b><u>EXPENDITURES - continued</u></b>					
<b>Tourism</b>					
Personnel services	\$ 76,000	\$ 76,000	\$ 69,551	\$ (3,495)	\$ 9,944
Supplies	2,000	2,000	2,237	(100)	(137)
Other services and charges	5,000	5,000	1,418	-	3,582
Capital outlay	3,000	3,000	2,034	-	966
<b>Total</b>	<b>86,000</b>	<b>86,000</b>	<b>75,240</b>	<b>(3,595)</b>	<b>14,355</b>
<b>Economic Development</b>					
Other services and charges	-	-	49,093	(45,061)	(4,032)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>49,093</b>	<b>(45,061)</b>	<b>(4,032)</b>
<b>Total expenditures</b>	<b>8,023,025</b>	<b>11,523,025</b>	<b>8,631,723</b>	<b>14,427</b>	<b>2,876,875</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>\$ (2,563,475)</b>	<b>\$ (6,063,475)</b>	<b>\$ (2,285,157)</b>	<b>\$ 203,200</b>	<b>\$ 3,981,518</b>

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, 2021**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds from other loans	\$ -	\$ 3,500,000	\$ -	\$ -	\$ (3,500,000)
Non-revenue receipts	-	-	33,119	-	33,119
Operating transfers in	1,520,000	1,520,000	1,428,318	(28,318)	(120,000)
Operating transfers out	-	-	(5,000)	-	(5,000)
Total other financing sources (uses)	1,520,000	5,020,000	1,456,437	(28,318)	(3,591,881)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses	(1,043,475)	(1,043,475)	(828,720)	174,882	389,637
Fund balances - beginning of year	5,505,074	5,505,074	5,505,074	-	-
Fund balances - end of year	\$ 4,461,599	\$ 4,461,599	\$ 4,676,354	\$ 174,882	\$ 389,637

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, 2021**

**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 2021 the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 95% of male rates up to 60, 110% for ages 61 to 75, and 101% for ages above 77; (2) for females, 84% of female rates up to age 72, and 100% for ages above 76; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- In 2021 the expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: (1) for males, 134% of male rates at all ages; (2) for females, 121% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- In 2021 the expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: (1) for males, 97% of male rates at all ages; (2) for females, 110% of female rates at all ages; and (3) projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- In 2021 the price inflation assumption was reduced from 2.75% to 2.4%.
- In 2021 the wage inflation assumption was reduced from 3.00% to 2.65%
- In 2021 the investment rate of return assumption was changed from 7.75% to 7.55%.
- In 2021 the assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- In 2021 withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- In 2021 the percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- In 2021 the percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2021**

**NOTE 1 - PENSION SCHEDULES - CONTINUED**

**B. *Changes in assumptions:* - continued**

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 expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: (1) for males, 137% of male rates at all ages; (2) for females, 115% of female rates at all ages; 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 reflect actual experience more closely.

In 2019, the percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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 reflect actual experience more closely; and (4) the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

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

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 reflect actual experience more closely; (4) the assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely; 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.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2021**

**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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**E.** *Contribution deficiency.* The April 2021 Public Employee Retirement System of Mississippi report was computed using the February 2021 payroll in error. This resulted in an underpayment of the required contributions by \$4,974. The City filed a corrected report subsequent to September 30, 2021 that corrected this error.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2021**

**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.

**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).

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended September 30, 2021**

**NOTE 2 - BUDGETARY INFORMATION - CONTINUED**

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

<b>Revenues</b>		<u>General Fund</u>
Deferred revenues		\$ (430,967)
Receivables		648,820
Payables		<u>(226)</u>
Total		<u>217,627</u>
<b>Expenditures</b>		
Accounts payable paid after 30 days		34,993
Prepaid expenses		13,786
Vacation accrual paid after 30 days		(6,034)
Reclassification of \$14,427 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>(28,318)</u>
Total		<u>14,427</u>
<b>Other Financing Sources (Uses)</b>		
Internal Service Fund expenses budgeted on Gas System Fund included in transfers on actual		<u>(28,318)</u>
Total		<u>(28,318)</u>
<b>Net difference in budgetary basis and actual</b>		<u>\$ 174,882</u>

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheets**  
**September 30, 2021**

ASSETS	Fire Protection	Grants	Tourism	Drug Abuse Resistance Education	Home Loan Program	Modernization Use Tax	Fire Code	Technology	Rubbish	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 36,250	\$ 157,720	\$ 693,593	\$ 12,010	\$ -	\$ 275,609	\$ 1,485	\$ 32,866	\$ 192,648	\$ -	\$ 1,402,181
Due from other funds	-	-	2,270	740	-	-	-	201	7,264	-	10,475
Due from other governments	54,859	-	84,489	-	-	64,941	1,525	-	-	-	205,814
Notes receivable - long-term net of allowance for uncollectibles see Note E	-	-	-	-	-	-	-	-	-	-	-
Total assets and other debits	\$ 91,109	\$ 157,720	\$ 780,352	\$ 12,750	\$ -	\$ 340,550	\$ 3,010	\$ 33,067	\$ 199,912	\$ -	\$ 1,618,470
<b>LIABILITIES</b>											
Due to other funds	-	68,542	-	-	-	-	-	-	-	-	68,542
Matured interest payable	-	-	-	-	-	-	-	-	-	568	568
Matured revenue bonds payable	-	-	-	-	-	-	-	-	-	4,000	4,000
Total liabilities	-	68,542	-	-	-	-	-	-	-	4,568	73,110
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue	-	-	-	-	-	64,941	1,525	-	-	-	66,466
Total deferred inflows of resources	-	-	-	-	-	64,941	1,525	-	-	-	66,466
<b>FUND BALANCES</b>											
Restricted	91,109	-	780,352	12,750	-	275,609	1,485	33,067	199,912	-	1,394,284
Committed	-	89,178	-	-	-	-	-	-	-	-	89,178
Unassigned	-	-	-	-	-	-	-	-	-	(4,568)	(4,568)
Total fund balance	91,109	89,178	780,352	12,750	-	275,609	1,485	33,067	199,912	(4,568)	1,478,894
Total liabilities and fund balances	\$ 91,109	\$ 157,720	\$ 780,352	\$ 12,750	\$ -	\$ 340,550	\$ 3,010	\$ 33,067	\$ 199,912	\$ -	\$ 1,618,470

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2021**

	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
<b>REVENUES</b>											
Municipal sales tax	\$ -	\$ -	\$ 478,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,256
Municipal court fines and bond fees	-	-	-	14,638	-	-	-	4,722	-	-	19,360
Intergovernmental revenues	54,859	-	-	-	-	267,101	-	-	-	-	321,960
Interest income	575	2,455	11,493	51	-	2,124	19	472	2,449	-	19,638
Charge for services	-	-	-	-	-	-	-	-	65,486	-	65,486
Total revenues	55,434	2,455	489,749	14,689	-	269,225	19	5,194	67,935	-	904,700
<b>EXPENDITURES</b>											
<b>Current</b>											
Public safety	-	36	-	-	-	-	-	-	-	-	36
Tourism	-	-	56,714	-	-	-	-	-	-	-	56,714
Capital outlay	-	-	418,288	-	-	79,080	-	-	-	-	497,368
<b>Debt Service</b>											
Principal retirement - general obligation	30,515	-	-	10,317	-	-	-	-	25,492	-	66,324
Interest and paying agent	12,634	-	-	255	-	-	-	-	675	-	13,564
Total expenditures	43,149	36	475,002	10,572	-	79,080	-	-	26,167	-	634,006
Excess (deficit) of revenues over (under) expenditures	\$ 12,285	\$ 2,419	\$ 14,747	\$ 4,117	\$ -	\$ 190,145	\$ 19	\$ 5,194	\$ 41,768	\$ -	\$ 270,694

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the fiscal year ended September 30, 2021**

	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
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating transfers in	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Total other financing sources (uses)	-	-	-	5,000	-	-	-	-	-	-	5,000
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	12,285	2,419	14,747	9,117	-	190,145	19	5,194	41,768	-	275,694
Fund balance - beginning of year	78,824	86,759	765,605	3,633	-	85,464	1,466	27,873	158,144	(4,568)	1,203,200
Fund balance - end of year	\$ 91,109	\$ 89,178	\$ 780,352	\$ 12,750	\$ -	\$ 275,609	\$ 1,485	\$ 33,067	\$ 199,912	\$ (4,568)	\$ 1,478,894



**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees**  
**September 30, 2021**

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Insurance Company</u>	<u>Expiration Date</u>
Chris Lindley	Mayor	\$ 100,000	St Paul	7/3/2022
Lavaile Shields	Aldersperson	100,000	St Paul	7/3/2022
Tara Lauderdale	Aldersperson	100,000	St Paul	7/3/2022
Jimmy Hicks	Aldersperson	100,000	St Paul	7/3/2022
Carolyn Miller	Aldersperson	100,000	St Paul	7/3/2022
Jeff Williams	Aldersperson	100,000	St Paul	7/3/2022
Sharon Williams	City Clerk	100,000	Brierfield Ins. Co.	2/2/2022
Molly Wimbish	Deputy City Clerk	50,000	Travelers Casualty	8/24/2022
Michael Ramey	Police Chief	100,000	Travelers Casualty	7/8/2022
Curtis Featherstone	Department Head	50,000	Brierfield Ins. Co.	3/10/2022
John Hill	Department Head	50,000	Brierfield Ins. Co.	3/10/2022
Candrice Williams	Deputy Court Clerk	50,000	Travelers Casualty	2/2/2022
Kelsy Gillentine	Deputy Court Clerk	50,000	Travelers Casualty	2/2/2022
Lisa Stennett	Administrative Assistant	50,000	Brierfield Ins. Co.	3/10/2022
Tim Holloway	Park Maintenance Director	50,000	Brierfield Ins. Co.	3/10/2022
Jerome Jones	Dispatch	50,000	Brierfield Ins. Co.	3/10/2022
Lacey Hill	Gas and Water Clerk	50,000	Brierfield Ins. Co.	3/10/2022
Kimberly Godwin	Gas and Water Clerk	50,000	Travelers Casualty	8/5/2022
Michael Cain	Customer Service	50,000	Brierfield Ins. Co.	3/10/2022
Charles Sanders	Building Inspector	50,000	Brierfield Ins. Co.	3/10/2022
Gary Coats	Assistant Building Inspector	50,000	Travelers Casualty	3/16/2022
Robbie Lambert	Court Clerk	50,000	Brierfield Ins. Co.	3/10/2022
Jacquelin Rowan	Gas and Water Clerk	50,000	Brierfield Ins. Co.	3/10/2022
Hannah Gibbs	Gas and Water Clerk	50,000	Brierfield Ins. Co.	3/10/2022
Lori Tucker	Tourism Department Head	50,000	Brierfield Ins. Co.	3/10/2022
Christy Horn	Gas and Water Clerk	50,000	Travelers Casualty	12/20/2021
Merideth Starkey	Clerk	50,000	Travelers Casualty	8/22/2022
Lindsey Hodges	Tax Clerk	50,000	Travelers Casualty	2/21/2022
Daniel Walker	Gas and Water Clerk	50,000	Travelers Casualty	1/9/2022
Angela Armstrong	Mayor Secretary	50,000	Brierfield Ins. Co.	3/10/2022
Sarah Caveness	Gas and Water Clerk	50,000	Brierfield Ins. Co.	3/10/2022

**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 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 30, 2022.

**Report on 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 designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Booneville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Booneville, Mississippi's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006 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 2021-007, 2021-008, and 2021-009 to be significant deficiencies.

### **Report on 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 2021-010, 2021-011, 2021-012, 2021-013 and 2021-014.

We noted certain other matters that we reported to management of City of Booneville, Mississippi, in a separate letter dated September 30, 2022.

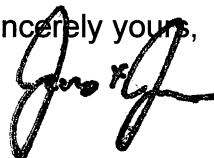
### **City of Booneville, Mississippi's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City of Booneville, Mississippi's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Booneville, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

Sincerely yours,



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

September 30, 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, 2021, which collectively comprise the City of Booneville, Mississippi's basic financial statements and have issued our report thereon dated September 30, 2022.

**Report on 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 2021-010, 2021-011, 2021-012, 2021-013 and 2020-014.

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**

Government Auditing Standards requires the auditor to perform limited procedures on the 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 a horizontal line.

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

September 30, 2022

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT**

**MATERIAL WEAKNESSES**

2021-001. 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 receipts 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.

2021-002. Property Tax

Condition: The City has funds in the tax collector account and the tax redemption account that has not been settled. The City is not enforcing collections of personal property taxes.

Criteria: Controls should be in place to settle tax collections monthly.

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

Effect: At September 30, 2021, the tax collector bank account had reconciled funds on deposit of \$312,915 and disbursed only \$204,861 in October 2021 a difference of \$108,054. At September 30, 2021 the tax redemption bank account had reconciled funds on deposit of \$23,949 and disbursed only \$9,392 in October 2021 a difference of \$14,557.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**MATERIAL WEAKNESSES – CONTINUED**

2021-002. Property Tax - continued

Effect: continued

At September 30, 2021, the City had outstanding personal property 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, \$4,696 from the 2018 year, \$10,857 from the 2019 year and \$4,880 from the 2020 year.

Cause: The tax collector and the tax redemption bank accounts were 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 checks disbursed from the tax collector and the tax redemption bank accounts 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

2021-003. 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.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**MATERIAL WEAKNESSES – CONTINUED**

2021-003. Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation - continued

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.

2021-004. 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, 2021.

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.

2021-005. 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.



**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**MATERIAL WEAKNESSES – CONTINUED**

2021-005.        Material Reclassification of General Ledger Entries Were Required - continued

Cause: The new bookkeeper did not realize that transactions were being recorded incorrectly until she was informed after the September 30, 2020 audit.

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

Response: We feel that there will be significant improvement in the financial records for the year ending September 30, 2022.

2021-006.        Utility Department Collections

Condition: The City has funds in the utility department collection bank account that have not been settled. The City was depositing meter deposit collections into the accounts payable bank account instead of the utility department collection bank account.

Criteria: Controls should be in place to settle collections monthly and deposit funds collected to the correct bank account.

Effect: At September 30, 2021, the utility department collection bank account had reconciled funds on deposit of \$694,586 and disbursed only \$415,284 in October 2021, a difference of \$279,302. All meter deposit confiscations were deposited into the accounts payable account making the utility department bank account deposits appear short.

Cause: The utility department bank account was being reconciled monthly, but the remaining amount in the account was not being considered. The City did not realize that the check generated to the City as part of the meter deposit refunds were City utility collections.

Recommendation: The City should install controls to compare the checks disbursed from the utility department collection bank accounts to the balance in the utility department collection bank account and investigate when differences occur. The meter deposit confiscations should be deposited into the utility department collection fund.

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, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**SIGNIFICANT DEFICIENCIES**

2021-007. Home Loan Notes Receivable

Condition: The City has not obtained documentation from 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.

2021-008. Unaccounted for Natural Gas

Condition: Unaccounted for natural gas per City records was 9.59%.

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 410,289 MCF compared to 453,833 MCF purchased. The difference of MCF (9.59%) cost the City approximately \$203,416 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, 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT - CONTINUED**

**SIGNIFICANT DEFICIENCIES**

2021-008. Unaccounted for Natural Gas - continued

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

2021-009. Violation of Laws and Regulations

Condition: As discussed in finding numbers 2021-010 and 2021-014 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 2021-010 and 2021-014.

Cause: See cause in finding numbers 2021-010 and 2021-014.

Recommendation: See recommendation in finding numbers 2021-010 and 2021-014. Controls should be put in place to prevent noncompliance.

Response: We will install procedures to prevent noncompliance.

**COMPLIANCE AND OTHER MATTERS AND COMPLIANCE WITH STATE LAWS AND REGULATIONS**

2021-010. 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 supplies	\$ 12,806
General Fund – general government other services and charges	11,604
General Fund – public safety – fire – supplies	534
General Fund – public safety – police – other services and charges	1,373
General Fund – public safety – police – debt service	10,616
General Fund – public property – other services and charges	21,837
General Fund – street – supplies	59,737

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

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

2021-010. Budget - continued

Effect: - continued

General Fund – park operations – other services and charges	\$ 1,673
General Fund – tourism – supplies	137
General Fund – transfers out	5,000
Tourism Fund – other services and charges	56714
Gas System Fund – other services and charges	1,174,822
Water and Sewer System – debt service	71,385
Waste Collection Fund – other services and charges	68,496
Grant Fund – supplies	36

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. No amendments were made at year end.

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.

2021-11. Purchasing Laws Not Followed

Condition: The City hired a contractor to replace the City Hall steps at a cost of \$23,550 without providing proof of two written quotes.

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: The Board of Alderperson's minutes reflect the acceptance even though only one quote was obtained.

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

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

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

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

2021-12. School Tax Collection Fee not Withheld.

Condition: The City did not withhold the 5% school tax collection fee from a \$300,000 payment made to the Booneville, Mississippi Separate School District.

Criteria: State law allows the City to charge up to a 5% collection fee for collecting school ad valorem taxes.

Effect: The City failed to withhold \$15,000 collection fees from a \$300,000 payment to the School.

Cause: This was a settlement of taxes previously collected but not disbursed timely and the 5% collection fee was not considered.

Recommendation: We recommend the City board of alderpersons through its attorney determine if collections should be pursued or forgiven.

Response: We will meet with the Board of Alderpersons and our attorney and determine our course of action to be taken.

2021-13. Deficit Budget was Adopted.

Condition: The City adopted a September 30, 2021 budget for its DARE fund showing beginning budgeted cash and revenue of \$8,000 and budgeted expenditures of \$13,175 leaving a September 30, 2021 deficit cash balance of \$5,175.

Criteria: State law does not allow cities to adopt a deficit budget.

Effect: The General Fund had to transfer \$5,000 to the DARE fund to cover the deficit.

Cause: This was an oversight.

Recommendation: We recommend the City not adopt a deficit budget.

Response: This was an oversight and will not occur again.

2021-14. Ad Valorem Tax Exemption not Properly Completed.

Condition: The City has been giving an industry ad valorem tax exemption based on the County tax roll. The City board of alderperson minutes and State of Mississippi records do not indicate the industry applied to the City for ad valorem tax exemption. Apparently the industry only applied to Prentiss County, Mississippi for exemption.

The City's Board of Alderperson's minutes reflected that ad valorem tax exemption was approved for three industries, but the State of Mississippi approval could not be located.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the fiscal year ended September 30, 2021**

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

2021-14. Ad Valorem Tax Exemption not Properly Completed – continued.

Criteria: State law requires industries to make an application for ad valorem tax exemption to the City. The City then approves the application and submits all paperwork to the State of Mississippi. When the State has approved the application, the City Board of Alderpersons approves the final ad valorem tax exemption.

Effect: One industry was given ad valorem tax exemption during the year ended September 30, 2021 and the three industries will be given ad valorem tax exemption in the year ending September 30, 2022 when no approval had been obtained from the State of Mississippi.

Cause: The paperwork was never sent to the State of Mississippi for approval for three industries and one industry never applied to the City for exemption from ad valorem taxes.

Recommendation: The City should consult with its attorney and determine the proper course of action to be taken.

Response: We will consult with our attorney and follow his recommendations.

**CITY OF BOONEVILLE, MISSISSIPPI**  
**Results of Prior Year Findings**  
**For the fiscal year ended September 30, 2021**

**Financial Statement Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2020-001	Segregation of Duties (original finding 2011-001).	Repeated - see current year finding 2021-001.
2020-002	Property Tax Collection (original finding 2011-002).	Repeated - see current year finding 2021-002.
2020-003	Outsourcing Financial Statements and Related Notes, and Supplementary Information Preparation (original finding 2011-003).	Repeated - see current year finding 2021-003.
2020-004	Police Fine Collection Efforts (original finding 2012-005).	Repeated - see current year finding 2021-004.
2020-005	Material Reclassification of General Ledger Entries Were Required (Original finding 2020-005)	Repeated - see current year finding 2021-005.
2020-006	Violation of Laws and Regulations (original finding 2011-004).	Repeated - see current year finding 2021-009.
2020-007	Home Loan Notes Receivable (original finding 2011-006).	Repeated - see current year finding 2021-007.
2020.008	Unaccounted for Natural Gas	Repeated - see current year finding 2021-008.
2020-009	Budget (original finding 2011-012).	Repeated - see current year finding 2021-010.
2020-010	Purchasing Laws not Followed	Repeated - see current year finding 2021-011.

**Federal Award Findings and Questioned Costs**

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