

**CITY OF TUPELO,
MISSISSIPPI**

FINANCIAL STATEMENTS

September 30, 2016

Prepared by:
Franks, Franks, Jarrell & Wilemon, PA
Certified Public Accountants
Tupelo, Mississippi – Fulton, Mississippi

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INDEPENDENT AUDITORS' REPORT

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners
Gary Franks, CPA
Greg Jarrell, CPA
Bryon Wilemon, CPA
Jonathan Hagood, CPA
Rudolph Franks, CPA (emeritus)

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Tupelo, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Tupelo'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northeast Mississippi Regional Water Supply District, which represent approximately 32 percent and 4 percent, respectively of the assets and revenues of the Proprietary Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Northeast Mississippi Regional Water Supply District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

The Electric Department's fiscal year ends on June 30th as required by regulatory bodies. Therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tupelo, Mississippi, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information 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 Tupelo, Mississippi's basic financial statements. The combining and individual fund financial statements and other supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, other supplemental information and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 March 22, 2017 on our consideration of the City of Tupelo, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is 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 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 Tupelo's internal control over financial reporting and compliance.

Franks, Franks, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Tupelo, Mississippi
March 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the year ended September 30, 2016

This section of the City of Tupelo's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2016. Please read it in conjunction with the City of Tupelo financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$251,920,945. This compares to the previous year when assets and deferred outflows exceeded liabilities and deferred inflows by \$248,132,274.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,074,913, a decrease of \$4,519,615 in comparison to the prior year. Approximately 40% of the combined fund balances, \$20,361,489 is considered unassigned and is available for spending at the City's discretion.
- The City's total debt is \$97,943,185. Debt in the amount of \$31,799,199 was issued in the current fiscal year; all of which was used for capital acquisition or capital projects. Debt in the amount of \$20,704,157 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services such as public safety were financed in the short-term as well as what remains for future spending. The City has four Governmental Fund types: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, Solid Waste funds and the Northeast Mississippi Regional Water Supply District.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and are presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the City of Tupelo's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, public works, parks and recreation, debt service, and capital projects	Activities the City operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows / outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets, liabilities, and deferred inflows / outflows—is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base, as well as, economic activities and trends at local and regional levels.
- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's garbage pickup, water and sewer systems and electric department services are included here along with the Northeast Mississippi Water Supply District (a blended component unit).
- *Component Unit* – The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate entity for which the City is financially accountable: Tupelo Airport Authority. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Tupelo Airport Authority issue separately audited financial statements and may be obtained from the City's Budget and Accounting Department.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. The “fund” level is where the basic unit of financial organization and operation within the City of Tupelo exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Tupelo has two types of funds:

- **Governmental funds**—most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in the net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$251,920,945 at the close of the most recent fiscal year. This is a \$3,788,671 increase over last year's net position of \$248,132,274. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2016 and 2015.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 80.5% and 76.4%, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2016 and 2015, respectively. The City uses these capital assets to provide services to citizens; however, 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.

Table A-1

City of Tupelo's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current & Other Assets	\$ 56,660,197	\$ 60,465,337	\$ 32,088,800	\$ 34,865,891	\$ 88,748,997	\$ 95,331,228
Noncurrent Assets	173,367,512	156,608,974	159,007,894	147,899,544	332,375,406	304,508,518
Total Assets	<u>230,027,709</u>	<u>217,074,311</u>	<u>191,096,694</u>	<u>182,765,435</u>	<u>421,124,403</u>	<u>399,839,746</u>
Total Deferred Outflows	<u>7,397,820</u>	<u>6,918,801</u>	<u>1,790,451</u>	<u>1,032,552</u>	<u>9,188,271</u>	<u>7,951,353</u>
Other Liabilities	9,394,906	8,238,197	14,952,204	15,283,309	24,347,110	23,521,506
Noncurrent Liabilities	105,217,793	92,700,650	46,937,272	40,545,761	152,155,065	133,246,411
Total Liabilities	<u>114,612,699</u>	<u>100,938,847</u>	<u>61,889,476</u>	<u>55,829,070</u>	<u>176,502,175</u>	<u>156,767,917</u>
Total Deferred Inflows	<u>1,303,278</u>	<u>2,079,230</u>	<u>586,276</u>	<u>811,678</u>	<u>1,889,554</u>	<u>2,890,908</u>
Net Position:						
Net Investment in						
Capital Assets	107,745,008	97,420,389	95,005,001	92,026,913	202,750,009	189,447,302
Restricted	24,076,994	29,029,725	33,288,372	30,321,639	57,365,366	59,531,364
Unrestricted (Deficit)	<u>(10,312,450)</u>	<u>(5,475,079)</u>	<u>2,118,020</u>	<u>4,808,687</u>	<u>(8,194,430)</u>	<u>(666,392)</u>
Total Net Position	<u>\$ 121,509,552</u>	<u>\$ 120,975,035</u>	<u>\$ 130,411,393</u>	<u>\$ 127,157,239</u>	<u>\$ 251,920,945</u>	<u>\$ 248,132,274</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of our business-type activities is \$2,118,020. These resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position: Approximately 11.0% of the City's total revenues come from property taxes, with 35.6% of all revenue coming from some type of tax. (See Table A-2.) This compares to 11.0% and 34.6% for the fiscal year ended September 30, 2015. Another 57.4% comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the City of Tupelo's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 5,537,126	\$ 5,592,916	\$ 73,490,015	\$ 73,632,391	\$ 79,027,141	\$ 79,225,307
Operating Grants & Contributions	275,665	594,604	-	-	275,665	594,604
Capital Grants & Contributions	3,123,782	3,569,241	3,446,869	3,258,763	6,570,651	6,828,004
General Revenues:						
Property Taxes	15,099,340	14,892,861	-	-	15,099,340	14,892,861
Other Taxes	33,861,584	32,153,370	-	-	33,861,584	32,153,370
Investment Income	347,320	334,223	38,975	22,943	386,295	357,166
Other	2,169,196	1,796,465	259,088	21,150	2,428,284	1,817,615
Total Revenues	60,414,013	58,933,680	77,234,947	76,935,247	137,648,960	135,868,927
Expenses						
General Government	6,036,886	5,555,352	-	-	6,036,886	5,555,352
Public Safety	20,199,113	18,987,834	-	-	20,199,113	18,987,834
Public Works	9,528,988	9,362,147	-	-	9,528,988	9,362,147
Culture & Recreation	10,586,645	8,740,533	-	-	10,586,645	8,740,533
Other Functions	4,501,362	4,396,967	-	-	4,501,362	4,396,967
Capital Projects	2,941,294	790,527	-	-	2,941,294	790,527
Debt Service	2,255,697	1,941,269	-	-	2,255,697	1,941,269
Water & Sewer	-	-	10,097,127	9,630,259	10,097,127	9,630,259
Electric	-	-	55,940,109	56,925,024	55,940,109	56,925,024
Solid Waste Management	-	-	3,197,215	3,210,667	3,197,215	3,210,667
N. MS Reg. Water Supp. Dist.	-	-	3,537,239	3,708,796	3,537,239	3,708,796
Total Expenses	56,049,985	49,774,629	72,771,690	73,474,746	128,821,675	123,249,375
Excess of Revenue Over Exp.	4,364,028	9,159,051	4,463,257	3,460,501	8,827,285	12,619,552
Transfers	(3,829,511)	(4,551,002)	(1,209,103)	(1,238,509)	(5,038,614)	(5,789,511)
Change in Net Position	534,517	4,608,049	3,254,154	2,221,992	3,788,671	6,830,041
Net Position—Beginning	120,975,035	116,366,986	127,157,239	124,935,247	248,132,274	241,302,233
Net Position—Ending	\$121,509,552	\$120,975,035	\$130,411,393	\$127,157,239	\$251,920,945	\$248,132,274

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net position by \$534,517, thereby accounting for 14.1% of the total growth in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax 46%, property taxes 25% and charges for services 9%.

The largest expense categories for the City's governmental activities are public safety 36% and culture and recreation 19%.

Business-type Activities

Business-type activities increased the City's net position by \$3,254,154 accounting for 85.9% of the growth in the City's net position.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$11,408,912 for water and sewer, \$55,689,798 for electric, \$3,303,799 for solid waste management and \$3,087,506 for the Northeast Mississippi Regional Water Supply District.

Financial Analysis of the Government's Funds

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

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

General Fund—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 \$20,361,489, which comprised 90.7% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 73.0% of total fund expenditures. The fund balance of the City's general fund increased by \$522,654 during the current fiscal year.

Debt Service Fund—The debt service fund has a total fund balance of \$15,360,756, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$1,049,821.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$5,502,982.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants or taxes from the federal and state governments. At the end of the current fiscal year, the fund balance was \$7,765,202, which will be used for future expenditures.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$130,411,393. Changes in net position, which totaled \$3,254,154, were as follows: the electric fund increased by \$26,143, the water & sewer fund increased by \$118,622, the solid waste management fund increased by \$107,878 and Northeast Mississippi Regional Water Supply District increased by \$3,001,511.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2015 – 2016 general fund budget increased by \$869,068 and an overall operating budget increase of \$3,260,050.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City anticipates spending \$30,000,000 in capital projects from fiscal years 2018 – 2022. The sources of revenues include federal grants, G.O. bonds, and general fund revenues.

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$303,014,848, net of accumulated depreciation of \$199,044,042. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

City of Tupelo's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 12,261,202	\$ 11,586,188	\$ 1,764,752	\$ 1,764,752	\$ 14,025,954	\$ 13,350,940
Infrastructure	127,832,578	115,757,518	-	-	127,832,578	115,757,518
Plant, Buildings, Improvements	90,746,074	82,601,725	190,643,146	175,111,599	281,389,220	257,713,324
Sanitary & Sewer Lagoons	-	-	6,896,810	6,896,810	6,896,810	6,896,810
Machinery & Equipment	24,296,995	23,486,349	15,644,315	15,545,948	39,941,310	39,032,297
Construction in Progress	20,722,561	18,608,336	11,250,457	14,355,429	31,973,018	32,963,765
Accumulated Depreciation	(104,424,973)	(97,566,444)	(94,619,069)	(90,076,513)	(199,044,042)	(187,642,957)
Total	\$171,434,437	\$154,473,672	\$ 131,580,411	\$123,598,025	\$303,014,848	\$ 278,071,697

Long-term Debt—At year-end, the City had \$97,943,185 in bonds and notes outstanding. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

**CITY OF TUPELO, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table A-4

City of Tupelo's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 54,532,081	\$ 42,988,185	\$ 917,919	\$ 41,815	\$ 55,450,000	\$ 43,030,000
Special Assessment Bonds	130,000	180,000	-	-	130,000	180,000
Special Obligation Bonds	-	10,036,775	-	1,103,225	-	11,140,000
Tax Increment Bonds	505,000	595,000	-	-	505,000	595,000
State Revolving Loans	-	-	869,667	1,021,187	869,667	1,021,187
Notes Payable	6,960,793	2,786,976	34,027,725	28,094,980	40,988,518	30,881,956
Total	\$ 62,127,874	\$ 56,586,936	\$ 35,815,311	\$ 30,261,207	\$ 97,943,185	\$ 86,848,143

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key assumptions for revenue forecasts for fiscal year 2017 are summarized as follows:

1. Sales tax revenues will remain flat.
2. Property tax revenue will increase 7.31% due to a county-wide reappraisal.
3. Interest rates will remain the same until fiscal year 2018.

This contributed to the following projections:

1. Property tax revenue will increase.
2. Millage rates remained the same at 32.47 for the City's 2017 fiscal year budget. This includes an increase from 12.90 to 12.94 mills for the General Fund, 10 mills for the Thoroughfare Fund, a decrease from 1.01 to .97 mills for the Library fund, 1.61 mills for the Fire and Police Retirement Fund, and 6.95 mills for the City Bond and Interest Fund.
3. Personnel cost will increase in fiscal year 2017 due to cost-of-living raises.

**CONTACTING THE CITY OF TUPELO
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Tupelo's Finance Department, P.O. Drawer 1485 Tupelo, MS 38802.

BASIC FINANCIAL STATEMENTS

**CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
ASSETS:				
Current Assets:				
Cash	\$ 34,525,403	\$ 11,589,686	\$ 46,115,089	\$ 258,762
Cash - Restricted	-	2,994,596	2,994,596	86,005
Investments	12,994,871	-	12,994,871	-
General Property Taxes Receivable	657,189	-	657,189	-
Other Receivables	606,437	341,528	947,965	-
Lease Receivable	200,000	-	200,000	-
Accounts Receivable, Net	1,714,546	6,344,204	8,058,750	79,084
Accounts Receivable - Restricted	-	313,769	313,769	2,625
Accrued Interest Receivable - Restricted	-	6,603	6,603	-
Unbilled Revenue	-	1,894,259	1,894,259	-
Due from Other Funds	2,458,824	3,615	2,462,439	-
Due from Other Governmental Units	2,226,600	-	2,226,600	133,901
Due from Other Governmental Units - Restricted	-	790,914	790,914	-
Due from Custodian	-	-	-	446,420
Due from Trustee - Restricted	-	6,580,988	6,580,988	-
Due from Component Units	734,675	-	734,675	-
Inventories	54,442	1,001,145	1,055,587	49,624
Prepaid Expenses	487,210	119,152	606,362	14,408
Other Current Assets	-	108,341	108,341	-
TOTAL CURRENT ASSETS	56,660,197	32,088,800	88,748,997	1,070,829
Noncurrent Assets:				
Cash - Restricted	-	26,878,272	26,878,272	-
Notes Receivable	113,075	496,250	609,325	-
Home Grant Receivable	465,000	-	465,000	-
Other Receivables	-	45,041	45,041	-
Lease Receivable	1,355,000	-	1,355,000	-
Intangible Asset - Goodwill	-	-	-	586,930
Other Assets	-	7,920	7,920	-
Capital Assets:	-	-	-	-
Land	12,261,202	1,764,752	14,025,954	6,099,049
Plant, Buildings and Improvements	90,746,074	190,643,146	281,389,220	47,755,138
Sanitary and Sewer Lagoons	-	6,896,810	6,896,810	-
Machinery and Equipment	24,296,995	15,644,315	39,941,310	1,719,897
Infrastructure	127,832,578	-	127,832,578	-
Construction in Progress	20,722,561	11,250,457	31,973,018	1,560,550
Accumulated Depreciation	(104,424,973)	(94,619,069)	(199,044,042)	(24,703,761)
TOTAL NONCURRENT ASSETS	173,367,512	159,007,894	332,375,406	33,017,803
TOTAL ASSETS	230,027,709	191,096,694	421,124,403	34,088,632
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	7,397,820	1,790,451	9,188,271	132,163
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 7,397,820	\$ 1,790,451	\$ 9,188,271	\$ 132,163

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

-Continued-

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 845,176	\$ 6,467,820	\$ 7,312,996	\$ 411,851
Equity in Pooled Cash Deficit	555	-	555	-
Accrued Expenses	779,281	91,645	870,926	25,405
Accrued Interest Payable	559,021	5,317	564,338	-
Due to Other Funds	235,746	2,636,644	2,872,390	-
Due to Other Governmental Units and Entities	1,178,874	-	1,178,874	485,468
Unearned Revenues	1,165,513	-	1,165,513	23,800
Current Portion of Capital Lease	-	-	-	5,885
Long-Term Debt: Due Within One Year	4,587,072	2,447,712	7,034,784	126,854
Customer and Event Deposits	43,668	3,303,066	3,346,734	-
TOTAL CURRENT LIABILITIES	9,394,906	14,952,204	24,347,110	1,079,263
Noncurrent Liabilities:				
Advances TVA - Home Insulation Loans	-	504,709	504,709	-
Accrued Compensated Absences	941,287	100,317	1,041,604	12,379
Due to Other Funds	-	3,870,833	3,870,833	-
Net Pension Liability	45,733,170	9,004,273	54,737,443	818,460
Long-Term Obligation under Capital Lease	-	-	-	3,433
Long-Term Debt: Due in More Than One Year	58,543,336	33,457,140	92,000,476	702,125
General Obligation Bonds, net of current maturities	-	-	-	-
TOTAL NONCURRENT LIABILITIES	105,217,793	46,937,272	152,155,065	1,536,397
TOTAL LIABILITIES	114,612,699	61,889,476	176,502,175	2,615,660
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	1,303,278	586,276	1,889,554	94,833
TOTAL DEFERRED INFLOWS OF RESOURCES	1,303,278	586,276	1,889,554	94,833
NET POSITION				
Net Investment in Capital Assets	107,745,008	95,005,001	202,750,009	31,404,252
Restricted for:				
Capital Projects	2,086,178	30,225,591	32,311,769	88,630
Debt Service	15,360,756	3,062,781	18,423,537	-
Special Revenue	6,081,308	-	6,081,308	-
Water Reserve	548,752	-	548,752	-
Unrestricted (Deficit)	(10,312,450)	2,118,020	(8,194,430)	17,420
TOTAL NET POSITION	\$ 121,509,552	\$ 130,411,393	\$ 251,920,945	\$ 31,510,302
TOTAL LIABILITIES AND NET POSITION	\$ 236,122,251	\$ 192,300,869	\$ 428,423,120	\$ 34,125,962

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES					Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT Tupelo Airport Authority
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT			
						Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT									
Government Activities:									
General Government	\$ 6,036,886	\$ 592,407	\$ 65,278	\$ -	\$ 657,685	\$ (5,379,201)	\$ -	\$ (5,379,201)	\$ -
Public Safety	20,199,113	1,415,351	190,387	117,497	1,723,235	(18,475,878)	-	(18,475,878)	-
Public Works	9,528,988	-	20,000	-	20,000	(9,508,988)	-	(9,508,988)	-
Culture and Recreation	10,586,645	3,529,368	-	-	3,529,368	(7,057,277)	-	(7,057,277)	-
Other Functions	4,501,362	-	-	-	-	(4,501,362)	-	(4,501,362)	-
Capital Projects	2,941,294	-	-	3,006,285	3,006,285	64,991	-	64,991	-
Debt Service	2,255,697	-	-	-	-	(2,255,697)	-	(2,255,697)	-
TOTAL GOVERNMENTAL ACTIVITIES	56,049,985	5,537,126	275,665	3,123,782	8,936,573	(47,113,412)	-	(47,113,412)	-
Business-Type Activities:									
Water and Sewer	10,097,127	11,408,912	-	8,000	11,416,912	-	1,319,785	1,319,785	-
Electric	55,940,109	55,689,798	-	-	55,689,798	-	(250,311)	(250,311)	-
Northeast MS Regional Water Supply Dist.	3,537,239	3,087,506	-	3,438,869	6,526,375	-	2,989,136	2,989,136	-
Solid Waste Management	3,197,215	3,303,799	-	-	3,303,799	-	106,584	106,584	-
TOTAL BUSINESS-TYPE ACTIVITIES	72,771,690	73,490,015	-	3,446,869	76,936,884	-	4,165,194	4,165,194	-
TOTAL PRIMARY GOVERNMENT	\$ 128,821,675	\$ 79,027,141	\$ 275,665	\$ 6,570,651	\$ 85,873,457	\$ (47,113,412)	\$ 4,165,194	\$ (42,948,218)	\$ -
COMPONENT UNITS									
Tupelo Airport Authority	\$ 3,230,432	\$ 1,787,812	\$ -	\$ 1,649,470	\$ 3,437,282	\$ -	\$ -	\$ -	\$ 206,850
GENERAL REVENUES:									
Taxes:									
Property Taxes, Levied for General Purposes						\$ 5,869,199	\$ -	\$ 5,869,199	\$ -
Property Taxes, Levied for Capital Outlay						4,549,476	-	4,549,476	-
Property Taxes, Levied for Special Revenue						1,191,682	-	1,191,682	-
Property Taxes, Levied for Debt Service						3,488,983	-	3,488,983	-
Sales Taxes						27,980,364	-	27,980,364	-
County Pro Rata Taxes						1,126,793	-	1,126,793	-
Franchise Taxes						371,216	-	371,216	-
In Lieu Taxes						4,132,298	-	4,132,298	-
Gasoline Taxes & Other Taxes						250,913	-	250,913	-
Homestead Reimbursement						520,141	-	520,141	-
Fire Protection Allocation						221,562	-	221,562	-
Investment Earnings						347,320	38,975	386,295	989
Gain (Loss) on Disposal of Assets						(36,117)	258,742	222,625	(19,054)
Miscellaneous						1,463,610	346	1,463,956	21,803
Transfers (to) from Component Units						(3,829,511)	(1,209,103)	(5,038,614)	-
Transfers						-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS						47,647,929	(911,040)	46,736,889	3,738
CHANGE IN NET POSITION						534,517	3,254,154	3,788,671	210,588
NET POSITION--BEGINNING						120,975,035	127,157,239	248,132,274	31,299,714
NET POSITION--ENDING						\$ 121,509,552	\$ 130,411,393	\$ 251,920,945	\$ 31,510,302

See accompanying notes to financial statements.

**CITY OF TUPELO, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

	General Fund	City Bond and Interest Fund	Water G. O. Bonds Fund	City Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Cash	\$ 18,652,635	\$ 1,318,188	\$ 270,144	\$ 3,462,078	\$ 10,822,358	\$ 34,525,403
Investments	-	-	12,950,106	-	44,765	12,994,871
General Property Taxes Receivable	280,908	133,471	-	-	242,810	657,189
Other Receivable	176,226	-	-	61,653	368,558	606,437
Home Grant Receivable	465,000	-	-	-	-	465,000
Notes Receivable	-	-	-	-	113,075	113,075
Due from Other Funds	2,458,824	-	-	-	-	2,458,824
Due from Other Government Units	1,741,005	-	-	150,000	335,595	2,226,600
Due from Component Units	734,675	-	-	-	-	734,675
Prepaid Expenses	447,383	-	-	-	39,827	487,210
Inventories	31,657	-	-	-	22,785	54,442
TOTAL ASSETS	\$ 24,988,313	\$ 1,451,659	\$ 13,220,250	\$ 3,673,731	\$ 11,989,773	\$ 55,323,726
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts Payable	\$ 448,579	\$ 2,000	\$ -	\$ 241,898	\$ 152,699	\$ 845,176
Equity in Pooled Cash Deficit	-	-	-	-	555	555
Accrued Expenses	747,541	-	-	-	31,740	779,281
Due to Other Entities	1,178,874	-	-	-	-	1,178,874
Due to Other Funds	-	-	-	209,260	26,486	235,746
Unearned Revenues	167,346	-	-	902	997,265	1,165,513
Event Deposits	-	-	-	-	43,668	43,668
TOTAL LIABILITIES	2,542,340	2,000	-	452,060	1,252,413	4,248,813
FUND BALANCES:						
Nonspendable						
Prepaid Expenses	447,383	-	-	-	-	447,383
Inventory	31,657	-	-	-	22,785	54,442
Long-Term Receivables	1,056,692	-	-	-	-	1,056,692
Restricted for						
Library	-	-	-	-	50,497	50,497
Tourism Promotion	-	-	-	-	4,206,757	4,206,757
Public Safety Retirement	-	-	-	-	42,983	42,983
Law Enforcement	-	-	-	-	1,781,071	1,781,071
Construction Acquisition of Capital Assets	-	-	-	2,944,602	1,861,653	4,806,255
Public Safety Equipment	-	-	-	-	224,525	224,525
Debt Service	-	1,449,659	13,220,250	-	690,847	15,360,756
Water Reserve	548,752	-	-	-	-	548,752
Committed to						
Rental Rehabilitation	-	-	-	-	118,179	118,179
Fairpark Infrastructure	-	-	-	-	23,148	23,148
Construction Acquisition of Capital Assets	-	-	-	277,069	171,985	449,054
Assigned to						
Coliseum Projects	-	-	-	-	955,138	955,138
Coliseum Operations	-	-	-	-	587,792	587,792
Unassigned	20,361,489	-	-	-	-	20,361,489
TOTAL FUND BALANCES	22,445,973	1,449,659	13,220,250	3,221,671	10,737,360	51,074,913
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,988,313	\$ 1,451,659	\$ 13,220,250	\$ 3,673,731	\$ 11,989,773	\$ 55,323,726

See accompanying notes to financial statements.

**CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
For the year ended September 30, 2016**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 51,074,913
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	171,434,437
Long-term liabilities, including bonds and accrued interest, are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(62,686,895)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(941,287)
Deferred revenues for capital lease receivables deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	1,555,000
Net pension liability are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(45,733,170)
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore are not reported in the Governmental Funds Balance Sheet:	
Deferred outflows of resources related to defined benefit pension plan	7,397,820
Deferred inflows of resources related to defined benefit pension plan	(1,303,278)
Accrual of court fine revenues to qualify as financial resources.	1,714,546
Premium on bonds issued are deferred and amortized on the statement of net position.	<u>(1,002,534)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 121,509,552</u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2016

	General Fund	City Bond and Interest Fund	Water G. O. Bonds Fund	City Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 6,834,839	\$ 3,161,769	\$ -	\$ -	\$ 6,109,364	\$ 16,105,972
Licenses and Permits	963,623	-	-	-	-	963,623
Intergovernmental Revenues	25,487,538	111,333	3,451,098	2,680,763	4,690,383	36,421,115
Charges for Services	691,439	-	-	-	3,057,141	3,748,580
Fines and Forfeitures	1,090,529	-	-	-	104,989	1,195,518
Miscellaneous Revenues	551,519	255,923	1,512	165,489	1,020,345	1,994,788
TOTAL REVENUES	35,619,487	3,529,025	3,452,610	2,846,252	14,982,222	60,429,596
EXPENDITURES:						
Current:						
General Government	4,860,116	-	-	-	-	4,860,116
Public Safety	15,657,763	-	-	-	888,014	16,545,777
Public Works	4,987,957	-	-	-	-	4,987,957
Culture and Recreation	3,897,175	-	-	-	5,188,499	9,085,674
Other Functions	1,086,412	-	-	-	2,758,719	3,845,131
Capital Projects	-	-	-	19,412,743	6,581,176	25,993,919
Debt Service	258,143	17,360,281	673,712	-	1,690,473	19,982,609
TOTAL EXPENDITURES	30,747,566	17,360,281	673,712	19,412,743	17,106,881	85,301,183
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	4,871,921	(13,831,256)	2,778,898	(16,566,491)	(2,124,659)	(24,871,587)
OTHER FINANCING SOURCES (USES)						
Transfers to Other Funds	(4,380,817)	-	-	-	(4,072,036)	(8,452,853)
Transfers from Other Funds	31,550	66,754	-	4,265,697	4,088,852	8,452,853
Transfers to Component Units	-	-	(4,171,193)	-	-	(4,171,193)
Transfers from Component Units	-	-	341,682	-	-	341,682
Bond Premium Received	-	915,257	-	-	-	915,257
Proceeds from Debt Issued	-	12,913,226	-	10,353,000	-	23,266,226
TOTAL OTHER FINANCING SOURCES (USES)	(4,349,267)	13,895,237	(3,829,511)	14,618,697	16,816	20,351,972
NET CHANGE IN FUND BALANCES	522,654	63,981	(1,050,613)	(1,947,794)	(2,107,843)	(4,519,615)
FUND BALANCES - Beginning	21,923,319	1,385,678	14,270,863	5,169,465	12,845,203	55,594,528
FUND BALANCES - Ending	\$ 22,445,973	\$ 1,449,659	\$ 13,220,250	\$ 3,221,671	\$ 10,737,360	\$ 51,074,913

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (4,519,615)
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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	24,166,792
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	209,913
Depreciation expense on capital assets is reported in the statement of activities , but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(7,379,823)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	621
Proceeds for lease of building to nonprofit organization reported as lease income on the governmental funds financial statements.	(190,000)
The amortization of the discount and premium are reported as a reduction to expense on the statement of activities.	94,298
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold.	(36,117)
Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.	(5,276,135)
The change in accrued interest payable is reported as an expense on the statement of activities.	(92,674)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	17,725,288
The proceeds of debt are an other financing source on the governmental funds income statement but are not reported on the statement of activities:	
Proceeds from issuance of bonds and notes payable	(23,266,226)
Premium on issuance of bonds	(915,257)
Decrease in accrual of compensated absences.	<u>13,452</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>534,517</u></u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 6,954,868	\$ 6,954,868	\$ 6,788,523	\$ (166,345)
Licenses and Permits	875,000	926,984	863,689	(63,295)
Intergovernmental Revenues	23,598,000	24,084,779	25,748,685	1,663,906
Charges for Services	703,000	703,000	691,439	(11,561)
Fines and Forfeitures	1,300,000	1,300,000	1,090,529	(209,471)
Miscellaneous Revenues	446,700	512,167	537,799	25,632
TOTAL REVENUES	33,877,568	34,481,798	35,720,664	1,238,866
EXPENDITURES:				
Current:				
General Government	5,025,661	5,093,852	4,860,116	233,736
Public Safety	15,682,639	16,047,683	15,657,763	389,920
Public Works	5,458,227	5,461,477	4,987,957	473,520
Culture and Recreation	4,003,160	4,087,227	3,897,175	190,052
Other Functions	981,428	1,095,106	1,086,412	8,694
Debt Service	259,650	259,650	258,143	1,507
TOTAL EXPENDITURES	31,410,765	32,044,995	30,747,566	1,297,429
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,466,803	2,436,803	4,973,098	2,536,295
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	31,550	31,550	31,550	-
Transfers to Other Funds	(3,113,473)	(4,380,817)	(4,380,817)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,081,923)	(4,349,267)	(4,349,267)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (615,120)	\$ (1,912,464)	\$ 623,831	\$ 2,536,295

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
CITY BOND AND INTEREST FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

	Budget		Actual	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES:				
Taxes:				
General Property Taxes	\$ 3,063,047	\$ 3,063,047	\$ 3,145,471	\$ 82,424
Intergovernmental Revenues:				
State Shared Revenues	104,881	104,881	111,333	6,452
Miscellaneous Revenues:				
Interest	-	-	2,649	2,649
Other	253,274	253,274	253,274	-
TOTAL REVENUES	<u>3,421,202</u>	<u>3,421,202</u>	<u>3,512,727</u>	<u>91,525</u>
EXPENDITURES:				
Debt Service:				
General Obligations:				
Bonds Redeemed	16,076,590	16,076,590	16,076,590	-
Interest	935,960	935,960	884,986	50,974
Paying Agent Fees	25,000	25,000	9,425	15,575
Bond Issuance Costs	389,280	389,280	389,280	-
TOTAL EXPENDITURES	<u>17,426,830</u>	<u>17,426,830</u>	<u>17,360,281</u>	<u>66,549</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,005,628)</u>	<u>(14,005,628)</u>	<u>(13,847,554)</u>	<u>158,074</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Bond Issued	12,913,226	12,913,226	12,913,226	-
Bond Premium Received	915,257	915,257	915,257	-
Transfer from Coliseum Project Fund	-	66,768	66,754	(14)
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,828,483</u>	<u>13,895,251</u>	<u>13,895,237</u>	<u>(14)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (177,145)</u>	<u>\$ (110,377)</u>	<u>\$ 47,683</u>	<u>\$ 158,060</u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
WATER G.O. BONDS FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental Revenues:				
State Shared Revenues	\$ 3,200,000	\$ 3,200,000	\$ 3,451,098	\$ 251,098
Miscellaneous Revenues:				
Interest	-	-	1,512	1,512
TOTAL REVENUES	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,452,610</u>	<u>252,610</u>
EXPENDITURES:				
Debt Service:				
General Obligations:				
Bonds Redeemed	280,000	280,000	280,000	-
Interest	382,693	382,693	382,692	1
Paying Agent Fees	11,020	11,020	11,020	-
TOTAL EXPENDITURES	<u>673,713</u>	<u>673,713</u>	<u>673,712</u>	<u>1</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,526,287</u>	<u>2,526,287</u>	<u>2,778,898</u>	<u>252,611</u>
OTHER FINANCING SOURCES (USES):				
Transfer (to) From Northeast MS Regional Water Supply District to Water G.O. Bonds Fund	<u>(10,914,653)</u>	<u>(10,914,673)</u>	<u>(3,829,511)</u>	<u>7,085,162</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,914,653)</u>	<u>(10,914,673)</u>	<u>(3,829,511)</u>	<u>7,085,162</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (8,388,366)</u>	<u>\$ (8,388,386)</u>	<u>\$ (1,050,613)</u>	<u>\$ 7,337,773</u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
CITY INFRASTRUCTURE FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental Revenues:				
Federal Grants	\$ 4,985,084	\$ 4,904,477	\$ 2,228,111	\$ (2,676,366)
State Grants	250,529	250,529	294,890	44,361
Other Grants	277,836	277,836	37,836	(240,000)
Miscellaneous Revenues:				
Interest	-	-	5,944	5,944
Donations	-	7,481	3,500	(3,981)
Other	-	-	119,411	119,411
TOTAL REVENUES	<u>5,513,449</u>	<u>5,440,323</u>	<u>2,689,692</u>	<u>(2,750,631)</u>
EXPENDITURES:				
Bond Issue Costs	120,000	145,000	143,001	1,999
Other Services and Charges	2,573,165	2,801,296	2,609,901	191,395
Capital Outlay:				
Capital Outlay	<u>24,378,709</u>	<u>23,828,278</u>	<u>16,659,841</u>	<u>7,168,437</u>
TOTAL EXPENDITURES	<u>27,071,874</u>	<u>26,774,574</u>	<u>19,412,743</u>	<u>7,361,831</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,558,425)</u>	<u>(21,334,251)</u>	<u>(16,723,051)</u>	<u>4,611,200</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	14,232,104	14,103,000	10,353,000	(3,750,000)
Transfers from Other Funds	<u>1,833,233</u>	<u>2,083,233</u>	<u>4,265,697</u>	<u>2,182,464</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,065,337</u>	<u>16,186,233</u>	<u>14,618,697</u>	<u>(1,567,536)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (5,493,088)</u>	<u>\$ (5,148,018)</u>	<u>\$ (2,104,354)</u>	<u>\$ 3,043,664</u>

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
ASSETS					
Current Assets - Unrestricted					
Cash	\$ 9,502,845	\$ 1,417,817	\$ 184	\$ 668,840	\$ 11,589,686
Receivables, Net					
Accounts Receivable	6,344,204	-	-	-	6,344,204
Unbilled Revenue	1,661,059	233,200	-	-	1,894,259
Other Receivables	295,882	45,646	-	-	341,528
Due from Other Funds	-	-	-	3,615	3,615
Inventories	903,182	48,214	49,749	-	1,001,145
Prepaid Expenses	57,274	35,624	26,254	-	119,152
Other Current Assets	108,341	-	-	-	108,341
Current Amount of Restricted Assets	-	-	10,686,870	-	10,686,870
Total Current Assets	18,872,787	1,780,501	10,763,057	672,455	32,088,800
Restricted Assets					
Cash	-	-	29,872,868	-	29,872,868
Accounts Receivable	-	-	313,769	-	313,769
Intergovernmental Receivable	-	-	790,914	-	790,914
Due from Trustee	-	-	6,580,988	-	6,580,988
Interest Receivable	-	-	6,603	-	6,603
Total Restricted Assets	-	-	37,565,142	-	37,565,142
Current Amounts Above	-	-	(10,686,870)	-	(10,686,870)
Total Non-Current Restricted Assets	-	-	26,878,272	-	26,878,272
Capital Assets					
Plant and Equipment	52,545,014	116,020,993	37,193,892	527,562	206,287,461
Land and Land Rights	333,013	772,303	659,436	-	1,764,752
Sanitary and Sewer Lagoons	-	6,896,810	-	-	6,896,810
Construction in Progress	1,519,183	4,307,578	5,423,696	-	11,250,457
Total	54,397,210	127,997,684	43,277,024	527,562	226,199,480
Less: Accumulated Depreciation	27,748,332	45,802,626	20,703,155	364,956	94,619,069
Net Fixed Assets	\$ 26,648,878	\$ 82,195,058	\$ 22,573,869	\$ 162,606	\$ 131,580,411

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

**CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES**

September 30, 2016

-Continued-

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Other Assets					
Other Assets	\$ -	\$ 200	\$ 7,720	\$ -	\$ 7,920
Receivable from Customers for Energy Conservation Loans	496,250	-	-	-	496,250
Receivable from CSA	45,041	-	-	-	45,041
Total Other Assets	541,291	200	7,720	-	549,211
Total Assets	46,062,956	83,975,759	60,222,918	835,061	191,096,694
DEFERRED OUTFLOWS OF RESOURCES	1,075,523	600,408	36,669	77,851	1,790,451
LIABILITIES					
CURRENT LIABILITIES					
Payable from Unrestricted					
Current Assets:					
Accounts Payable	4,933,901	570,522	-	200,784	5,705,207
Customer and Other Deposits	2,598,621	704,445	-	-	3,303,066
Accrued Interest	-	4,944	-	373	5,317
Accrued Expenses	88,648	-	-	-	88,648
Due to Other Funds	-	2,482,894	-	-	2,482,894
Total Payable from Unrestricted Current Assets	7,621,170	3,762,805	-	201,157	11,585,132
Payable from Restricted					
Current Assets:					
Due to City of Tupelo Water G.O. Bond Fund	-	-	153,750	-	153,750
Accounts Payable	-	-	92,055	-	92,055
Accrued Payroll and Payroll Taxes	-	-	2,997	-	2,997
Construction / Retainage Payable	-	-	670,558	-	670,558
Bonds, Notes, and Loans Payable	-	2,270,440	156,127	21,145	2,447,712
Total Payable from Restricted Current Assets	-	2,270,440	1,075,487	21,145	3,367,072
Total Current Liabilities	\$ 7,621,170	\$ 6,033,245	\$ 1,075,487	\$ 222,302	\$ 14,952,204

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

-Continued-

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Long-Term Liabilities - Net of Current Maturities					
Net Pension Liability	\$ 4,560,118	\$ 3,784,849	\$ 178,624	\$ 480,682	\$ 9,004,273
Accrued Compensated Absences Due to City of Tupelo	54,374	45,943	-	-	100,317
Water G. O. Bond Fund	-	-	3,870,833	-	3,870,833
Advances from TVA	504,709	-	-	-	504,709
Bonds, Notes, and Loans Payable	-	32,743,600	713,540	-	33,457,140
Total Long-Term Liabilities	5,119,201	36,574,392	4,762,997	480,682	46,937,272
Total Liabilities	12,740,371	42,607,637	5,838,484	702,984	61,889,476
DEFERRED INFLOWS OF RESOURCES	389,293	169,089	15,180	12,714	586,276
Net Position					
Net Investment in Capital Assets	26,648,878	47,181,018	21,033,644	141,461	95,005,001
Restricted for:					
Capital Projects	-	-	27,669,186	-	27,669,186
Operations and Debt Service	-	-	3,062,781	-	3,062,781
Plant Expansion Project	-	-	2,556,405	-	2,556,405
Unrestricted (Deficit)	7,359,937	(5,381,577)	83,907	55,753	2,118,020
Total Net Position	\$ 34,008,815	\$ 41,799,441	\$ 54,405,923	\$ 197,214	\$ 130,411,393

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2016

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
OPERATING REVENUES					
Charges for Services	\$ 54,728,212	\$ 11,207,040	\$ 3,087,506	\$ 3,083,799	\$ 72,106,557
Rents	327,013	132,701	-	-	459,714
Other Revenues	634,573	69,171	-	220,000	923,744
Total Operating Revenues	55,689,798	11,408,912	3,087,506	3,303,799	73,490,015
OPERATING EXPENSES					
General and Administrative	1,028,944	671,192	186,460	-	1,886,596
Power Purchased	47,874,507	-	-	-	47,874,507
Transmission Mains	-	1,007,719	-	-	1,007,719
Water Operations	-	1,472,804	2,222,591	-	3,695,395
Sewer Operations	-	2,819,111	-	-	2,819,111
Electric Operations	549,351	-	-	-	549,351
Sanitation Operations	-	-	-	3,154,387	3,154,387
Customer Accounting and Collecting	597,314	779,553	-	-	1,376,867
Customer Service and Information	44,079	-	-	-	44,079
Maintenance and Repair	800,621	-	-	-	800,621
Sales Expense	42,063	-	-	-	42,063
Taxes and Equivalents	3,313,033	-	-	-	3,313,033
Amortization and Depreciation	1,690,197	2,697,690	1,099,625	18,504	5,506,016
Total Operating Expenses	55,940,109	9,448,069	3,508,676	3,172,891	72,069,745
Net Operating Income	(250,311)	1,960,843	(421,170)	130,908	1,420,270
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	17,712	7,940	12,029	1,294	38,975
Gain on Disposal of Fixed Assets	258,742	-	-	-	258,742
Bad Debts	-	(15,375)	-	(23,626)	(39,001)
Interest Expense	-	(606,154)	(28,563)	(698)	(635,415)
Bond Issuance Cost	-	(27,529)	-	-	(27,529)
Miscellaneous Income	-	-	346	-	346
Total Non-operating Revenues (Expenses)	276,454	(641,118)	(16,188)	(23,030)	(403,882)
Income (Loss) before Operating Transfers	\$ 26,143	\$ 1,319,725	\$ (437,358)	\$ 107,878	\$ 1,016,388

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS

For the year ended September 30, 2016

-Continued-

	Business-Type Activities--Enterprise Funds				Total
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	
OPERATING TRANSFERS IN (OUT)					
Transfer (to) from Northeast MS Regional Water Supply District District for Debt Service	\$ -	\$ (1,209,103)	\$ -	\$ -	\$ (1,209,103)
Total Operating Transfers In (Out)	-	(1,209,103)	-	-	(1,209,103)
Increase (Decrease) in Net Assets Before Capital Contributions	26,143	110,622	(437,358)	107,878	(192,715)
Capital Grants and Contributions	-	8,000	3,438,869	-	3,446,869
Change in Net Position	26,143	118,622	3,001,511	107,878	3,254,154
TOTAL NET POSITION -					
Beginning of Year	33,982,672	41,680,819	51,404,412	89,336	127,157,239
TOTAL NET POSITION -					
End of Year	\$ 34,008,815	\$ 41,799,441	\$ 54,405,923	\$ 197,214	\$ 130,411,393

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2016

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 55,833,540	\$ 11,416,528	\$ 3,073,778	\$ 3,280,173	\$ 73,604,019
Payments to Suppliers	(48,340,267)	(4,913,863)	(2,330,484)	(2,848,943)	(58,433,557)
Payments to Employees	(2,070,760)	(1,405,153)	(72,237)	(250,892)	(3,799,042)
Payments for Other Services and Charges	(3,981,939)	-	-	-	(3,981,939)
Other Receipts (Payments)	42,925	25,674	-	-	68,599
Net Cash Provided by (Used in) Operating Activities	<u>1,483,499</u>	<u>5,123,186</u>	<u>671,057</u>	<u>180,338</u>	<u>7,458,080</u>
Cash Flows from Noncapital Financing Activities:					
Other Receipts	-	-	346	-	346
Due To (From) Municipality	42,288	463,536	-	2,692	508,516
Transfers In (Out)	-	(1,209,103)	-	-	(1,209,103)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>42,288</u>	<u>(745,567)</u>	<u>346</u>	<u>2,692</u>	<u>(700,241)</u>
Cash Flows from Capital and Related Financing Activities:					
Capital Contributions	-	8,000	4,171,488	-	4,179,488
Proceeds from Bonds and Notes Payable	-	8,368,969	-	-	8,368,969
Bond Premium	-	98,495	-	-	98,495
Bond Issue Costs	-	(27,529)	-	-	(27,529)
Payments to State Revolving Loan Fund	-	-	(151,520)	-	(151,520)
Payments for Debt	-	(2,806,978)	(146,250)	(20,670)	(2,973,898)
Purchase of Capital Assets	(1,987,489)	(10,981,651)	(979,692)	(82,694)	(14,031,526)
Cost of Removal of Fixed Assets, Net of Salvage	(95,922)	-	-	-	(95,922)
Other Receipts	258,742	-	-	-	258,742
Conservation Advances from TVA	(113,251)	-	-	-	(113,251)
Interest Paid	-	(457,719)	(28,563)	(708)	(486,990)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(1,937,920)</u>	<u>(5,798,413)</u>	<u>2,865,463</u>	<u>(104,072)</u>	<u>(4,974,942)</u>
Cash Flows from Investing Activities:					
Receivable from Customers for Energy Conservation Loans	97,082	-	-	-	97,082
(Increase) Decrease in Receivable from CSA	(3,460)	-	-	-	(3,460)
Interest and Dividends	17,712	7,940	11,458	1,294	38,404
Net Cash Provided by (Used In) Investing Activities	<u>111,334</u>	<u>7,940</u>	<u>11,458</u>	<u>1,294</u>	<u>132,026</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(300,799)</u>	<u>(1,412,854)</u>	<u>3,548,324</u>	<u>80,252</u>	<u>1,914,923</u>
Cash and Cash Equivalents--Beginning	<u>9,803,644</u>	<u>2,830,671</u>	<u>26,324,728</u>	<u>588,588</u>	<u>39,547,631</u>
Cash and Cash Equivalents--Ending	<u>\$ 9,502,845</u>	<u>\$ 1,417,817</u>	<u>\$ 29,873,052</u>	<u>\$ 668,840</u>	<u>\$ 41,462,554</u>

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2016

	Business-Type Activities--Enterprise Funds				Total
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (250,311)	\$ 1,960,843	\$ (421,170)	\$ 130,908	\$ 1,420,270
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	1,690,197	2,697,690	1,099,625	18,504	5,506,016
Net Pension Expense	129,775	402,388	8,381	35,439	575,983
Provision for Uncollectible Accounts	(1,740)	(15,375)	-	(23,626)	(40,741)
Decrease (Increase) in Assets:					
Accounts Receivable	207,124	-	(13,728)	-	193,396
Unbilled Revenue	23,993	21,326	-	-	45,319
Other Receivables	(17,407)	1,665	-	-	(15,742)
Inventory	44,682	6,777	2,648	-	54,107
Prepaid Expenses	(5,884)	(25,750)	(677)	-	(32,311)
Other Current Assets	(25,303)	-	(5,427)	-	(30,730)
Increase (Decrease) in Liabilities:					
Accounts Payable	(235,281)	17,276	1,219	19,113	(197,673)
Customer and Other Deposits	(196,727)	51,424	-	-	(145,303)
Accrued Expenses	120,381	4,922	186	-	125,489
Total Adjustments	<u>1,733,810</u>	<u>3,162,343</u>	<u>1,092,227</u>	<u>49,430</u>	<u>6,037,810</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,483,499</u>	<u>\$ 5,123,186</u>	<u>\$ 671,057</u>	<u>\$ 180,338</u>	<u>\$ 7,458,080</u>

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2016.

See accompanying notes to financial statements.

**CITY OF TUPELO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2016**

	Agency Funds
ASSETS	
Cash	\$ 1,494,584
Investments	<u>500</u>
TOTAL ASSETS	\$ <u>1,495,084</u>
LIABILITIES	
Accounts Payable	\$ 101,271
Due to Other Funds	8,824
Due to Complainants	6,965
Due to Arts Committee	735
Due to Employees	2,076
Due to Insured Employees	1,243,811
Seized Money Held	<u>131,402</u>
TOTAL LIABILITIES	\$ <u>1,495,084</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), public services (streets and sanitation), recreation, economic development, utilities (electricity, water and sewer), community services, urban redevelopment and housing, public improvements, planning and zoning, and general administrative services.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accounting policies of the City of Tupelo conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Types

Governmental Funds

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Debt Service Funds – Debt Service Funds were established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. These are non-major governmental funds except for the Water G. O. Bonds fund and the City Bond and Interest Fund, which are considered major.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Projects Funds – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. These are non-major governmental funds except for the City Infrastructure Fund, which is considered major.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. These are non-major governmental funds.

Proprietary Funds

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 for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Tupelo.

Combined Water and Sewer Fund – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Tupelo.

Solid Waste Management Fund – This fund is used to account for the cost of providing solid waste services to the City.

Northeast Mississippi Regional Water Supply District Fund (Water District) – This fund is used to account for the activities of the water supply district as a blended component unit.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Component Units

As required by generally accepted accounting principles, these financial statements present the primary city government and its component units, entities over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary city government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the city government.

Component units of the City, except the Tupelo Public Improvement Corporation, issue separately audited financial statements. Separate financial statements for the Water District and the Airport Authority may be obtained from the City's Budget and Accounting Department.

**Blended Component
Unit Presented
with the Primary
Government**

**Description of Activities and
Relationship to the City**

Presented As

Tupelo Public Improvement Corporation	This corporation accounts for most of the construction for the coliseum. Certificates of Participation were issued to finance this project with a pay-back period of twenty years.	Debt Service Fund
---------------------------------------	--	-------------------

Component units are reported in the City's general purpose financial statements as shown in the following table:

Northeast Mississippi Regional Water Supply District (Water District)	This entity constructs and operates facilities to supply an alternative source of water to Tupelo, Lee County and adjoining areas. The Water District is governed by a Board of Commissioners consisting of eleven (11) members: five (5) appointed by Lee County, Mississippi, five (5) appointed by the City of Tupelo, and one (1) by a consensus of the two governments.	Enterprise Fund
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The Water District is reported as a component unit by the City of Tupelo under the fiscal dependency criterion. The Water District cannot, in substance, issue bonded debt because any bonded debt would be junior and subordinate to City of Tupelo Bonds issued for the project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

<u>Discretely Presented Component Unit</u>	<u>Description of Activities and Relationship to the City</u>
Tupelo Airport Authority (Airport Authority)	<p>They plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate and protect the Airport and Air Navigation facilities. They also develop and operate an industrial park.</p> <p>The City appoints all members of the governing board and provides a material subsidy primarily for capital improvements.</p>

The general purpose financial statements do not include funds of the Tupelo Public School District because the City does not have financial accountability for the school district.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred inflows and deferred outflows, represent a consumption of net position that applies to future periods (deferred outflows) or an acquisition of net position that applies to future periods (deferred inflows). The City has deferred outflows and inflows related to pensions. See Note 12 for further details.

LONG-TERM DEBT AND BOND DISCOUNTS / PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a straight line method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

FIXED ASSETS

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical costs and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements. The City generally capitalizes assets with costs of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The estimated useful lives are as follows:

<i>Electric Plant Assets:</i>	
Transmission Plant	33 - 36 years
Electric Distribution Plant	20 - 50 years
General Electric Plant	10 - 50 years
<i>Airport Facilities:</i>	
Equipment	2 - 15 years
Furniture and Fixtures	7 - 10 years
Runways/Taxiway and Lighting	7 - 25 years
<i>City Assets:</i>	
Equipment	3 - 10 years
Buildings	30 - 40 years
Other Improvements	20 years
Infrastructure	20 - 50 years

ENCUMBRANCES

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 Tupelo.

CASH AND INVESTMENTS

Cash consists of amounts on deposit with financial institutions in demand accounts, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition.

Cash is valued at cost. Investments consist of US Treasury notes and US government securities funds. The City deposits funds in the financial institutions selected by the City Council in accordance with state statutes.

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 entities are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. 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.

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

INVENTORIES

Inventories for the Electric Fund and Combined Water and Sewer Fund are valued at average cost. Inventories for governmental fund types are valued at actual cost under the first-in, first-out method. The City uses the consumption method for inventories; thus, inventories are recorded as expenditures or expenses when they are used.

The Water District maintains a chemical inventory, which is recorded at cost (calculated on the first-in, first-out basis).

LOANS TO OTHER FUNDS OR OTHER GOVERNMENTAL UNITS

Advances represent the non-current portions (due after one year) of interfund loans or loans to other governmental units. The current portions of loans are reported as "Due From" in the asset accounts and are considered available resources.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when acquired to be cash equivalents.

FUND BALANCES / NET POSITION

On the government-wide and proprietary fund statement of net position, the City reports net position in the following three categories:

Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.

Restricted Net Position – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net position that is not classified as net investment in capital assets or restricted net position.

GASB Statement No. 54. *Fund Balance Reporting and Governmental Fund Type Definitions* – this statement enhances the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with this GASB statement. See the below notes for further descriptions of the City's fund balance classifications and policies.

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FUND BALANCES / NET POSITION – continued

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Nonspendable – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the council. Committed amounts cannot be uncommitted except by removing the constraints through the same formal action.

Assigned – the fund balance is reported as assigned for resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the board of aldermen or an official to which the board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as restricted or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

The Water District and the Tupelo Airport Authority reports as restricted all assets that are subject to legal, contractual and/or grant restrictions.

TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS - OVERVIEW

Total columns on the Combined Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

PENSIONS

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

RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - FIREMEN AND POLICEMEN RETIREMENT FUND

The City maintains the Firemen and Policemen Retirement Fund (a Special Revenue Fund) for the purpose of making payments to the Public Employee's Retirement System (PERS) of Mississippi for the funding of pensions of firemen and policemen employed prior to March 1, 1976. During the fiscal year ended September 30, 1987, the PERS assumed control of the Municipal Firemen's and Policemen's Retirement System, under which these employees are covered, and the fund's assets previously held by a bank trustee were transferred to PERS at that time.

Revenues of the fund for the year ended September 30, 2016, consist of allocations of general property ad valorem taxes of \$732,190 and homestead exemption reimbursement of \$25,791 derived from a 1.61 mill levy. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net position for the fund are as follows:

Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 5,695,204</u>
Assumed Rate of Return Used in Plan Evaluation	7.75%
Plan Evaluation Date	June 30, 2016
Plan Assets Available for Benefits as of June 30, 2016	<u>\$ 5,533,000</u>

The legislative act under which the retirement plan was established does not require the City to maintain statutory or actuarial reserves to provide for future requirements. Under the statute, if funds are insufficient to make all payments, the beneficiaries cannot file suit against the City, but amounts available are to be prorated until such time funds generated by the tax levy are sufficient to make all payments for the full amounts allowed. The Mississippi Legislature of 1976 passed House Bill 1471 which provided a new retirement system for uniformed and sworn firemen and policemen at the option of the municipality. The City of Tupelo exercised the option, and firemen and policemen employed subsequent to February 29, 1976 are members of the Public Employees' Retirement System of the State.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 - BUDGETARY BASIS

The Mayor and City Council generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and City Council formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Section 21-35-25, Miss. Code Ann. (1972), provides for the revision of the final adopted budget. This law allows governing authorities to revise the budget at any time. The only exception is it is limited to one revision during the first three months of a new term of office, and this revision must be made by the last regular meeting in August.

At all other times, governing authorities must revise the budget (at a regular council meeting) to bring it into proper balance at any time a deficit is indicated or when it appears at any time prior to the regular July meeting that budgeted revenues will not materialize.

Public notice must be provided when budget amendments result in a 10 percent increase or decrease in a municipal department's total budget. For purposes of determining if a 10 percent change has occurred, all amendments made to a department's budget since its budget was originally adopted, or since the last adopted published revision, must be added together.

Section 21-35-15, Miss. Code Ann. (1972), provides that 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.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 3 - BUDGETARY BASIS – continued

The City budgets its Enterprise Funds as required by state law. However, the budgets were not on the "capital maintenance" measurement focus and were not in a format comparable to the actual reporting format used by the City to maintain its books and the format used to prepare the City's financial statements included in this report; consequently, comparison between budgeted amounts and actual results per the financial statements was not practicable.

NOTE 4 - GENERAL PROPERTY TAXES

General property taxes, other than motor vehicles and mobile homes, attach as an enforceable lien on property as of January 1 for the previous calendar year and are due by February 1 based on the levy set by the City Council the previous September. Taxes on motor vehicles and mobile homes attach as an enforceable lien at various dates throughout the year based on when the property was acquired by the owner and are due in the month of acquisition and annually thereafter based on the annual levy in effect at that time. All property taxes, including motor vehicle taxes, are collected by the Lee County Tax Collector and remitted to the City. The County Tax Collector also collects taxes for the Tupelo Public School District (TPSD), which includes property outside the City limits, but within the School District.

The adjusted assessed valuation of the taxable property of the City and the Tupelo Public School District for which current payment was due during the fiscal year ended September 30, 2016 is as follows:

	City	TPSD
Real Property	\$ 318,692,151	\$ 12,887,561
Personal Property - Other Than Motor Vehicles & Mobile Homes	88,082,476	28,553,754
Personal Property - Motor Vehicles & Mobile Homes	55,591,379	4,208,876
	\$ 462,366,006	\$ 45,650,191

The City levied a tax millage of 32.47 mills and 64.10 mills on the assessed valuation of the City and Tupelo Public School District property, respectively. The millage was allocated as follows:

	City	TPSD
General Fund	12.90	0.00
Library Fund	1.01	0.00
City Bond and Interest Fund	6.95	0.00
Firemen and Policemen Retirement Fund	1.61	0.00
City Thoroughfare Fund	10.00	0.00
School Bonds Payable	0.00	6.10
Short-Term Debt	0.00	3.00
School Maintenance Fund	0.00	55.00
	<u>32.47</u>	<u>64.10</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - GENERAL PROPERTY TAXES – continued

Collections for the School Bonds Payable, School Maintenance Fund, and the Short-Term Debt are remitted by the County and/or the City to the Tupelo Public School District.

NOTE 5 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2016:

	<u>Balance</u> <u>Oct. 1, 2015</u>	<u>Acquisitions</u>	<u>Capitalized</u> <u>Construction,</u> <u>Sales, or</u> <u>Retirements</u>	<u>Balance</u> <u>Sept. 30, 2016</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 11,586,188	\$ 688,439	\$ (13,425)	\$ 12,261,202
Construction in Progress	18,608,336	22,341,200	(20,226,975)	20,722,561
Total Capital Assets, not being Depreciated:	30,194,524	23,029,639	(20,240,400)	32,983,763
Capital Assets being Depreciated:				
Buildings and Improvements	82,601,725	-	8,144,349	90,746,074
Machinery and Equipment	23,486,349	1,370,186	(559,540)	24,296,995
Infrastructure	115,757,518	-	12,075,060	127,832,578
Total Capital Assets, being Depreciated	221,845,592	1,370,186	19,659,869	242,875,647
Less Accumulated Depreciation for:				
Buildings and Improvements	(19,716,563)	(1,926,670)	-	(21,643,233)
Machinery and Equipment	(16,386,329)	(1,424,218)	521,294	(17,289,253)
Infrastructure	(61,463,552)	(4,028,935)	-	(65,492,487)
Total Accumulated Depreciation	(97,566,444)	(7,379,823)	521,294	(104,424,973)
Total Governmental Activities				
Capital Assets, net	\$ 154,473,672	\$ 17,020,002	\$ (59,237)	\$ 171,434,437

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS – continued

	Balance Oct. 1, 2015	Acquisitions	Capitalized Construction, Sales, or Retirements	Balance Sept. 30, 2016
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 1,764,752	\$ -	\$ -	\$ 1,764,752
Construction in Progress	14,355,429	11,505,263	(14,610,235)	11,250,457
Total Capital Assets, not being Depreciated:	16,120,181	11,505,263	(14,610,235)	13,015,209
Capital Assets being Depreciated:				
Buildings and Improvements	182,008,409	1,380,720	14,150,827	197,539,956
Machinery and Equipment	15,545,948	604,165	(505,798)	15,644,315
Total Capital Assets, being Depreciated	197,554,357	1,984,885	13,645,029	213,184,271
Less Accumulated Depreciation for:				
Buildings and Improvements	(77,280,167)	(5,023,367)	555,330	(81,748,204)
Machinery and Equipment	(12,796,346)	(482,649)	408,130	(12,870,865)
Total Accumulated Depreciation	(90,076,513)	(5,506,016)	963,460	(94,619,069)
Total Business-Type Activities				
Capital Assets, net	\$ 123,598,025	\$ 7,984,132	\$ (1,746)	\$ 131,580,411
Discretely Presented Component Unit:				
Capital Assets, not being Depreciated:				
Land	\$ 6,099,049	\$ -	\$ -	\$ 6,099,049
Construction in Progress	492,581	1,493,334	(425,365)	1,560,550
Total Capital Assets, not being Depreciated:	6,591,630	1,493,334	(425,365)	7,659,599
Capital Assets being Depreciated:				
Buildings and Improvements	47,324,873	4,900	425,365	47,755,138
Machinery and Equipment	1,769,827	65,944	(115,874)	1,719,897
Total Capital Assets, being Depreciated	49,094,700	70,844	309,491	49,475,035
Less Accumulated Depreciation for:				
Buildings and Improvements	(21,963,646)	(1,275,352)	-	(23,238,998)
Machinery and Equipment	(1,452,503)	(69,719)	57,459	(1,464,763)
Total Accumulated Depreciation	(23,416,149)	(1,345,071)	57,459	(24,703,761)
Total Component Unit				
Capital Assets, net	\$ 32,270,181	\$ 219,107	\$ (58,415)	\$ 32,430,873
Total Capital Assets	\$ 310,341,878	\$ 25,223,241	\$ (119,398)	\$ 335,445,721

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS – continued

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

Governmental Activities:	
General Government	\$ 944,228
Public Safety	796,791
Public Works	4,734,284
Culture and Recreation	<u>904,520</u>
Total Depreciation Expense - Governmental Activities	\$ <u>7,379,823</u>
Business-Type Activities:	
Electric Department	\$ 1,690,197
Water and Sewer	2,697,690
Northeast Mississippi Regional Water Supply District	1,099,625
Solid Waste	<u>18,504</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>5,506,016</u>
Total Depreciation Expense - Discretely Presented Component Unit	\$ <u>1,345,071</u>

NOTE 6 - LONG-TERM DEBT

BONDS PAYABLE

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds include General City Bonds, G. O. Water Bonds, and School Bonds.

During 2016, the City issued general obligation bonds, series 2016, in the amount of \$6,000,000. The purpose of this bond issue is to provide funds for City-wide infrastructure improvements and capital equipment acquisitions. Also, during 2016, the City issued general obligation current refunding bonds in the amount of \$13,810,000 to refund the outstanding balances on the 2007 Series general obligation bonds, the Series 2007 special obligation bonds, the Tupelo Convention Center, and Convention Center special obligation bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities and business-type activities columns in the statement of net position. The current refunding reduced total debt service payments over the next six years by \$1,396,909. This results in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$1,238,937.

Special Assessments General Obligation Bonds are secured by an irrevocable pledge of the special assessment ad valorem taxes to be levied annually upon the property benefited by the project. The full faith, credit and resources of the City are irrevocably pledged for the payment of the principal and interest on the bonds.

Limited Obligation Tax Increment Bonds are secured by an irrevocable pledge of the ad valorem taxes to be levied annually upon incremental increase in assessed value of all taxable real property within and forming a part of The Mall at Barnes Crossing Project.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

NOTES PAYABLE AND STATE REVOLVING LOANS

Fourteen different capital improvement revolving loans make up the September 30, 2016 notes payable balance and are included in both governmental activities and business-type activities. Eleven of the loans are in repayment status with a total outstanding balance of \$37,801,522. The remaining in progress notes total \$3,189,996.

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with three construction projects.

DEBT SERVICE REQUIREMENTS TO MATURITY

Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation	Special Assessment General Obligation	Limited Obligations Tax Increment	Notes Payable	Interest	Total
2017	\$ 4,113,371	\$ 30,000	\$ 90,000	\$ 353,701	\$ 1,854,422	\$ 6,441,494
2018	4,263,065	30,000	100,000	420,607	1,718,956	6,532,628
2019	4,631,613	35,000	45,000	431,524	1,586,387	6,729,524
2020	4,176,613	35,000	50,000	442,747	1,430,140	6,134,500
2021	4,321,935	-	50,000	454,286	1,286,422	6,112,643
2022 - 2026	15,355,484	-	170,000	2,413,758	4,368,208	22,307,450
2027 - 2031	11,345,000	-	-	1,981,912	2,098,781	15,425,693
2032 - 2036	<u>6,325,000</u>	<u>-</u>	<u>-</u>	<u>462,258</u>	<u>415,600</u>	<u>7,202,858</u>
Total	\$ <u>54,532,081</u>	\$ <u>130,000</u>	\$ <u>505,000</u>	\$ <u>6,960,793</u>	\$ <u>14,758,916</u>	\$ <u>76,886,790</u>

Year Ending September 30,	Business-Type Activities				
	General Obligation	Notes Payable	State Revolving Loans	Interest	Total
2017	\$ 156,629	\$ 2,134,956	\$ 156,127	\$ 600,526	\$ 3,048,238
2018	141,935	2,174,300	160,876	554,991	3,032,102
2019	148,387	2,214,397	165,769	505,742	3,034,295
2020	148,387	2,255,265	170,812	453,896	3,028,360
2021	158,065	2,296,919	156,661	401,159	3,012,804
2022 - 2026	164,516	11,930,411	59,422	1,262,657	13,417,006
2027 - 2031	-	4,875,025	-	435,444	5,310,469
2032 - 2036	<u>-</u>	<u>2,959,456</u>	<u>-</u>	<u>119,148</u>	<u>3,078,604</u>
Total	\$ <u>917,919</u>	\$ <u>30,840,729</u>	\$ <u>869,667</u>	\$ <u>4,333,563</u>	\$ <u>36,961,878</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

CHANGES IN LONG-TERM LIABILITIES

During the fiscal year, the following changes occurred in long-term debt:

	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Governmental Activities:						
General Obligation	Debt Service	\$42,988,185	\$18,913,226	\$ 7,369,330	\$54,532,081	\$4,113,371
Special Assessment						
General Obligation	Debt Service	180,000	-	50,000	130,000	30,000
Limited Obligations						
Tax Increment	Debt Service	595,000	-	90,000	505,000	90,000
Special Obligation Bonds	Debt Service	10,036,775	-	10,036,775	-	-
Notes Payable	General	2,786,976	4,353,000	179,183	6,960,793	353,701
Premium		<u>181,575</u>	<u>915,257</u>	<u>94,298</u>	<u>1,002,534</u>	<u>-</u>
Total Governmental Activities		<u>\$56,768,511</u>	<u>\$24,181,483</u>	<u>\$17,819,586</u>	<u>\$63,130,408</u>	<u>\$4,587,072</u>
	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Business-Type Activities:						
General Obligation	Water/Sewer	\$ 41,815	\$ 896,774	\$ 20,670	\$ 917,919	\$ 156,629
Special Obligation Bonds	Water/Sewer	1,103,225	-	1,103,225	-	-
Notes Payable	Water/Sewer	28,094,980	7,636,199	1,703,454	34,027,725	2,134,956
State Revolving Loan	NEMSRWSD	1,021,187	-	151,520	869,667	156,127
Premium		<u>-</u>	<u>98,495</u>	<u>8,954</u>	<u>89,541</u>	<u>-</u>
Total Business-Type Activities		<u>\$30,261,207</u>	<u>\$ 8,631,468</u>	<u>\$ 2,987,823</u>	<u>\$35,904,852</u>	<u>\$2,447,712</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

DUE TO CITY OF TUPELO G.O. BONDS FUND

The Water District has pledged proceeds sufficient to pay the principal and interest of and redemption premium, if any, on the proportion of the bonds which are not paid by a special sales tax as further explained in Note 20.

Scheduled Payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 153,750	\$ 180,736	\$ 334,486
2018	161,250	172,280	333,530
2019	168,750	164,088	332,838
2020	178,333	157,209	335,542
2021	186,250	150,104	336,354
2022 - 2026	1,081,250	627,237	1,708,487
2027 - 2031	1,383,750	365,251	1,749,001
2032 - 2034	711,250	54,826	766,076
	<u>\$ 4,024,583</u>	<u>\$ 1,871,731</u>	<u>\$ 5,896,314</u>

NOTES PAYABLE - AIRPORT AUTHORITY

The City of Tupelo loaned the Airport Authority \$1,500,000 during the year ended September 30, 2007 for the acquisition of fixed base operations. This loan bears interest at 4% through August 1, 2022 and is payable in monthly installments of \$11,095.

	<u>2016</u>
Due to City of Tupelo	\$ 682,903
Less Current Portion	<u>107,790</u>
Long-Term Portion	<u>\$ 575,113</u>

Scheduled maturities are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 107,790	\$ 25,351	\$ 133,141
2018	112,181	20,959	133,140
2019	116,752	16,389	133,141
2020	121,508	11,632	133,140
2021	126,459	6,681	133,140
2022	98,213	1,641	99,854
	<u>\$ 682,903</u>	<u>\$ 82,653</u>	<u>\$ 765,556</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT – continued

NOTES PAYABLE - AIRPORT AUTHORITY

The Tupelo Airport Authority issued a promissory note with Mississippi Development Authority for \$200,000 on July 1, 2013. This loan bears interest at 3 % through May 1, 2023 and is payable in ten annual installments of \$23,446.

	2016
Due to MDA	\$ 146,075
Less Current Portion	19,064
Long-Term Portion	\$ 127,011

Scheduled maturities are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 19,064	\$ 4,382	\$ 23,446
2018	19,636	3,810	23,446
2019	20,225	3,221	23,446
2020	20,832	2,614	23,446
2021	21,456	1,990	23,446
2022 - 2023	44,862	2,030	46,892
	\$ 146,075	\$ 18,047	\$ 164,122

STATE REVOLVING LOANS

Northeast Mississippi Regional Water Supply District has incurred long-term debt with the Drinking Water Systems Improvements Revolving Loan Fund as administered by the Mississippi Department of Health and the Mississippi Department of Environmental Quality in conjunction with two construction projects. The loan balances increase when administrative fees (deferred charges to be amortized over the life of the loan) were charged and project costs were reimbursed. Interest began accruing on the original construction contract completion date at 3%. Interest accrued before the initiation of the repayment schedule will be added to the amount of the loan to be repaid. The loans are payable in 236/237 monthly installments.

Scheduled maturities are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 156,127	\$ 23,955	\$ 180,082
2018	160,876	19,206	180,082
2019	165,769	14,313	180,082
2020	170,812	9,271	180,083
2021	156,661	4,123	160,784
2022	59,422	596	60,018
	\$ 869,667	\$ 71,464	\$ 941,131

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 7 - RENTALS UNDER OPERATING LEASES

TUPELO AIRPORT AUTHORITY RENTALS UNDER OPERATING LEASES

The Authority has entered into agreements to lease airport land and facilities to an airline, car rental agencies, fixed base operators and individuals.

The following is a schedule by years of minimum future rental payments receivable on non cancellable operating leases as of September 30, 2016:

<u>Year Ending September 30,</u>	
2017	\$ 307,095
2018	286,503
2019	286,747
2020	252,217
2021	253,141
2022 - 2026	1,115,155
2027 - 2031	854,576
Total Minimum Future Rentals	<u>\$ 3,355,434</u>

NOTE 8 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND

Other Assets of the Electric Fund include \$496,250 receivable from customers for energy conservation loans and represents unbilled amounts due from customers as a result of their participation in an energy conservation program sponsored by TVA in which customers install energy conservation measures approved by a TVA energy advisor. The installation charges are paid by the Electric Department and billed to the customer over a period of time on the customer's monthly utility bill. TVA reimburses the Electric Department for amounts paid out under the program. Repayments are made to TVA by the Electric Department as collections are made from the customers. Advances from TVA for energy conservation loans represent the amounts advanced by TVA, net of repayments, under this program.

NOTE 9 - DUE FROM/TO OTHER FUNDS AND ADVANCES TO/FROM OTHER FUNDS

Individual fund Due from Other Funds and Due to Other Funds balances as of September 30, 2016 were:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,458,824	\$ -
Capital Projects Funds:		
City Infrastructure Fund	-	209,260
Thoroughfare Fund Phase V	-	26,486
Proprietary Funds:		
Electric Fund*	268,640	3,615
Combined Water and Sewer Fund	-	2,482,894
Solid Waste Management Fund	3,615	-
Agency Funds:		
Flexible Spending Fund	-	8,824
Total	<u>\$ 2,731,079</u>	<u>\$ 2,731,079</u>

* Amounts for the Electric Fund are at September 30, 2016.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 10 - NONCURRENT ASSETS

The following receivables at September 30, 2016 were not received within sixty days after that date and, therefore, are not deemed to constitute available spendable resources and are not a component of net current assets:

Rental Rehabilitation Fund (a Special Revenue Fund)	
Notes Receivables	\$ <u>113,075</u>
General Fund	
Home Grant Receivable	\$ <u>465,000</u>

NOTE 11 - CONTRIBUTED CAPITAL

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration, with certain matching funds provided by the City of Tupelo and State of Mississippi. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital asset acquisition, facility development and rehabilitation are reported as Capital Contributions in the Statement of Revenues, Expenses and Changes in Net Position.

The Water and Sewer fund recognizes capital grants and contributions in the Statement of Revenues, Expenses, and Changes in Net Position when received by an intermediary governmental entity.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the City of Tupelo and the Tupelo Airport Authority are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those 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 2.00% 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 2.50% 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 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 service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

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. Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, the COLA is equal to 3% of your annual base benefit 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 % compounded for each fiscal year thereafter, beginning with the fiscal year in which one turns age 55.

Employee membership data related to the Plan, as of June 30, 2016 was as follows:

Retirees and Survivors	99,483
Terminated Vested Employees	19,400
Inactive Nonvested Members	123,235
Active Members	154,104
Total	396,222

Employee membership data related to the Plan, as of June 30, 2015 was as follows:

Retirees and Survivors	96,338
Terminated Vested Employees	19,005
Inactive Nonvested Members	118,021
Active Members	157,215
Total	390,579

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Tupelo is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The following detailed analysis of payroll, pension liability, liability percentage, pension expense, deferred outflows, and deferred inflows, will be divided among the City of Tupelo (all funds except the following), the Coliseum Project Fund, Northeast Mississippi Regional Water Supply District (Water District), the Tupelo Airport Authority, the Water and Sewer Fund, and the Electric Fund (as of June 30, 2016). Separate employer contributions and employer allocation percentages are required for each of these entities.

Covered payroll below refers to all compensation paid to active employees covered by the Plan.

For the year ended September 30, 2016, the City of Tupelo's total payroll for all employees was \$16,483,372. Total covered payroll was \$16,119,683.

For the year ended September 30, 2016, the Coliseum Project Fund's total payroll for all employees was \$1,249,179. Total covered payroll was \$789,663.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

For the year ended September 30, 2016, the Water District's total payroll for all employees was \$58,576. Total covered payroll was also \$58,576.

For the year ended September 30, 2016, the Tupelo Airport Authority's total payroll for all employees was \$319,930. Total covered payroll was \$309,149.

For the year ended September 30, 2016, the Water and Sewer Fund's total payroll for all employees was \$1,410,075. Total covered payroll was \$1,385,638.

For the year ended June 30, 2016, the Electric Fund's total payroll for all employees was \$2,003,808. Total covered payroll was \$1,967,778.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City of Tupelo reported a liability of \$44,099,290 for its proportionate share of the net pension liability. The City of Tupelo share does include the Solid Waste Fund. The Coliseum Project Fund reported a liability of \$2,114,562 for its proportionate share. The Water District reported \$178,624, the Tupelo Airport Authority reported \$818,460, and the Water and Sewer Fund reported \$3,784,849. The Electric Fund as of June 30, 2016 reported a liability of \$4,560,118 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2016, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Tupelo's proportion of the net pension was based on a projection of the City of Tupelo's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City of Tupelo's proportion was 0.246882 percent. At June 30, 2016, the proportionate share for the Coliseum Project Fund was 0.011838 percent. At June 30, 2016, the proportionate share for the Water District was 0.0010 percent. At June 30, 2016, the proportionate share for the Tupelo Airport Authority was 0.004582 percent. At June 30, 2016, the proportionate share for the Water and Sewer Fund was 0.021189 percent.

For the Electric Fund, the net pension liability was measured as of June 30, 2015, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Electric Fund's proportion was 0.030470 percent.

For the year ended September 30, 2016, the City of Tupelo (including the Solid Waste Fund) recognized pension expense of \$5,070,817. At September 30, 2016, the City of Tupelo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,230,048	\$ -
Net Difference Between Projected and Actual Investment Earnings	2,987,509	-
City Pension Contributions Subsequent to the Measurement Date	647,225	-
Changes of Assumptions	2,078,934	117,185
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	<u>198,537</u>	<u>1,049,246</u>
Total	<u>\$ 7,142,253</u>	<u>\$ 1,166,431</u>

The \$647,225 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2017	\$ 1,804,131
2018	1,274,078
2019	1,379,197
2020	<u>871,191</u>
Total	<u>\$ 5,328,597</u>

For the year ended September 30, 2016, the Coliseum Project Fund recognized pension expense of \$240,757. At September 30, 2016, the Coliseum Project Fund 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>
Difference Between Expected and Actual Experience	\$ 58,981	\$ -
Net Difference Between Projected and Actual Investment Earnings	143,251	-
Coliseum Pension Contributions Subsequent to the Measurement Date	31,501	-
Changes of Assumptions	99,685	5,619
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	<u>-</u>	<u>143,942</u>
Total	<u>\$ 333,418</u>	<u>\$ 149,561</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The \$31,501 of deferred outflows of resources resulting from the Coliseum Project Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2017	\$ 55,905
2018	30,488
2019	24,189
2020	<u>41,774</u>
Total	<u>\$ 152,356</u>

For the year ended September 30, 2016, the Water District recognized pension expense of \$17,607. At September 30, 2016, the District 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>
Difference Between Expected and Actual Experience	\$ 4,983	\$ -
Net Difference Between Projected and Actual Investment Earnings	20,898	14,705
Water District Pension Contributions Subsequent to the Measurement Date	2,368	-
Changes of Assumptions	8,420	475
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	-	-
Total	<u>\$ 36,669</u>	<u>\$ 15,180</u>

The \$2,368 of deferred outflows of resources resulting from the Water District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2017	\$ 4,747
2018	4,729
2019	6,116
2020	<u>3,529</u>
Total	<u>\$ 19,121</u>

For the year ended September 30, 2016, the Tupelo Airport Authority recognized pension expense of \$58,428. At September 30, 2016, the Tupelo Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 22,829	\$ -
Net Difference Between Projected and Actual Investment Earnings	55,447	-
TAA Pension Contributions Subsequent to the Measurement Date	15,303	-
Changes of Assumptions	38,584	2,175
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	-	92,658
Total	\$ 132,163	\$ 94,833

The \$15,303 of deferred outflows of resources resulting from the Tupelo Airport Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2017	\$ 2,454
2018	(7,384)
2019	10,788
2020	16,169
Total	\$ 22,027

For the year ended September 30, 2016, the Water and Sewer Fund recognized pension expense of \$402,389. At September 30, 2016, the Water and Sewer Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 105,569	\$ -
Net Difference Between Projected and Actual Investment Earnings	256,405	-
Water and Sewer Fund Pension Contributions Subsequent to the Measurement Date	58,273	-
Changes of Assumptions	178,426	10,058
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	1,735	159,031
Total	\$ 600,408	\$ 169,089

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

The \$58,273 of deferred outflows of resources resulting from the Water and Sewer Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2017	\$ 120,696
2018	75,204
2019	102,376
2020	74,770
Total	\$ 373,046

For the year ended June 30, 2016, the Electric Fund recognized pension expense of \$129,775. At June 30, 2016, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 105,944	\$ -
Electric Fund Pension Contributions Subsequent to the Measurement Date	309,925	-
Changes of Assumptions	392,838	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	266,816	389,293
Total	\$ 1,075,523	\$ 389,293

The \$309,925 of deferred outflows of resources resulting from the Electric Fund's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2017	\$ 127,259
2018	122,839
2019	59,503
2020	66,704
Total	\$ 376,305

Actuarial Assumptions - The City of Tupelo total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 -19.00%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Actuarial Assumptions - The Electric Fund pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 - 19.00%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for June 30, 2016 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

Mortality rates for June 30, 2015 were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 and 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00 %	

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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Tupelo's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City of Tupelo's and the additional September 30, 2016 funds proportionate share of the net pension liability using the discount rate of 7.75 percent, as well as what the City of Tupelo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>Discount</u>	<u>City of Tupelo's</u>
	<u>Rate</u>	<u>Proportionate Share</u>
		<u>of Net Pension Liability</u>
1% Decrease	6.75%	\$ 56,545,177
Current Discount Rate	7.75%	44,099,290
1% Increase	8.75%	33,773,238
		Coliseum Project Fund's
	<u>Discount</u>	<u>Proportionate Share</u>
	<u>Rate</u>	<u>of Net Pension Liability</u>
1% Decrease	6.75%	\$ 2,711,343
Current Discount Rate	7.75%	2,114,562
1% Increase	8.75%	1,619,428
		Northeast MS Regional
		Water District's
	<u>Discount</u>	<u>Proportionate Share</u>
	<u>Rate</u>	<u>of Net Pension Liability</u>
1% Decrease	6.75%	\$ 229,037
Current Discount Rate	7.75%	178,624
1% Increase	8.75%	136,799
		Tupelo Airport Authority's
	<u>Discount</u>	<u>Proportionate Share</u>
	<u>Rate</u>	<u>of Net Pension Liability</u>
1% Decrease	6.75%	\$ 1,049,449
Current Discount Rate	7.75%	818,460
1% Increase	8.75%	626,814
		Water and Sewer Fund's
	<u>Discount</u>	<u>Proportionate Share</u>
	<u>Rate</u>	<u>of Net Pension Liability</u>
1% Decrease	6.75%	\$ 4,853,025
Current Discount Rate	7.75%	3,784,849
1% Increase	8.75%	2,898,609

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN – continued

Sensitivity of the Electric Fund's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -The following presents the Electric Fund's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Electric Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>Discount Rate</u>	<u>Electric Fund's Proportionate Share of Net Pension Liability</u>
1% Decrease	6.75%	\$ 6,010,654
Current Discount Rate	7.75%	4,560,118
1% Increase	8.75%	2,332,445

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 4,380,817	\$ 31,550
Special Revenue Funds:		
CVB Fund	1,596,894	-
Coliseum Project Fund	2,292,018	1,615,120
Coliseum Operating Fund	-	1,023,225
Narcotics Fund	31,550	-
Debt Service Funds:		
City Bond and Interest Fund	-	66,754
Urban Renewal Debt Service Fund	-	300,000
Certificate of Participation Fund	66,754	968,792
MS Development Bank 2007 Issue	84,820	181,715
Capital Projects Funds:		
City Infrastructure Fund	-	<u>4,265,697</u>
Total	<u>\$ 8,452,853</u>	<u>\$ 8,452,853</u>

<u>Fund</u>	<u>Transfers to Blended Component Unit</u>	<u>Transfers from Blended Component Unit</u>
Debt Service Fund:		
Water G.O. Bond Fund	\$ 4,171,193	\$ 341,682
Enterprise Fund:		
Combined Water and Sewer Fund	<u>1,209,103</u>	<u>-</u>
Total	<u>\$ 5,380,296</u>	<u>\$ 341,682</u>

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 13 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT – continued

Transfers between the primary government and blended component unit do not balance because the Water District reports differently from the City. The following is a reconciliation of the difference:

Transfers to Water G.O. Bond Fund reported as a reduction in Due to City of Tupelo Water G.O. Bond Fund and Interest Expense by the Water District	\$ 341,682
Transfers to Water District reported as Water Sales by Water District	(1,209,103)
Transfer to Water District reported as Contributed Capital by Water District	<u>(4,171,193)</u>
Difference	<u>\$ (5,038,614)</u>

NOTE 14 - INVESTMENTS WITH FINANCIAL INSTITUTIONS

Investments held during the fiscal year consisted only of the types of investments held at the end of the fiscal year. Investments made by the City that are included on the combined balance sheet at September 30, 2016, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

- Category 1 - Insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered for which the securities are held by the broker or dealers trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

<u>Investment Type</u>	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U. S. Government Securities Funds*		X		\$ <u>12,995,371</u>	\$ <u>12,995,371</u>
Total Investments				\$ <u>12,995,371</u>	\$ <u>12,995,371</u>

*These funds invest only in U.S. Government securities.

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2016, for vested, but unused, vacation or overtime since none of the City's liability at that date applicable to employees whose compensation is reflected as an expenditure in its governmental funds is expected to be liquidated with expendable available financial resources.

A liability for vested, but unused, vacation and overtime did exist at September 30, 2016, for the General Long-Term Debt Account Group, the Combined Water and Sewer Fund, and the Tupelo Airport Authority, and at June 30, 2016, for the Electric Fund and has been reflected in these financial statements.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 15 - LIABILITY FOR COMPENSATED ABSENCES – continued

As provided by Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, the primary government and the Airport Authority do not have any liability for unused sick leave accumulated by its employees since the employees do not have a vested right to receive sick pay benefits; i.e., the employees' rights to receive compensation for future absences for sick leave is contingent on the absences being caused by the employee's future illness resulting prior to termination of his/her employment with the City or the Airport Authority.

NOTE 16 - ACCOUNTS RECEIVABLE

Receivables for accounts of the Electric Fund (an Enterprise Fund) have been reduced by \$170,245 to reflect the provision for uncollectible accounts. The accrual amount of court fine receivables on the Statement of Net Position – Government – Wide has been reduced by \$9,367,310 to reflect the provision for uncollectible fines.

NOTE 17 - SOLID WASTE DISPOSAL SERVICE AGREEMENT

The City is party to a service agreement with Three Rivers Solid Waste Management Authority (Authority). The Authority agreed to construct and operate facilities for the disposal of solid waste. The City agreed to deliver all acceptable solid waste over which it has legal authority to control to the Authority for disposal. By reason of the incorporation agreement of the Authority and the service agreement between the City and the Authority, the City is a voting member of the Authority. In addition, the City remains obligated to pay its pro rata share of the Authority's bonded indebtedness incurred during the City's membership in the Authority. Financial statements of the Authority are available.

NOTE 18 - SOLID WASTE MANAGEMENT FUND

Pursuant to Section 17-17-347, Mississippi Code Annotated (1972), the City of Tupelo has established a solid waste management system accounted for through an enterprise fund to determine the full and complete cost for solid waste management within the service area.

NOTE 19 - GENERAL OBLIGATION WATER BONDS

In 1988, the State of Mississippi authorized through legislation the issuance of general obligation bonds by the City of Tupelo for the construction and acquisition of alternative source water supply facilities and payment of interest on bonds, establishment of reserves to secure such bonds and payment of expenses incident to the issuance of such bonds. The act also provided for the imposition of a specific sales tax, at the rate of one-quarter of one percent upon all sales and services within the City of Tupelo which are subject to the general rate of state sales tax, the proceeds of which are to be used to pay for fifty percent (50%) of the cost of construction and financing of the project.

Pursuant to this act, the City of Tupelo, on February 2, 1989, issued \$21,000,000 in general obligation bonds and transferred the proceeds to the Northeast Mississippi Regional Water Supply District. The full faith, credit and resources of the City of Tupelo are irrevocably pledged for the payment of the principal and interest on the bonds. On August 1, 1996, the City refunded a portion of the Series 1989 bonds as more fully explained in Note 21. On December 17, 2008 the Series 1989 bonds were refunded in their entirety and City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008. Although refunded, the bond covenants and agreements from the Series 1989 issue remain in effect.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 19 - GENERAL OBLIGATION WATER BONDS – continued

In connection with the issuance of the above bonds, a trust indenture involving the City of Tupelo, the Northeast Mississippi Regional Water Supply District, and Hancock Bank was executed. As per the terms of this trust indenture, various agreements were reached and trust accounts were established as follows:

1. The bond proceeds were placed in the "Water Construction Fund" trust account and are an asset of the Water District, which shall own and manage the system.
2. The debt service on the bonds is to be handled through the "Water Supply Bond Fund" trust account. The assets in this trust account and its two subaccounts, the "Special Sales Tax Subaccount" trust account and the "Water Revenue Subaccount" trust account, are assets of the City of Tupelo and are reflected in its Water G. O. Bonds Fund (a Debt Service Fund).

The assets of the "Special Sales Tax Subaccount" can only be used to pay up to 50% of each debt service disbursement; the remainder must come from the other subaccount or other sources. The Water District, which owns the system, has pledged a sufficient portion of its revenues to the payment of the principal and interest on the bonds as they come due to the extent not paid with the proceeds of the special sales tax.

The Water District's billings for water include an amount to pay the remaining 50% of each debt service disbursement. The City of Tupelo treats this amount as a transfer to the Water District for debt service. The Water District reflects these payments as water revenues. Total water fees reported by the City as debt service transfers to the Water District for the year ended September 30, 2016 was \$1,209,103.

NOTE 20 - DUE FROM CITY OF TUPELO WATER BONDS CONSTRUCTION FUND

On December 17, 2008, the City of Tupelo issued \$9,995,000 in General Obligation Water Bonds Series 2008 and executed an Agreement with the Water District. The agreement provides that the City of Tupelo will take the necessary steps to issue the aforementioned bonds and shall deposit the balance of the proceeds with a trustee for use by the District. The use of the bonds shall be for the plant expansion project. The balance on deposit with the Trustee at September 30, 2016, was \$6,580,988, which is reported as Due From Trustee.

NOTE 21 - RISK MANAGEMENT

The City of Tupelo is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, workers' compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employers liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 21 - RISK MANAGEMENT – continued

claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 22 - CONTINGENT LIABILITIES

Litigation

The City is a defendant in various litigations arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

Federally Assisted Programs – Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 23 - ECONOMIC DEPENDENCY

The Electric Department of the City of Tupelo had sales to one major customer for the year ended June 30, 2016 (its year-end) of \$7,787,103. This represented approximately 14.2% of the Department's revenues for the year.

NOTE 24 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the net pension liability and the provision for uncollectible court fines as mentioned in Note 12 and Note 16, respectively. It is as least reasonably possible that the significant estimate used will change within the next year.

NOTE 25 - BUDGET / GAAP RECONCILIATION

The major difference between the budgetary basis and the GAAP basis is:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 25 - BUDGET / GAAP RECONCILIATION – continued

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major fund.

	Governmental Fund Types			
	General Fund	City Bond and Interest Fund	Water G. O. Bonds Fund	City Infrastructure Fund
Budget (Cash Basis)	\$ 623,831	\$ 47,683	\$ (1,050,613)	\$ (2,104,354)
Increase (Decrease) Net adjustments for revenue accruals	(101,177)	16,298	0	156,560
GAAP Basis	\$ 522,654	\$ 63,981	\$ (1,050,613)	\$ (1,947,794)

NOTE 26 - CONSTRUCTION AND OTHER COMMITMENTS

The City of Tupelo and its component units have entered in the following commitments:

<u>To Be Paid By</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Expended through September 30, 2016</u>	<u>Remaining Commitment at September 30, 2016</u>
General City	East Main Enhancement	\$ 11,634,391	\$ 11,599,863	\$ 34,528
General City	Police Headquarters	8,009,640	7,866,050	143,590
General City	Philips/Daybrite Bldg Project	654,813	563,165	91,648
General City	Green/Gloster Sidewalk	651,903	591,852	60,051
General City	Sharon Hills Drainage	221,274	187,170	34,104
NE MS Water	Bleach Conversion Project	808,038	63,063	744,975
Airport	Airport Improvement Programs	754,789	466,513	288,276
Airport	Multimodal Projects	1,108,000	1,094,037	13,963
		\$ 23,842,848	\$ 22,431,713	\$ 1,411,135

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 27 - CAPITAL LEASE RECEIVABLE

The amount reported as a lease receivable in the governmental activities is a lease in which the City has leased a building to the Tupelo Automobile Museum. The City constructed the building with financing from a taxable bond issue.

The future minimum lease payments of the capital lease receivable at September 30, 2016, are as follows:

Fiscal Year Ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 200,000	\$ 56,384	\$ 256,384
2018	210,000	49,132	259,132
2019	210,000	41,517	251,517
2020	220,000	33,903	253,903
2021	230,000	25,926	255,926
2022-2023	<u>485,000</u>	<u>26,471</u>	<u>511,471</u>
Total	\$ <u>1,555,000</u>	\$ <u>233,333</u>	\$ <u>1,788,333</u>

NOTE 28 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through March 22, 2017, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Proportionate
Share of the Net Pension Liability
For the year ended September 30, 2016

	<u>2016</u>	<u>2015</u>
City of Tupelo's proportion of net pension liability (%)	0.02469 %	0.02454 %
City of Tupelo's proportionate share of net pension liability	\$ 44,099,290	\$ 37,934,001
City of Tupelo's covered employee payroll	\$ 16,119,683	\$ 15,387,575
City of Tupelo's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	273.57 %	246.52 %
Coliseum Project Fund's proportion of net pension liability (%)	0.01180 %	0.01220 %
Coliseum Project Fund's proportionate share of net pension liability	\$ 2,114,562	\$ 1,885,789
Coliseum Project Fund's covered employee payroll	\$ 789,663	\$ 753,435
Coliseum Project Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	267.78 %	250.30 %
Water District's proportion of net pension liability (%)	0.00100 %	0.00100 %
Water District's proportionate share of net pension liability	\$ 178,624	\$ 154,580
Water District's covered employee payroll	\$ 58,578	\$ 57,200
Water District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	304.94 %	270.25 %
TAA's proportion of net pension liability (%)	0.00458 %	0.00528 %
TAA's proportionate share of net pension liability	\$ 818,460	\$ 815,566
TAA's covered employee payroll	\$ 309,149	\$ 314,616
TAA's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	264.75 %	259.23 %
Water and Sewer Fund's proportion of net pension liability (%)	0.02120 %	0.02120 %
Water and Sewer Fund's proportionate share of net pension liability	\$ 3,784,849	\$ 3,273,406
Water and Sewer Fund's covered employee payroll	\$ 1,385,638	\$ 1,332,497
Water and Sewer Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	273.15 %	245.66 %
Electric Fund's proportion of net pension liability (%)	0.03047 %	0.03201 %
Electric Fund's proportionate share of net pension liability	\$ 4,560,118	\$ 3,580,761
Electric Fund's covered employee payroll	\$ 1,967,778	\$ 1,903,784
Electric Fund's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	231.74 %	188.09 %
Plan fiduciary net position as a percentage of total pension liability	57.47 %	61.70 %

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

CITY OF TUPELO, MISSISSIPPI
Schedule of the City's Contributions
For the year ended September 30, 2016

	2016	2015	2014
City of Tupelo			
Statutorily required contributions	\$ 2,538,850	\$ 2,423,543	\$ 2,377,252
Contributions in relation to statutorily required contributions	\$ 2,538,850	\$ 2,423,543	\$ 2,377,252
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 16,119,683	\$ 15,387,575	\$ 15,093,663
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %
Coliseum Project Fund			
Statutorily required contributions	\$ 124,372	\$ 118,666	\$ 122,403
Contributions in relation to statutorily required contributions	\$ 124,372	\$ 118,666	\$ 122,403
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 789,663	\$ 753,435	\$ 777,162
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %
Water District			
Statutorily required contributions	\$ 9,226	\$ 9,009	\$ 8,947
Contributions in relation to statutorily required contributions	\$ 9,226	\$ 9,009	\$ 8,947
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 58,578	\$ 57,200	\$ 56,610
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %
Tupelo Airport Authority			
Statutorily required contributions	\$ 48,691	\$ 49,552	\$ 54,201
Contributions in relation to statutorily required contributions	\$ 48,691	\$ 49,552	\$ 54,201
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 309,149	\$ 314,616	\$ 344,133
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %
Water and Sewer Fund			
Statutorily required contributions	\$ 218,238	\$ 209,868	\$ 213,692
Contributions in relation to statutorily required contributions	\$ 218,238	\$ 209,868	\$ 213,692
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 1,385,638	\$ 1,332,493	\$ 1,356,775
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %
Electric Fund			
Statutorily required contributions	\$ 309,925	\$ 299,846	\$ 308,146
Contributions in relation to statutorily required contributions	\$ 309,925	\$ 299,846	\$ 308,146
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Tupelo's covered employee payroll	\$ 1,967,778	\$ 1,903,784	\$ 1,956,483
Contributions as a percentage of covered employee payroll	15.75 %	15.75 %	15.75 %

NOTE -- Amounts for the Electric Fund are at June 30, 2016.

CITY OF TUPELO, MISSISSIPPI
Notes to the Required Supplementary Information
For the year ended September 30, 2016

Changes of Assumptions

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Changes of Benefit Provisions

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate 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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF TUPELO, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
ASSETS:				
Cash	\$ 8,221,042	\$ 2,175,709	\$ 425,607	\$ 10,822,358
Investments	-	-	44,765	44,765
General Property Taxes Receivable	50,316	192,044	450	242,810
Other Receivable	148,533	-	220,025	368,558
Notes Receivable	113,075	-	-	113,075
Due from Other Government Units	335,595	-	-	335,595
Inventories	22,785	-	-	22,785
Prepaid Expenses	39,827	-	-	39,827
TOTAL ASSETS	\$ 8,931,173	\$ 2,367,753	\$ 690,847	\$ 11,989,773
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 92,743	\$ 59,956	\$ -	\$ 152,699
Equity in Pooled Cash Deficit	555	-	-	555
Accrued Expenses	31,740	-	-	31,740
Due to Other Funds	-	26,486	-	26,486
Unearned Revenues	997,265	-	-	997,265
Event Deposits	43,668	-	-	43,668
TOTAL LIABILITIES	1,165,971	86,442	-	1,252,413
FUND BALANCES:				
Nonspendable				
Inventory	22,785	-	-	22,785
Restricted for				
Library	50,497	-	-	50,497
Tourism Promotion	4,206,757	-	-	4,206,757
Public Safety Retirement	42,983	-	-	42,983
Law Enforcement	1,781,071	-	-	1,781,071
Construction Acquisition of Capital Assets	-	1,861,653	-	1,861,653
Public Safety Equipment	-	224,525	-	224,525
Debt Service	-	-	690,847	690,847
Committed to				
Rental Rehabilitation	118,179	-	-	118,179
Fairpark Infrastructure	-	23,148	-	23,148
Construction Acquisition of Capital Assets	-	171,985	-	171,985
Assigned to				
Coliseum Projects	955,138	-	-	955,138
Coliseum Operations	587,792	-	-	587,792
TOTAL FUND BALANCES	7,765,202	2,281,311	690,847	10,737,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,931,173	\$ 2,367,753	\$ 690,847	\$ 11,989,773

CITY OF TUPELO, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2016

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$ 1,232,674	\$ 4,549,476	\$ 327,214	\$ 6,109,364
Intergovernmental Revenues	4,300,586	389,797	-	4,690,383
Fines and Forfeitures	104,989	-	-	104,989
Charges for Services	3,057,141	-	-	3,057,141
Miscellaneous Revenues	976,003	43,205	1,137	1,020,345
TOTAL REVENUES	<u>9,671,393</u>	<u>4,982,478</u>	<u>328,351</u>	<u>14,982,222</u>
EXPENDITURES:				
Current:				
Public Safety	888,014	-	-	888,014
Culture and Recreation	5,188,499	-	-	5,188,499
Other Functions	2,758,719	-	-	2,758,719
Capital Projects	-	6,581,176	-	6,581,176
Debt Service	-	-	1,690,473	1,690,473
TOTAL EXPENDITURES	<u>8,835,232</u>	<u>6,581,176</u>	<u>1,690,473</u>	<u>17,106,881</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>836,161</u>	<u>(1,598,698)</u>	<u>(1,362,122)</u>	<u>(2,124,659)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,920,462)	-	(151,574)	(4,072,036)
Transfers In	2,638,345	-	1,450,507	4,088,852
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,282,117)</u>	<u>-</u>	<u>1,298,933</u>	<u>16,816</u>
NET CHANGE IN FUND BALANCES	(445,956)	(1,598,698)	(63,189)	(2,107,843)
FUND BALANCES - Beginning	<u>8,211,158</u>	<u>3,880,009</u>	<u>754,036</u>	<u>12,845,203</u>
FUND BALANCES - Ending	<u>\$ 7,765,202</u>	<u>\$ 2,281,311</u>	<u>\$ 690,847</u>	<u>\$ 10,737,360</u>

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabilitation Fund	Coliseum Operating Fund	Narcotics Fund	Totals	
								9/30/2016	9/30/2015
ASSETS									
Cash	\$ 31,101	\$ 3,893,099	\$ 12,618	\$ 955,138	\$ 5,104	\$ 1,541,318	\$ 1,782,664	\$ 8,221,042	\$ 8,520,410
Receivables:									
Notes	-	-	-	-	113,075	-	-	113,075	115,302
Other	-	6,957	-	-	-	141,576	-	148,533	99,114
General Property Taxes	19,396	-	30,920	-	-	-	-	50,316	45,362
Due from Other									
Governmental Units	-	335,595	-	-	-	-	-	335,595	345,614
Due from Other Funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	22,785	-	22,785	25,257
Prepaid Expenses	-	-	-	-	-	39,827	-	39,827	-
TOTAL ASSETS	\$ 50,497	\$ 4,235,651	\$ 43,538	\$ 955,138	\$ 118,179	\$ 1,745,506	\$ 1,782,664	\$ 8,931,173	\$ 9,151,059
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ 28,894	\$ -	\$ -	\$ -	\$ 62,256	\$ 1,593	\$ 92,743	\$ 119,352
Equity in Pooled Cash Deficit	-	-	555	-	-	-	-	555	555
Accrued Expenses	-	-	-	-	-	31,740	-	31,740	22,690
Due to Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	997,265	-	997,265	752,216
Event Deposits	-	-	-	-	-	43,668	-	43,668	45,088
Total Liabilities	-	28,894	555	-	-	1,134,929	1,593	1,165,971	939,901
Fund Balances:									
Nonspendable									
Inventory	-	-	-	-	-	22,785	-	22,785	25,257
Restricted for									
Library	50,497	-	-	-	-	-	-	50,497	33,772
Tourism Promotion	-	4,206,757	-	-	-	-	-	4,206,757	3,795,889
Public Safety Retirement	-	-	42,983	-	-	-	-	42,983	27,779
Law Enforcement	-	-	-	-	-	-	1,781,071	1,781,071	1,759,606
Committed to									
Rental Rehabilitation	-	-	-	-	118,179	-	-	118,179	118,880
Assigned to									
Coliseum Projects	-	-	-	955,138	-	-	-	955,138	1,629,160
Coliseum Operations	-	-	-	-	-	587,792	-	587,792	820,815
Total Fund Balances	50,497	4,206,757	42,983	955,138	118,179	610,577	1,781,071	7,765,202	8,211,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,497	\$ 4,235,651	\$ 43,538	\$ 955,138	\$ 118,179	\$ 1,745,506	\$ 1,782,664	\$ 8,931,173	\$ 9,151,059

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Totals	
								9/30/2016	9/30/2015
REVENUES									
Taxes:									
General Property Taxes	\$ 459,492	\$ -	\$ 732,190	\$ -	\$ -	\$ -	\$ -	\$ 1,191,682	\$ 1,214,061
Payments in Lieu of Taxes	-	40,992	-	-	-	-	-	40,992	43,812
Intergovernmental Revenues:									
Federal Shared Revenues	-	-	-	-	-	-	586	586	22,166
State Shared Revenues	16,179	4,258,030	25,791	-	-	-	-	4,300,000	4,053,359
Federal Grants	-	-	-	-	-	-	-	-	12,596
Fines and Forfeitures	-	-	-	-	-	-	104,989	104,989	78,340
Charges for Sales and Services:									
Commissions	-	-	-	-	-	45,549	-	45,549	43,834
Concessions & Other Sales	-	-	-	-	-	521,296	-	521,296	556,205
Direct Show Revenue	-	-	-	-	-	44,898	-	44,898	61,048
Parking	-	-	-	-	-	2,463	-	2,463	3,760
Service Charge	-	-	-	-	-	306,784	-	306,784	290,073
Rental Revenue	-	-	-	-	-	1,963,803	-	1,963,803	1,814,879
Personnel Service Fees	-	-	-	-	-	172,348	-	172,348	271,865
Miscellaneous Revenues:									
Interest	34	6,079	168	2,876	149	1,797	3,043	14,146	10,314
Advertising Agency Fee	-	-	-	-	-	443,671	-	443,671	456,621
Donations	-	-	-	-	-	-	-	-	-
Other	-	1,550	-	-	-	427,170	89,466	518,186	177,388
TOTAL REVENUES	475,705	4,306,651	758,149	2,876	149	3,929,779	198,084	9,671,393	9,110,321

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
 With Comparative Totals for Year Ended September 30, 2015

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Totals	
								9/30/2016	9/30/2015
EXPENDITURES									
Public Safety:									
Police Department:									
Personnel Services	\$ -	\$ -	\$ 520,062	\$ -	\$ -	\$ -	\$ -	\$ 520,062	\$ 534,316
Supplies	-	-	-	-	-	-	11,052	11,052	12,396
Other Services and Charges	-	-	-	-	-	-	133,123	133,123	142,737
Capital Outlay	-	-	-	-	-	-	894	894	19,093
Fire Department:									
Personnel Services	-	-	222,883	-	-	-	-	222,883	228,993
Total Public Safety	-	-	742,945	-	-	-	145,069	888,014	937,535
Culture and Recreation:									
Tupelo Coliseum:									
Personnel Services	-	-	-	-	-	1,576,177	-	1,576,177	1,441,396
Supplies	-	-	-	-	-	393,791	-	393,791	360,378
Other Services and Charges	-	-	-	-	-	2,428,893	-	2,428,893	1,946,273
Capital Outlay	-	-	-	-	-	789,638	-	789,638	194,705
Total Culture and Recreation	-	-	-	-	-	5,188,499	-	5,188,499	3,942,752

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
 With Comparative Totals for Year Ended September 30, 2015

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Totals	
								9/30/2016	9/30/2015
EXPENDITURES									
- Continued									
Other Functions:									
Community Services:									
Personnel Services	\$ -	\$ 775,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775,832	\$ 773,805
Supplies	-	14,226	-	-	-	-	-	14,226	14,895
Other Services and Charges	458,980	1,499,312	-	-	850	-	-	1,959,142	1,983,285
Capital Outlay	-	9,519	-	-	-	-	-	9,519	68,895
Total Other Functions	458,980	2,298,889	-	-	850	-	-	2,758,719	2,840,880
TOTAL EXPENDITURES	458,980	2,298,889	742,945	-	850	5,188,499	145,069	8,835,232	7,721,167
EXCESS OF REVENUES REVENUES OVER (UNDER) EXPENDITURES	16,725	2,007,762	15,204	2,876	(701)	(1,258,720)	53,015	836,161	1,389,154

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
 With Comparative Totals for Year Ended September 30, 2015

-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabilitation Fund	Coliseum Operating Fund	Narcotics Fund	Totals	
								9/30/2016	9/30/2015
OTHER FINANCING SOURCES (USES)									
Transfers In	\$ -	\$ -	\$ -	\$ 1,615,120	\$ -	\$ 1,023,225	\$ -	\$ 2,638,345	\$ 2,064,865
Transfers Out	-	(1,596,894)	-	(2,292,018)	-	-	(31,550)	(3,920,462)	(2,990,846)
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,596,894)	-	(676,898)	-	1,023,225	(31,550)	(1,282,117)	(925,981)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	16,725	410,868	15,204	(674,022)	(701)	(235,495)	21,465	(445,956)	463,173
FUND BALANCES - Beginning of Year	33,772	3,795,889	27,779	1,629,160	118,880	846,072	1,759,606	8,211,158	7,747,985
FUND BALANCES - End of Year	\$ 50,497	\$ 4,206,757	\$ 42,983	\$ 955,138	\$ 118,179	\$ 610,577	\$ 1,781,071	\$ 7,765,202	\$ 8,211,158

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

	2007 General	City Capital	Fairgrounds	Thoroughfare	Totals	
	Obligation Construction Fund	Project Fund	Construction Fund	Fund Phase V	9/30/2016	9/30/2015
ASSETS						
Cash	\$ -	\$ 396,510	\$ 29,034	\$ 1,750,165	\$ 2,175,709	\$ 3,832,223
Receivables:						
General Property Taxes	-	-	-	192,044	192,044	168,625
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 396,510</u>	<u>\$ 29,034</u>	<u>\$ 1,942,209</u>	<u>\$ 2,367,753</u>	<u>\$ 4,000,848</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 5,886	\$ 54,070	\$ 59,956	\$ 120,839
Due to Other Funds	-	-	-	26,486	26,486	-
Total Liabilities	-	-	5,886	80,556	86,442	120,839
Fund Balances:						
Restricted for						
Construction Acquisition of Capital Assets	-	-	-	1,861,653	1,861,653	2,192,967
Public Safety Equipment	-	224,525	-	-	224,525	1,608,181
Committed to						
Fairpark Infrastructure	-	-	23,148	-	23,148	78,861
Construction Acquisition of Capital Assets	-	171,985	-	-	171,985	-
Total Fund Balances	-	396,510	23,148	1,861,653	2,281,311	3,880,009
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 396,510</u>	<u>\$ 29,034</u>	<u>\$ 1,942,209</u>	<u>\$ 2,367,753</u>	<u>\$ 4,000,848</u>

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	2007 General Obligation Construction Fund	City Capital Project Fund	Fairgrounds Construction Fund	Thoroughfare Fund Phase V	<u>Totals</u>	
					9/30/2016	9/30/2015
REVENUES						
Taxes:						
General Property Taxes	\$ -	\$ -	\$ -	\$ 4,549,476	\$ 4,549,476	\$ 4,513,258
Intergovernmental Revenues:						
Federal Shared Revenues	-	7,173	-	-	7,173	374,046
State Shared Revenues	-	63,411	-	160,191	223,602	238,955
Federal Grants	-	-	-	159,022	159,022	-
Miscellaneous Revenues:						
Interest	-	1,438	88	3,679	5,205	7,471
Donations	-	-	-	-	-	11,500
Other	-	-	38,000	-	38,000	41,374
	<u>-</u>	<u>72,022</u>	<u>38,088</u>	<u>4,872,368</u>	<u>4,982,478</u>	<u>5,186,604</u>
TOTAL REVENUES	<u>-</u>	<u>72,022</u>	<u>38,088</u>	<u>4,872,368</u>	<u>4,982,478</u>	<u>5,186,604</u>
EXPENDITURES						
Personnel Services	-	-	-	94,591	94,591	89,828
Other Services and Charges	-	-	93,801	-	93,801	241,343
Capital Outlay:						
Capital Outlay	-	1,283,693	-	5,109,091	6,392,784	5,367,734
	<u>-</u>	<u>1,283,693</u>	<u>93,801</u>	<u>5,203,682</u>	<u>6,581,176</u>	<u>5,698,905</u>
TOTAL EXPENDITURES	<u>-</u>	<u>1,283,693</u>	<u>93,801</u>	<u>5,203,682</u>	<u>6,581,176</u>	<u>5,698,905</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,211,671)</u>	<u>(55,713)</u>	<u>(331,314)</u>	<u>(1,598,698)</u>	<u>(512,301)</u>

**CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

	2007 General Obligation Construction Fund	City Capital Project Fund	Fairgrounds Construction Fund	Thoroughfare Fund Phase V	Totals	
					9/30/2016	9/30/2015
OTHER FINANCING SOURCES (USES)						
Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,754,794)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,754,794)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	-	(1,211,671)	(55,713)	(331,314)	(1,598,698)	(4,267,095)
FUND BALANCE Beginning of Year	<u>-</u>	<u>1,608,181</u>	<u>78,861</u>	<u>2,192,967</u>	<u>3,880,009</u>	<u>8,147,104</u>
FUND BALANCE End of Year	<u>\$ -</u>	<u>\$ 396,510</u>	<u>\$ 23,148</u>	<u>\$ 1,861,653</u>	<u>\$ 2,281,311</u>	<u>\$ 3,880,009</u>

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2016
With Comparative Totals for September 30, 2015

	Special Assessments Bond and Interest Fund	City Tax Increment Debt Fund	Certificate of Participation Debt Service Fund	Urban Renewal Bond Fund	Mississippi Development Bank 2007 Issue Fund	<u>Totals</u>	
						9/30/2016	9/30/2015
ASSETS							
Cash	\$ 75,151	\$ 350,456	\$ -	\$ -	\$ -	\$ 425,607	\$ 349,534
Investments	-	-	65	44,700	-	44,765	183,655
Receivables:							
General Property Taxes	450	-	-	-	-	450	822
Other	-	-	-	220,025	-	220,025	220,025
TOTAL ASSETS	\$ 75,601	\$ 350,456	\$ 65	\$ 264,725	\$ -	\$ 690,847	\$ 754,036
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-
Fund Balances:							
Restricted for Debt Service	75,601	350,456	65	264,725	-	690,847	754,036
Total Fund Balances	75,601	350,456	65	264,725	-	690,847	754,036
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,601	\$ 350,456	\$ 65	\$ 264,725	\$ -	\$ 690,847	\$ 754,036

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	Special Assessments Bond and Interest Fund	City Tax Increment Debt Fund	Certificate of Participation Debt Service Fund	Urban Renewal Bond Fund	Mississippi Development Bank 2007 Issue Fund	<u>Totals</u>	
						9/30/2016	9/30/2015
REVENUES							
Taxes:							
General Property Taxes	\$ 93,318	\$ 233,896	\$ -	\$ -	\$ -	\$ 327,214	\$ 238,333
Intergovernmental Revenues:							
State Shared Revenues	-	-	-	-	-	-	-
Miscellaneous Revenues:							
Interest	154	508	173	179	123	1,137	614
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>93,472</u>	<u>234,404</u>	<u>173</u>	<u>179</u>	<u>123</u>	<u>328,351</u>	<u>238,947</u>
EXPENDITURES							
Debt Service:							
General Obligations:							
Bonds Redeemed	-	90,000	-	-	-	90,000	85,000
Interest	-	27,210	-	-	-	27,210	31,718
Paying Agent Fees	-	1,850	-	-	-	1,850	850
Special Assessment General Obligations:							
Bonds Redeemed	50,000	-	-	-	-	50,000	85,000
Interest	9,655	-	-	-	-	9,655	14,470
Paying Agent Fees	2,690	-	-	-	-	2,690	4,190
Certificates of Participation:							
Certificates Redeemed	-	-	730,000	-	-	730,000	705,000
Interest	-	-	235,900	-	-	235,900	264,100
Paying Agent Fees	-	-	2,892	-	-	2,892	3,245
Special Obligations:							
Bonds Redeemed	-	-	-	245,000	74,515	319,515	302,740
Interest	-	-	-	191,634	25,427	217,061	233,800
Paying Agent Fees	-	-	-	2,500	1,200	3,700	3,700
TOTAL EXPENDITURES	<u>62,345</u>	<u>119,060</u>	<u>968,792</u>	<u>439,134</u>	<u>101,142</u>	<u>1,690,473</u>	<u>1,733,813</u>

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2016
 With Comparative Totals for Year Ended September 30, 2015

-Continued-

	Special	City	Certificate of	Urban	Mississippi	Totals	
	Assessments Bond and Interest Fund	Tax Increment Debt Fund	Participation Debt Service Fund	Renewal Bond Fund	Development Bank 2007 Issue Fund	9/30/2016	9/30/2015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 31,127	\$ 115,344	\$ (968,619)	\$ (438,955)	\$ (101,019)	\$ (1,362,122)	\$ (1,494,866)
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	968,792	300,000	181,715	1,450,507	1,375,345
Transfer Out	-	-	(66,754)	-	(84,820)	(151,574)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	902,038	300,000	96,895	1,298,933	1,375,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	31,127	115,344	(66,581)	(138,955)	(4,124)	(63,189)	(119,521)
FUND BALANCES- Beginning of Year	44,474	235,112	66,646	403,680	4,124	754,036	873,557
FUND BALANCES- End of Year	\$ 75,601	\$ 350,456	\$ 65	\$ 264,725	\$ -	\$ 690,847	\$ 754,036

GENERAL FUND

General Fund – This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF TUPELO
GENERAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
ASSETS		
Cash	\$ 18,652,635	\$ 18,104,751
Receivables:		
General Property Taxes	280,908	234,592
Home Grant Receivable	465,000	465,000
Other	176,226	62,572
Due from Other Government Units	1,741,005	2,002,320
Due from Component Unit	734,675	837,733
Due from Other Funds	2,458,824	2,508,822
Prepaid Expenses	447,383	37,010
Inventories	31,657	28,861
	<u>24,988,313</u>	<u>24,281,661</u>
TOTAL ASSETS	\$ 24,988,313	\$ 24,281,661
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 448,579	\$ 379,720
Unearned Revenues	167,346	40,907
Due to Other Entities	1,178,874	1,178,874
Accrued Expenses	747,541	758,841
	<u>2,542,340</u>	<u>2,358,342</u>
Total Liabilities	<u>2,542,340</u>	<u>2,358,342</u>
Fund Balance:		
Nonspendable		
Prepaid Expenses	447,383	37,010
Inventory	31,657	28,861
Long-Term Receivables	1,056,692	1,259,918
Restricted for		
Water Reserve	548,752	547,875
Unassigned	20,361,489	20,049,655
	<u>22,445,973</u>	<u>21,923,319</u>
Total Fund Balance	<u>22,445,973</u>	<u>21,923,319</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,988,313	\$ 24,281,661

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
REVENUES		
Taxes:		
General Property Taxes	\$ 5,869,199	\$ 5,793,012
Payments in Lieu of Taxes	891,306	1,185,896
Penalties and Interest on Delinquent Taxes	74,334	66,599
Total Taxes	<u>6,834,839</u>	<u>7,045,507</u>
Licenses and Permits:		
Privilege License	327,390	321,606
Building Permits	250,142	187,664
Other Permits	14,875	17,959
Franchise Fees	371,216	375,405
Total Licenses and Permits	<u>963,623</u>	<u>902,634</u>
Intergovernmental Revenues:		
Federal Grants	132,423	432,273
State Grants	17,227	17,227
Other Grants	60,737	73,678
State Shared Revenues	20,950,358	19,423,302
Municipality Shared Revenues	3,200,000	3,200,000
County Shared Revenues	1,126,793	1,108,660
Total Intergovernmental Revenues	<u>25,487,538</u>	<u>24,255,140</u>
Charges for Services:		
Public Safety	137,146	123,531
Highways and Streets	10,300	24,158
Crime Lab Fees	71,766	45,813
Culture and Recreation Fees	472,227	463,220
Total Charges for Services	<u>691,439</u>	<u>656,722</u>
Fines and Forfeitures:		
Police Fines and Fees	1,082,879	1,275,725
Parking Fines and Fees	7,650	13,390
Total Fines and Forfeitures	<u>1,090,529</u>	<u>1,289,115</u>

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
REVENUES-Continued		
Miscellaneous Revenues:		
Interest	\$ 63,453	\$ 52,835
Donations	65,278	58,830
Rents	69,545	79,782
Billings to Other Departments	231,314	220,162
Other	121,929	145,143
Total Miscellaneous Revenues	<u>551,519</u>	<u>556,752</u>
TOTAL REVENUES	<u>35,619,487</u>	<u>34,705,870</u>
EXPENDITURES		
General Government:		
Legislative Department:		
Personnel Services	235,914	226,644
Supplies	3,149	563
Other Services and Charges	209,754	198,635
Capital Outlay	0	2,305.00
Total Legislative Department	<u>448,817</u>	<u>428,147</u>
Executive Department:		
Personnel Services	608,543	572,242
Supplies	15,401	13,396
Other Services and Charges	323,182	305,890
Capital Outlay	2,185	986
Total Executive Department	<u>949,311</u>	<u>892,514</u>
City Court:		
Personnel Services	631,869	613,512
Supplies	13,263	16,495
Other Services and Charges	99,150	96,903
Total City Court	<u>744,282</u>	<u>726,910</u>

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
EXPENDITURES-Continued		
Budget and Accounting Department:		
Personnel Services	\$ 715,935	\$ 654,045
Supplies	14,321	15,413
Other Services and Charges	330,436	319,925
Capital Outlay	93,674	74,177
Total Budget and Accounting Department	<u>1,154,366</u>	<u>1,063,560</u>
Personnel Department:		
Personnel Services	247,717	214,900
Supplies	3,418	3,801
Other Services and Charges	30,891	28,968
Total Personnel Department	<u>282,026</u>	<u>247,669</u>
Planning Department:		
Personnel Services	1,174,158	1,114,310
Supplies	39,112	41,156
Other Services and Charges	65,591	68,779
Capital Outlay	2,453	4,638
Total Community Development Department	<u>1,281,314</u>	<u>1,228,883</u>
Total General Government	<u>4,860,116</u>	<u>4,587,683</u>
Public Safety:		
Police Department:		
Personnel Services	7,314,867	7,161,954
Supplies	570,014	580,656
Other Services and Charges	1,627,800	1,628,816
Capital Outlay	148,559	276,267
Total Police Department	<u>9,661,240</u>	<u>9,647,693</u>
Fire Department:		
Personnel Services	5,460,141	5,162,896
Supplies	232,131	196,992
Other Services and Charges	304,251	307,742
Capital Outlay	0	3,273
Total Fire Department	<u>5,996,523</u>	<u>5,670,903</u>
Total Public Safety	<u>15,657,763</u>	<u>15,318,596</u>

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
EXPENDITURES-Continued		
Public Services:		
Public Works Department:		
Personnel Services	\$ 2,680,761	\$ 2,557,523
Supplies	319,291	311,988
Other Services and Charges	1,972,998	1,949,276
Capital Outlay	<u>14,907</u>	<u>3,867</u>
Total Public Works Department	<u>4,987,957</u>	<u>4,822,654</u>
Total Public Services	<u>4,987,957</u>	<u>4,822,654</u>
Culture and Recreation:		
Park and Recreation Department:		
Personnel Services	1,570,312	1,526,124
Supplies	346,757	368,573
Other Services and Charges	961,317	842,839
Capital Outlay	<u>47,922</u>	<u>9,813</u>
Total Park and Recreation Department	<u>2,926,308</u>	<u>2,747,349</u>
Aquatic Center:		
Personnel Services	367,361	351,827
Supplies	129,837	100,346
Other Services and Charges	324,814	297,905
Capital Outlay	<u>4,416</u>	<u>4,334</u>
Total Aquatic Center	<u>826,428</u>	<u>754,412</u>
Museum Department:		
Personnel Services	105,579	98,652
Supplies	8,373	8,206
Other Services and Charges	<u>30,487</u>	<u>28,662</u>
Total Museum Department	<u>144,439</u>	<u>135,520</u>
Total Culture and Recreation	<u>3,897,175</u>	<u>3,637,281</u>
Other Functions:		
Community Services:		
Other Services and Charges	<u>1,086,412</u>	<u>1,037,265</u>
Total Community Services	<u>1,086,412</u>	<u>1,037,265</u>

**CITY OF TUPELO
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Years Ended September 30, 2016 and 2015

-Continued-

	F.Y.E. 9/30/16	F.Y.E. 9/30/15
EXPENDITURES-Continued		
Debt Service:		
General Obligations:		
Principal on Long Term Debt	\$ 179,183	\$ 175,072
Interest	<u>78,960</u>	<u>82,873</u>
Total General Obligations	<u>258,143</u>	<u>257,945</u>
Total Debt Service	<u>258,143</u>	<u>257,945</u>
TOTAL EXPENDITURES	<u>30,747,566</u>	<u>29,661,424</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,871,921</u>	<u>5,044,446</u>
OTHER FINANCING SOURCES (USES):		
Transfer to City Capital Project Fund	(3,765,697)	(3,176,429)
Transfer to Coliseum Project Fund	(615,120)	(615,120)
Transfer from City Infrastructure Fund	-	2,500,000
Transfer from Narcotics Fund	<u>31,550</u>	<u>40,756</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,349,267)</u>	<u>(1,250,793)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>522,654</u>	<u>3,793,653</u>
FUND BALANCE - Beginning of year	<u>21,923,319</u>	<u>18,129,666</u>
FUND BALANCE - End of year	<u>\$ 22,445,973</u>	<u>\$ 21,923,319</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Library Fund – This fund is used to account for the revenues that are legally restricted to support the municipal library.

Convention and Visitors Bureau Fund – This fund is used to account for the revenues that are legally restricted to the promotion of tourism.

Firemen and Policemen Retirement Fund – This fund is used to account for the revenues that are legally restricted to payment to the MS Public Employees Retirement System (PERS) to finance the retirement benefits of firemen and policemen employed prior to March 1, 1976, who are covered by the Municipal Firemen's and Policemen's Retirement System.

Coliseum Project Fund – This fund is used to account for the revenues that are restricted or assigned for use on the coliseum project.

Rental Rehabilitation Fund – This fund is used to account for the revenues that are legally restricted to housing rehabilitation projects.

Coliseum Operating Fund – This fund is used to account for the operating revenues and expenditures of the Tupelo Coliseum.

Narcotics Fund – This fund is used to account for the revenues that are legally restricted to the narcotics division.

CITY OF TUPELO
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	F.Y.E. 9/30/2016		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Taxes:				
General Property Taxes	\$ 445,134	\$ 457,127	\$ 11,993	\$ 442,851
Intergovernmental:				
State Shared Revenues	13,846	16,179	2,333	15,567
Miscellaneous Revenues:				
Interest	-	34	34	10
TOTAL REVENUES	<u>458,980</u>	<u>473,340</u>	<u>14,360</u>	<u>458,428</u>
EXPENDITURES				
Community Services:				
Other Services and Charges	458,980	458,980	-	448,980
Total Community Services	458,980	458,980	-	448,980
TOTAL EXPENDITURES	<u>458,980</u>	<u>458,980</u>	<u>-</u>	<u>448,980</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	14,360	14,360	9,448
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>33,772</u>	<u>33,772</u>	-	<u>11,354</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>33,772</u>	48,132	\$ <u>14,360</u>	20,802
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>2,365</u>		<u>12,970</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u>50,497</u>		\$ <u>33,772</u>

CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
Payments in Lieu of Taxes	\$ 43,000	\$ 40,992	\$ (2,008)	\$ 43,812
Intergovernmental:				
State Shared Revenues	3,980,000	4,268,049	288,049	4,001,652
Miscellaneous Revenues:				
Interest	3,500	6,079	2,579	3,856
Other	1,500	1,550	50	4,959
TOTAL REVENUES	<u>4,028,000</u>	<u>4,316,670</u>	<u>288,670</u>	<u>4,054,279</u>
EXPENDITURES				
Other Functions:				
Community Services:				
Personnel Services	842,253	775,832	66,421	773,805
Supplies	17,500	14,226	3,274	14,895
Other Services and Charges	2,068,551	1,499,312	569,239	1,525,022
Capital Expenditures	10,000	9,519	481	68,895
Total Community Services	<u>2,938,304</u>	<u>2,298,889</u>	<u>639,415</u>	<u>2,382,617</u>
Total Other Functions	<u>2,938,304</u>	<u>2,298,889</u>	<u>639,415</u>	<u>2,382,617</u>
TOTAL EXPENDITURES	<u>2,938,304</u>	<u>2,298,889</u>	<u>639,415</u>	<u>2,382,617</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,089,696</u>	<u>2,017,781</u>	<u>928,085</u>	<u>1,671,662</u>

CITY OF TUPELO
CONVENTION AND VISITOR'S BUREAU FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
OTHER FINANCING SOURCES (USES):				
Transfers Out	\$ (1,600,000)	\$ (1,596,894)	\$ 3,106.00	\$ (1,228,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,600,000)</u>	<u>(1,596,894)</u>	<u>3,106.00</u>	<u>(1,228,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(510,304)	420,887	931,191	443,662
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>3,795,889</u>	<u>3,795,889</u>	-	<u>3,341,981</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 3,285,585</u>	4,216,776	<u>\$ 931,191</u>	3,785,643
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(10,019)</u>		<u>10,246</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 4,206,757</u>		<u>\$ 3,795,889</u>

CITY OF TUPELO
FIREMEN & POLICEMEN RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Taxes:				
General Property Taxes	\$ 709,569	\$ 729,601	\$ 20,032	\$ 736,733
Intergovernmental Revenues:				
State Shared Revenues	24,296	25,791	1,495	25,894
Miscellaneous Revenues:				
Interest Income	-	168	168	130
TOTAL REVENUES	<u>733,865</u>	<u>755,560</u>	<u>21,695</u>	<u>762,757</u>
EXPENDITURES				
Public Safety:				
Police Department:				
Personnel Services	<u>542,500</u>	<u>520,062</u>	<u>22,438</u>	<u>534,316</u>
Total Police Department	<u>542,500</u>	<u>520,062</u>	<u>22,438</u>	<u>534,316</u>
Fire Department:				
Personnel Services	<u>232,500</u>	<u>222,883</u>	<u>9,617</u>	<u>228,993</u>
Total Fire Department	<u>232,500</u>	<u>222,883</u>	<u>9,617</u>	<u>228,993</u>
Total Public Safety	<u>775,000</u>	<u>742,945</u>	<u>32,055</u>	<u>763,309</u>
TOTAL EXPENDITURES	<u>775,000</u>	<u>742,945</u>	<u>32,055</u>	<u>763,309</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(41,135)	12,615	53,750	(552)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>27,779</u>	<u>27,779</u>	-	<u>6,824</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>(13,356)</u>	40,394	\$ <u>53,750</u>	6,272
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>2,589</u>		<u>21,507</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u>42,983</u>		\$ <u>27,779</u>

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	F.Y.E. 9/30/2016			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 2,500	\$ 2,876	\$ 376	\$ 2,414
TOTAL REVENUES	<u>2,500</u>	<u>2,876</u>	<u>376</u>	<u>2,414</u>
EXPENDITURES				
Culture and Recreation:				
Tupelo Coliseum:				
Other Services and Charges	-	-	-	-
Total Tupelo Coliseum	-	-	-	-
Total Culture and Recreation	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,500</u>	<u>2,876</u>	<u>376</u>	<u>2,414</u>

CITY OF TUPELO
COLISEUM PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

	F.Y.E. 9/30/2016			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
OTHER FINANCING SOURCES				
(USES):				
Transfers In	\$ 1,615,120	\$ 1,615,120	\$ -	\$ 1,615,120
Transfers Out	<u>(2,546,730)</u>	<u>(2,292,018)</u>	<u>254,712</u>	<u>(1,722,090)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(931,610)</u>	<u>(676,898)</u>	<u>254,712</u>	<u>(106,970)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(929,110)	(674,022)	255,088	(104,556)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>1,629,160</u>	<u>1,629,160</u>	<u>-</u>	<u>1,733,716</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>700,050</u></u>	955,138	\$ <u><u>255,088</u></u>	1,629,160
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u><u>955,138</u></u>		\$ <u><u>1,629,160</u></u>

CITY OF TUPELO
RENTAL REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous:				
Interest	\$ -	\$ 149	\$ 149	\$ 215
TOTAL REVENUES	<u>-</u>	<u>149</u>	<u>149</u>	<u>215</u>
EXPENDITURES				
Other Services and Charges	<u>12,563</u>	<u>850</u>	<u>11,713</u>	<u>9,283</u>
TOTAL EXPENDITURES	<u>12,563</u>	<u>850</u>	<u>11,713</u>	<u>9,283</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,563)</u>	<u>(701)</u>	<u>11,862</u>	<u>(9,068)</u>
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>(12,563)</u>	<u>(701)</u>	<u>11,862</u>	<u>(9,068)</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>118,880</u>	<u>118,880</u>	<u>-</u>	<u>127,948</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 106,317</u>	<u>118,179</u>	<u>\$ 11,862</u>	<u>118,880</u>
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 118,179</u>		<u>\$ 118,880</u>

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	F.Y.E. 9/30/2016			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
REVENUES				
Charges for Sales & Services:				
Commissions	\$ 90,000	\$ 45,549	\$ (44,451)	\$ 43,834
Concessions & Other Sales	650,000	521,296	(128,704)	556,205
Direct Show Revenue	65,000	44,898	(20,102)	61,048
Parking	6,000	2,463	(3,537)	3,760
Service Charge	420,000	306,784	(113,216)	290,073
Rental Revenue	2,081,000	1,912,721	(168,279)	1,829,312
Personnel Service Fees	455,000	172,348	(282,652)	271,865
Miscellaneous Revenues:				
Advertising Agency Fee	750,000	443,671	(306,329)	456,621
Other	512,500	427,170	(85,330)	68,483
Interest	5,000	1,797	(3,203)	1,404
TOTAL REVENUES	5,034,500	3,878,697	(1,155,803)	3,582,605
EXPENDITURES				
Culture and Recreation:				
Coliseum Operations:				
Personnel Services	1,865,330	1,576,177	289,153	1,441,396
Supplies	628,732	393,791	234,941	360,378
Other Services and Charges	2,967,000	2,428,893	538,107	1,946,273
Capital Outlay	1,000,000	789,638	210,362	194,705
Total Coliseum Operations	6,461,062	5,188,499	1,272,563	3,942,752
TOTAL EXPENDITURES	6,461,062	5,188,499	1,272,563	3,942,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,426,562)	(1,309,802)	116,760	(360,147)

CITY OF TUPELO
COLISEUM OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Totals for Year Ended September 30, 2015

-Continued-

	<u>F.Y.E. 9/30/2016</u>			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
OTHER FINANCING SOURCES (USES):				
Transfer from Coliseum Project	\$ 1,275,830	\$ 1,023,225	\$ (252,605)	\$ 449,745
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,275,830</u>	<u>1,023,225</u>	<u>(252,605)</u>	<u>449,745</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(150,732.00)	(286,577)	(135,845)	89,598
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>846,072</u>	<u>846,072</u>	-	<u>770,907</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 695,340</u>	559,495	<u>\$ (135,845)</u>	860,505
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>51,082</u>		<u>(14,433)</u>
FUND BALANCE (DEFICIT) (GAAP BASIS)				
End of Year		<u>\$ 610,577</u>		<u>\$ 846,072</u>

CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015

	F.Y.E. 9/30/2016		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Intergovernmental Revenues:				
Federal Shared Revenue	\$ -	\$ 586	\$ 586	\$ 22,166
Federal Grants	-	-	-	17,544
Fines and Forfeitures	100,000	104,989	4,989	78,340
Miscellaneous Revenues:				
Interest	1,000	3,043	2,043	2,285
Other	84,000	89,466	5,466	103,946
TOTAL REVENUES	<u>185,000</u>	<u>198,084</u>	<u>13,084</u>	<u>224,281</u>
EXPENDITURES				
Public Safety:				
Police Department:				
Supplies	41,000	11,052	29,948	12,396
Other Services and Charges	322,465	133,123	189,342	142,737
Capital Outlay	72,000	894	71,106	19,093
Total Police Department	<u>435,465</u>	<u>145,069</u>	<u>290,396</u>	<u>174,226</u>
TOTAL EXPENDITURES	<u>435,465</u>	<u>145,069</u>	<u>290,396</u>	<u>174,226</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(250,465)	53,015	303,480	50,055
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	<u>(31,550)</u>	<u>(31,550)</u>	-	<u>(40,756)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(31,550)</u>	<u>(31,550)</u>	-	<u>(40,756)</u>

**CITY OF TUPELO
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**
Year Ended September 30, 2016
With Comparative Totals for Year Ended September 30, 2015
-Continued-

	<u>F.Y.E. 9/30/2016</u>			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (282,015)	\$ 21,465	\$ 303,480	\$ 9,299
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>1,759,606</u>	<u>1,759,606</u>	<u>-</u>	<u>1,755,255</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 1,477,591</u>	1,781,071	<u>\$ 303,480</u>	1,764,554
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>(4,948)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 1,781,071</u>		<u>\$ 1,759,606</u>

CAPITAL PROJECTS FUND

Capital Projects are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

General Obligation Construction Funds – These funds are used to account for specific construction projects of the General Obligation debt proceeds.

City Capital Project Fund – This fund is used to account for general construction for the City of Tupelo that is not specifically accounted for in any other capital project fund.

Fairgrounds Construction Fund – This fund is used to account for the costs of constructing the Fairgrounds Redevelopment Project.

City Infrastructure Fund – This fund is used to account for projects approved in the City of Tupelo's 5 year capital plan. The funding for these projects will include G.O. Bonds, general fund money, and grants. This is a major fund.

Thoroughfare Fund Phase V – This fund is used to account for the cost of constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land for these purposes. A 10.00 mill special property tax will be levied for the next five years to finance this project.

CITY OF TUPELO
2007 GENERAL OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ -	\$ -	\$ 2,244
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,244</u>
EXPENDITURES				
Capital Outlay:				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	2,244
OTHER FINANCING SOURCES (USES):				
Transfer to Other Funds	-	-	-	(3,754,794)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,754,794)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	-	-	-	(3,752,550)
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	-	-	-	3,752,550
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ -</u>		<u>\$ -</u>

CITY OF TUPELO
CITY CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Intergovernmental Revenues:				
Federal Shared Revenues	\$ -	\$ 7,173	\$ 7,173	\$ 374,046
State Shared Revenues	63,412	63,411	(1)	96,347
Miscellaneous Revenues:				
Interest	-	1,438	1,438	1,704
Donations	-	-	-	10,000
TOTAL REVENUES	<u>63,412</u>	<u>72,022</u>	<u>8,610</u>	<u>482,097</u>
EXPENDITURES				
Other Services and Charges	-	-	-	-
Capital Outlay:				
Capital Outlay	<u>1,485,890</u>	<u>1,283,693</u>	<u>202,197</u>	<u>279,604</u>
TOTAL EXPENDITURES	<u>1,485,890</u>	<u>1,283,693</u>	<u>202,197</u>	<u>279,604</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,422,478)	(1,211,671)	210,807	202,493
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>1,608,181</u>	<u>1,608,181</u>	-	<u>1,417,210</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	<u>\$ 185,703</u>	396,510	<u>\$ 210,807</u>	1,619,703
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		<u>(11,522)</u>
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 396,510</u>		<u>\$ 1,608,181</u>

CITY OF TUPELO
FAIRGROUNDS CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ 88	\$ 88	\$ 287
Donations	-	-	-	1,500
Other	37,000	38,000	1,000	41,374
TOTAL REVENUES	<u>37,000</u>	<u>38,088</u>	<u>1,088</u>	<u>43,161</u>
EXPENDITURES				
Other Services and Charges	111,000	93,801	17,199	241,343
Capital Outlay:				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>111,000</u>	<u>93,801</u>	<u>17,199</u>	<u>241,343</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,000)	(55,713)	18,287	(198,182)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>78,861</u>	<u>78,861</u>	-	<u>277,043</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 4,861</u>	23,148	<u>\$ 18,287</u>	78,861
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 23,148</u>		<u>\$ 78,861</u>

CITY OF TUPELO
THOROUGHFARE FUND PHASE V
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Taxes:				
General Property Taxes	\$ 4,407,262	\$ 4,526,057	\$ 118,795	\$ 4,385,249
Intergovernmental Revenues:				
State Shared Revenues	150,909	160,191	9,282	154,130
Federal Grants	-	159,022	159,022	-
Miscellaneous Revenues:				
Interest	-	3,679	3,679	3,236
TOTAL REVENUES	<u>4,558,171</u>	<u>4,848,949</u>	<u>290,778</u>	<u>4,542,615</u>
EXPENDITURES				
Personnel Services	98,593	94,591	4,002	89,828
Capital Outlay:				
Capital Outlay	<u>6,959,578</u>	<u>5,109,091</u>	<u>1,850,487</u>	<u>5,088,130</u>
TOTAL EXPENDITURES	<u>7,058,171</u>	<u>5,203,682</u>	<u>1,854,489</u>	<u>5,177,958</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,500,000)</u>	<u>(354,733)</u>	<u>2,145,267</u>	<u>(635,343)</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>2,192,967</u>	<u>2,192,967</u>	-	<u>2,700,301</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u>(307,033)</u>	1,838,234	\$ <u>2,145,267</u>	2,064,958
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>23,419</u>		<u>128,009</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>1,861,653</u>		\$ <u>2,192,967</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

City Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of General City Bonds. This is a major fund.

Water G. O. Bonds Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of G. O. Water Bonds. This is a major fund.

Special Assessments Bond and Interest Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Special Assessments Bonds.

City Tax Increment Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Tax Increment Bonds.

Certificate of Participation Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of Taxable Special Obligation Bonds.

Urban Renewal Bond Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the Fairgrounds Special Obligation Bonds.

Mississippi Development Bank 2007 Issue Fund – This fund is used to account for the accumulation of resources for, and payment of, principal, interest and related costs of the Series 2007 Special Obligation Bonds.

CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 64,655	\$ 93,690	\$ 29,035	\$ 95,858
Miscellaneous Revenues:				
Interest	-	154	154	114
TOTAL REVENUES	<u>64,655</u>	<u>93,844</u>	<u>29,189</u>	<u>95,972</u>
EXPENDITURES				
Debt Service:				
Special Assessment General Obligations:				
Bonds Redeemed	50,000	50,000	-	85,000
Interest	9,655	9,655	-	14,470
Paying Agent Fees	5,000	2,690	2,310	4,190
Total Debt Service	<u>64,655</u>	<u>62,345</u>	<u>2,310</u>	<u>103,660</u>
TOTAL EXPENDITURES	<u>64,655</u>	<u>62,345</u>	<u>2,310</u>	<u>103,660</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	31,499	31,499	(7,688)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF TUPELO
SPECIAL ASSESSMENTS BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
 Year Ended September 30, 2016
 With Comparative Actual Amounts for Year Ended September 30, 2015
 -Continued-

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -	\$ 31,499	\$ 26,879	\$ (7,688)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>44,474</u>	<u>44,474</u>	<u>-</u>	<u>51,340</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u><u>44,474</u></u>	75,973	\$ <u><u>26,879</u></u>	43,652
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(372)</u>		<u>822</u>
FUND BALANCE (GAAP-BASIS) - End of Year		\$ <u><u>75,601</u></u>		\$ <u><u>44,474</u></u>

CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 119,210	\$ 233,896	\$ 114,686	\$ 141,653
Miscellaneous Revenues:				
Interest	-	508	508	278
TOTAL REVENUES	119,210	234,404	115,194	141,931
EXPENDITURES				
Debt Service:				
General Obligations:				
Bonds Redeemed	90,000	90,000	-	85,000
Interest	27,210	27,210	-	31,718
Paying Agent Fees	2,000	1,850	150	850
Total Debt Service	119,210	119,060	150	117,568
TOTAL EXPENDITURES	119,210	119,060	150	117,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	115,344	115,344	24,363
OTHER FINANCING SOURCES (USES):				
Transfer from TIF/SP Assessment Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-

CITY OF TUPELO
CITY TAX INCREMENT DEBT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

	F.Y.E. 9/30/2016			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -	\$ 115,344	\$ 115,344	\$ 24,363
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>235,112</u>	<u>235,112</u>	<u>-</u>	<u>210,749</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u>235,112</u>	350,456	\$ <u>115,344</u>	235,112
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) - End of Year		\$ <u>350,456</u>		\$ <u>235,112</u>

CITY OF TUPELO
CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/2016			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ 173	\$ 173	\$ 80
TOTAL REVENUES	<u>-</u>	<u>173</u>	<u>173</u>	<u>80</u>
EXPENDITURES				
Debt Service:				
Certificates Redeemed	730,000	730,000	-	705,000
Interest	235,900	235,900	-	264,100
Paying Agent Fees	<u>5,000</u>	<u>2,892</u>	<u>2,108</u>	<u>3,245</u>
Total Debt Service	<u>970,900</u>	<u>968,792</u>	<u>2,108</u>	<u>972,345</u>
TOTAL EXPENDITURES	<u>970,900</u>	<u>968,792</u>	<u>2,108</u>	<u>972,345</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(970,900)</u>	<u>(968,619)</u>	<u>2,281</u>	<u>(972,265)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Coliseum Project Fund	1,037,668	968,792	(68,876)	972,345
Transfer to City Bond and Interest Fund	<u>(66,768)</u>	<u>(66,754)</u>	<u>14</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>970,900</u>	<u>902,038</u>	<u>(68,862)</u>	<u>972,345</u>

CITY OF TUPELO
CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended September 30, 2016

With Comparative Actual Amounts for Year Ended September 30, 2015

-Continued-

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (UNFAVORABLE)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -	\$ (66,581)	\$ (66,581)	\$ 80
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>66,646</u>	<u>66,646</u>	<u>-</u>	<u>66,566</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u><u>66,646</u></u>	65	\$ <u><u>(66,581)</u></u>	66,646
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP BASIS) End of Year		\$ <u><u>65</u></u>		\$ <u><u>66,646</u></u>

CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2015 Actual
	Budget	Actual		
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ 179	\$ 179	\$ 28
Lease Income	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>179</u>	<u>179</u>	<u>28</u>
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	245,000	245,000	-	230,000
Interest	191,634	191,634	-	205,100
Paying Agent Fees	2,500	2,500	-	2,500
Total Debt Service	<u>439,134</u>	<u>439,134</u>	<u>-</u>	<u>437,600</u>
TOTAL EXPENDITURES	<u>439,134</u>	<u>439,134</u>	<u>-</u>	<u>437,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(439,134)	(438,955)	179	(437,572)
OTHER FINANCING SOURCES (USES):				
Transfer from Coliseum Project Fund	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>

CITY OF TUPELO
URBAN RENEWAL BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015
-Continued-

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (139,134)	\$ (138,955)	\$ 179	\$ (137,572)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>403,680</u>	<u>403,680</u>	<u>-</u>	<u>541,252</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 264,546</u>	264,725	<u>\$ 179</u>	403,680
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		<u>\$ 264,725</u>		<u>\$ 403,680</u>

CITY OF TUPELO
MISSISSIPPI DEVELOPMENT BANK 2007 ISSUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	<u>F.Y.E. 9/30/2016</u>			<u>F.Y.E. 9/30/2015 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ -	\$ 123	\$ 123	\$ 114
TOTAL REVENUES	<u>-</u>	<u>123</u>	<u>123</u>	<u>114</u>
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	210,000	74,515	135,485	72,740
Interest	71,656	25,427	46,229	28,700
Paying Agent Fees	1,500	1,200	300	1,200
Total Debt Service	<u>283,156</u>	<u>101,142</u>	<u>182,014</u>	<u>102,640</u>
TOTAL EXPENDITURES	<u>283,156</u>	<u>101,142</u>	<u>182,014</u>	<u>102,640</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(283,156)	(101,019)	182,137	(102,526)
OTHER FINANCING SOURCES (USES):				
Transfer from CVB Fund	100,000	96,895	(3,105)	103,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>96,895</u>	<u>(3,105)</u>	<u>103,000</u>

CITY OF TUPELO
MISSISSIPPI DEVELOPMENT BANK 2007 ISSUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015
-Continued-

	<u>F.Y.E. 9/30/2016</u>			F.Y.E. 9/30/2015 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (183,156)	\$ (4,124)	\$ 179,032	\$ 474
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>4,124</u>	<u>4,124</u>	<u>-</u>	<u>3,650</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u><u>(179,032)</u></u>	-	\$ <u><u>179,032</u></u>	4,124
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>-</u>		<u>-</u>
FUND BALANCE (GAAP-BASIS) - End of Year		\$ <u><u>-</u></u>		\$ <u><u>4,124</u></u>

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for employees, other individuals, private organizations, other governments and/or other funds

Metro Vice Seized Fund – This fund is used to account for assets seized by the narcotics unit and held in escrow pending distribution to applicable parties.

City Court Restitution Fund – This fund is used to account for assets held for complainants as restitution to them.

Flexible Spending Fund – This fund is used to account for assets held for employees in accordance with provisions of Internal Revenue Code Section 125.

Self Insurance Fund – This fund is used to account for assets held to fund self insurance claims.

Arts Committee Fund – This fund is used to account for assets held by the Art Committee which evaluates and selects local works of art to be placed on display in City Hall.

**CITY OF TUPELO
AGENCY FUNDS
COMBINING BALANCE SHEET**

September 30, 2016

With Comparative Totals for September 30, 2015

	Metro Vice Seized Fund	City Court Restitution Fund	Flexible Spending Fund	Self Insurance Fund	Arts Committee Fund	Totals	
						9/30/16	9/30/15
ASSETS							
Cash	\$ 131,402	\$ 6,965	\$ 10,900	\$ 1,344,582	\$ 735	\$ 1,494,584	\$ 1,349,751
Investments	-	-	-	500	-	500	500
Due from Employees	-	-	-	-	-	-	2,111
Interest Receivable	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 131,402	\$ 6,965	\$ 10,900	\$ 1,345,082	\$ 735	\$ 1,495,084	\$ 1,352,362
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ 101,271	\$ -	\$ 101,271	\$ 9,752
Due to Other Funds	-	-	8,824	-	-	8,824	8,822
Due to Complainants	-	6,965	-	-	-	6,965	6,964
Due to Arts Committee	-	-	-	-	735	735	735
Due to Employees	-	-	2,076	-	-	2,076	-
Due to Insured Employees	-	-	-	1,243,811	-	1,243,811	1,226,647
Seized Money Held	131,402	-	-	-	-	131,402	99,442
TOTAL LIABILITIES	\$ 131,402	\$ 6,965	\$ 10,900	\$ 1,345,082	\$ 735	\$ 1,495,084	\$ 1,352,362

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2016

	Balance September 30, 2015	Debits	Credits	Balance September 30, 2016
METRO VICE SEIZED FUND				
<u>ASSETS</u>				
Cash	\$ 99,442	\$ 141,551	\$ 109,591	\$ 131,402
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 6,113	\$ 6,113	\$ -
Seized Money Held	99,442	115,704	147,664	131,402
Total Liabilities	\$ 99,442	\$ 121,817	\$ 153,777	\$ 131,402
CITY COURT RESTITUTION FUND				
<u>ASSETS</u>				
Cash	\$ 6,964	\$ 22	\$ 22	\$ 6,964
<u>LIABILITIES</u>				
Due to Complainants	\$ 6,964	\$ -	\$ -	\$ 6,964
FLEXIBLE SPENDING FUND				
<u>ASSETS</u>				
Cash	\$ 6,711	\$ 29,676	\$ 25,487	\$ 10,900
<u>LIABILITIES</u>				
Due to Other Funds	\$ 8,822	\$ -	\$ 2	\$ 8,824
Due to Employees	(2,111)	25,487	29,674	2,076
Total Liabilities	\$ 6,711	\$ 25,487	\$ 29,676	\$ 10,900
TUPELO ARTS COMMITTEE				
<u>ASSETS</u>				
Cash	\$ 735	\$ 1	\$ -	\$ 736
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deposits - Arts Committee	735	-	1	736
Total Liabilities	\$ 735	\$ -	\$ 1	\$ 736

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2016
-Continued-

	Balance September 30, 2015	Debits	Credits	Balance September 30, 2016
SELF INSURANCE FUND				
<u>ASSETS</u>				
Cash	\$ 1,235,899	\$ 235,952	\$ 127,269	\$ 1,344,582
Investments	500	-	-	500
Interest Receivable	-	-	-	-
Total Assets	<u>\$ 1,236,399</u>	<u>\$ 235,952</u>	<u>\$ 127,269</u>	<u>\$ 1,345,082</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 9,752	\$ 202,648	\$ 294,167	\$ 101,271
Due to Insured Employees	1,226,647	-	17,164	1,243,811
Total Liabilities	<u>\$ 1,236,399</u>	<u>\$ 202,648</u>	<u>\$ 311,331</u>	<u>\$ 1,345,082</u>
TOTAL ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash	\$ 1,349,751	\$ 407,202	\$ 262,369	\$ 1,494,584
Investments	500	-	-	500
Receivables	-	-	-	-
Total Assets	<u>\$ 1,350,251</u>	<u>\$ 407,202</u>	<u>\$ 262,369</u>	<u>\$ 1,495,084</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 9,752	\$ 208,761	\$ 300,280	\$ 101,271
Due to Other Funds	8,822	-	2	8,824
Seized Money Held	99,442	115,704	147,664	131,402
Deposits - Arts Committee	735	-	1	736
Due to Complainants	6,964	-	-	6,964
Due to Insured Employees	1,226,647	-	17,164	1,243,811
Due to Employees	(2,111)	25,487	29,674	2,076
Total Liabilities	<u>\$ 1,350,251</u>	<u>\$ 349,952</u>	<u>\$ 494,785</u>	<u>\$ 1,495,084</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF TUPELO
SCHEDULE OF INVESTMENTS
September 30, 2016

INVESTMENT OWNED BY	TYPE OF INVESTMENT	DATE ACQ'D	MATURITY DATE	INTEREST RATE	CARRYING VALUE
GOVERNMENTAL FUNDS:					
Debt Service Funds:					
Water G. O. Bonds Fund	U.S. Government Securities Fund	Var	N/A	Var	\$ 12,950,106
Urban Renewal Bond Fund	U.S. Government Securities Fund	Var	N/A	Var	44,700
Cert. of Part. Debt Service Fund	U.S. Government Securities Fund	Var	N/A	Var	<u>65</u>
	Total Investments - Debt Service Funds				<u>12,994,871</u>
	Total Investments - Governmental Funds				<u>12,994,871</u>
FIDUCIARY FUNDS:					
Agency Funds:					
Deferred Comp. Fund	Self-Insurance Trust Fund	Var	N/A	N/A	<u>500</u>
	Total Investments - Agency Funds				<u>500</u>
	Total Investments - Fiduciary Funds				<u>500</u>
	Total Investments - All Funds				<u><u>\$ 12,995,371</u></u>

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT
Year Ended September 30, 2016

	INTEREST RATE	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2015	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2016	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
GENERAL OBLIGATION BONDS:									
General City Bonds									
G.O. - Series 2012	2.000 - 2.375%	5/1/12	11/1/32	\$ 5,760,000	\$ -	\$ (120,000)	\$ 5,640,000	\$ 120,000	\$ 117,563
G.O. - Series 2013	2.100 - 3.000%	4/10/13	9/30/33	5,760,000	-	(120,000)	5,640,000	120,000	135,426
G.O. - Series 2013	2.500 - 3.250%	9/1/13	9/30/28	2,675,000	-	(170,000)	2,505,000	175,000	69,050
G.O. - Series 2011	2.100 - 2.875%	12/1/11	12/1/30	3,695,000	-	(100,000)	3,595,000	100,000	85,014
G.O. Refunding - Series A	2.000 - 3.000%	6/21/11	7/1/19	3,145,000	-	(755,000)	2,390,000	775,000	63,850
G.O. Refunding - Series B	2.000 - 4.375%	6/21/11	7/1/23	4,130,000	-	(455,000)	3,675,000	465,000	138,644
G.O. Refunding - Series 2001	variable	7/1/01	9/1/16	125,000	-	(125,000)	-	-	-
G.O. - Series 2007 (refunded)	3.750 - 5.250%	2/1/07	2/1/21	5,165,000	-	(5,165,000)	-	-	-
G.O. - Series 2015	1.310 - 3.280%	7/28/15	7/1/29	4,000,000	-	(100,000)	3,900,000	100,000	105,190
G.O. Refunding - Series 2016	1.100 - 1.970%	1/28/16	2/1/22	-	4,580,000	-	4,580,000	770,000	66,962
G.O. - Series 2016	2.313 - 2.685%	5/12/16	4/1/36	-	6,000,000	-	6,000,000	100,000	136,454
G.O. Combined Refunding-Series 2016	3.000 - 5.000%	8/4/16	7/1/26	-	9,230,000	-	9,230,000	1,250,000	330,361
Total General City Bonds				<u>34,455,000</u>	<u>19,810,000</u>	<u>(7,110,000)</u>	<u>47,155,000</u>	<u>3,975,000</u>	<u>1,248,514</u>
Water Bonds									
Series 2008 - Refunding Bonds	3.91 - 5.51%	12/17/08	12/1/33	<u>8,575,000</u>	<u>-</u>	<u>(280,000)</u>	<u>8,295,000</u>	<u>295,000</u>	<u>366,879</u>
Total Water Bonds				<u>8,575,000</u>	<u>-</u>	<u>(280,000)</u>	<u>8,295,000</u>	<u>295,000</u>	<u>366,879</u>
Special Assessments General Obligation Bonds									
Series 1996	variable	9/1/96	9/1/16	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Series 2000	variable	8/1/00	8/1/20	<u>155,000</u>	<u>-</u>	<u>(25,000)</u>	<u>130,000</u>	<u>30,000</u>	<u>6,880</u>
Total Special Assessments General Obligations Bonds				<u>180,000</u>	<u>-</u>	<u>(50,000)</u>	<u>130,000</u>	<u>30,000</u>	<u>6,880</u>
TOTAL GENERAL OBLIGATION BONDS				<u>43,210,000</u>	<u>19,810,000</u>	<u>(7,440,000)</u>	<u>55,580,000</u>	<u>4,300,000</u>	<u>1,622,273</u>
OTHER LONG-TERM DEBT:									
General City Notes Payable									
Capital Improvements Revolving Loan	3.00%	8/24/09	2/1/33	<u>1,340,660</u>	<u>-</u>	<u>(58,764)</u>	<u>1,281,896</u>	<u>61,763</u>	<u>37,614</u>
Tupelo Airport Authority Capital Acquisition	3.00%	6/22/11	7/1/25	<u>1,162,591</u>	<u>-</u>	<u>(90,772)</u>	<u>1,071,819</u>	<u>93,495</u>	<u>32,155</u>
Bank of America ESCO	2.62%	10/9/15	4/9/32	<u>-</u>	<u>4,353,000</u>	<u>-</u>	<u>4,353,000</u>	<u>168,796</u>	<u>170,346</u>
Total General City Notes Payable				<u>2,503,251</u>	<u>4,353,000</u>	<u>(149,536)</u>	<u>6,706,715</u>	<u>324,054</u>	<u>240,115</u>

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT - Continued
Year Ended September 30, 2016

	INTEREST RATE	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2015	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2016	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
OTHER LONG-TERM DEBT - Continued:									
Water and Sewer Notes Payable									
Drinking Water Loan	4.00%	9/1/05	5/1/25	\$ 625,202	\$ -	\$ (54,066)	\$ 571,136	\$ 56,269	\$ 21,821
Drinking Water Loan	1.95%	6/14/06	12/1/27	336,054	-	(24,527)	311,527	25,010	5,852
Capital Improvements Revolving Loan	1.75%	11/19/04	6/1/26	3,947,087	-	(336,675)	3,610,412	342,614	60,443
Capital Improvements Revolving Loan	1.75%	9/30/04	11/1/27	15,876,407	-	(1,181,310)	14,695,097	1,202,150	247,552
SRF - MDA Revolving Loan	1.95%	6/1/16	12/1/35	2,818,943	983,506	(53,331)	3,749,118	162,087	71,664
SRF - Annexed Sewer Loan 2014	1.75%	8/1/16	12/1/35	2,077,252	2,375,937	(16,144)	4,437,045	195,578	76,085
SRF - Chemical Addition	1.75%	6/1/16	2/1/36	1,382,799	2,120,996	(37,401)	3,466,394	151,248	59,453
SRF - Annexed Water		In progress		1,031,236	991,227	-	2,022,463	-	-
SRF - 2015 Water		In progress		-	53,560	-	53,560	-	-
SRF - Annex Sewer 2014		In progress		-	1,110,973	-	1,110,973	-	-
Total Water and Sewer Notes Payable				28,094,980	7,636,199	(1,703,454)	34,027,725	2,134,956	542,870
Special Obligation Bonds									
Series 2007 (refunded)	4.000 - 5.000%	7/25/07	7/1/22	1,710,000	-	(1,710,000)	-	-	-
Tupelo Convention Center (refunded)	4.000 - 4.250%	6/6/07	7/1/22	5,785,000	-	(5,785,000)	-	-	-
Convention Center (refunded)	5.125 - 5.600%	10/1/05	1/1/26	3,645,000	-	(3,645,000)	-	-	-
Total Special Obligation Bonds				11,140,000	-	(11,140,000)	-	-	-
Mississippi Development Lease	4.000 - 5.000%	9/21/00	7/1/25	283,725	-	(29,647)	254,078	29,647	3,176
Tax Increment Limited Obligation Bonds									
Series 1998	5.70%	2/1/98	3/1/18	155,000	-	(50,000)	105,000	50,000	4,560
Series 2009	4.50%	5/13/09	5/1/24	440,000	-	(40,000)	400,000	40,000	18,000
Total Tax Increment Limited Obligation Bonds				595,000	-	(90,000)	505,000	90,000	22,560
Northeast MS Regional Water Supply District									
State Revolving Loan	3.00%	9/1/98	8/1/22	1,021,187	-	(151,520)	869,667	156,127	23,955
Tupelo Airport Authority									
Notes Payable	3.00%	9/1/00	8/1/22	164,584	-	(18,509)	146,075	19,064	4,382
TOTAL OTHER LONG-TERM DEBT				41,299,476	7,636,199	(13,133,130)	35,802,545	2,429,794	596,943
TOTAL LONG-TERM DEBT				\$ 87,012,727	\$ 31,799,199	\$ (20,722,666)	\$ 98,089,260	\$ 7,053,848	\$ 2,459,331

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2016

	MUNICIPAL	SCHOOL	TAX
Adjusted Assessed Valuation:			
Realty	\$ 318,692,151	\$ 12,887,561	
Personal	88,082,476	28,553,754	
Personal - Auto (From County)	55,591,379	4,208,876	
 Total Municipal at 96.58 Mills	 \$ 462,366,006		\$ 44,650,685
 Total School at 64.11 Mills		 \$ 45,650,191	2,926,177
Collections Adjustments:			
Add:			
Municipal Homestead Reimbursement		\$ 531,900	
School Homestead Reimbursement		449,387	
Prior Year Tax Collections		331,937	
Penalties and Interest		74,334	
In-Lieu Taxes		891,305	
Heavy Duty Truck Tax		65,039	
Special Assessments		93,319	
Prior Year Tax Collections		-	2,437,221
Less:			
Cost of Collections		291,620	
School Homestead Loss		795,757	1,087,377
 TOTAL TO BE ACCOUNTED FOR			 \$ 48,926,706

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2016
-Continued-

	<u>TAXES</u>	<u>HOMESTEAD REIMBURSEMENT</u>	<u>TOTALS</u>
Collection Credits to Funds:			
Municipal General Fund	\$ 6,834,839	\$ 218,406	\$ 7,053,245
Special Assessments Fund	93,318	-	93,318
Tax Increment Bond Fund	233,896	-	233,896
City Bond & Interest Fund	3,161,769	111,333	3,273,102
Library Fund	459,492	16,179	475,671
Firemen & Policemen Retirement Fund	732,190	25,791	757,981
City Special Levy Street Improvements Fund	4,549,476	160,191	4,709,667
School Maintenance Fund	27,126,240	449,387	27,575,627
School Bond and Interest Fund	3,096,468	-	3,096,468
Tupelo/Lee County Vo-Tech	1,420	-	1,420
School Notes - Shortfall Note	1,523,760	-	1,523,760
Total Collections	\$ <u>47,812,868</u>	\$ <u>981,287</u>	48,794,155
Balance Represented By:			
Unpaid Property Taxes		\$ 132,540	
Unaccounted For (Over)		<u>11</u>	<u>132,551</u>
TOTAL ACCOUNTED FOR			\$ <u>48,926,706</u>

CITY OF TUPELO
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2016

NAME	POSITION	BOND	INSURANCE COMPANY
Jason Shelton	Mayor	\$ 100,000	Travelers Casualty & Surety Co. of America
Kim Hanna	City Clerk	50,000	Travelers Casualty & Surety Co. of America
Bart Aguirre	Chief of Police	75,000	Western Surety Company
City of Tupelo	Blanket Policy	50,000	Western Surety Company
City of Tupelo	Per Councilman	100,000	Travelers Casualty & Surety Co. of America

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal CFDA Number	Federal Expenditures
PRIMARY GOVERNMENT:			
U. S. Department of Housing and Urban Development			
Passed through State Office of:			
Mississippi Development Authority:			
Community Development Block Grant	1131-14-366-ED-01	14.228	\$ 481,897
Community Development Block Grant	1132-15-366-PF-01	14.228	<u>8,000</u>
Total U.S. Department of Housing and Urban Development			\$ <u><u>489,897</u></u>
Environmental Protection Agency			
Passed through State Office of:			
Mississippi Department of Environmental Quality			
Capitalization Grants for Drinking Water State Revolving Loans	DWI-L1410015-03-0	66.468	\$ 444,120
Capitalization Grants for Drinking Water State Revolving Loans	DWI-L1410015-04-0	66.468	67,240
Capitalization Grants for Drinking Water State Revolving Loans	DWI-L1410015-05-0	66.468	<u>43,260</u>
Total Environmental Protection Agency			\$ <u><u>554,620</u></u>
U. S. Department of Justice			
Justice Assistance	2014-DJBX-0504	16.738	\$ 14,332
US Marshall Service	JELO	16.111	5,951
Bulletproof Vest Partnership Program		16.607	4,863
Federal Equitable Sharing Agreement	11-DEA-541721	16.000	<u>7,759</u>
Total U.S. Department of Justice			\$ <u><u>32,905</u></u>
Executive Office of the President			
Passed through State Office of:			
Department of Public Safety			
High Intensity Drug Trafficking Areas Program	G15GC0003A/G16GC0003A	95.001	<u>14,139</u>
Total Executive Office of the President			<u><u>14,139</u></u>

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal CFDA Number	Federal Expenditures
U. S. Department of Transportation			
Passed through State Office of:			
Mississippi Department of Transportation:			
Highway Planning and Construction Grant*	STP-9480-00(007)	20.205	\$ 102,617
Highway Planning and Construction Grant*	STP-0430-00(19)	20.205	360,659
Highway Planning and Construction Grant*	STP-0430-00(16)	20.205	1,128,490
Highway Planning and Construction Grant*	STP-0430-00(16)	20.205	<u>56,405</u>
Total U.S. Department of Transportation			\$ <u><u>1,648,171</u></u>
U.S. Department of Agriculture			
Natural Resources Conservation Service Grant	68-4423-16-2488	10.932	\$ <u>97,100</u>
Total U.S. Department of Agriculture			\$ <u><u>97,100</u></u>
U. S. Department of Homeland Security			
Passed through State Office of:			
Mississippi Emergency Management Agency:			
Homeland Security Grant	S14HS366T	97.039	\$ 8,000
Homeland Security Grant	14HS366T	97.039	60,000
Homeland Security Grant	14LE366	97.039	5,138
Hazard Mitigation Grant	HM-1604-0515	97.039	66,686
Hazard Mitigation Grant	HM-1604-0516	97.039	<u>63,205</u>
Total U. S. Department of Homeland Security			\$ <u><u>203,029</u></u>
Department of the Interior			
Land and Water Conservation Fund Grant	28-00644	15.916	\$ <u>150,000</u>
Total Department of the Interior			\$ <u><u>150,000</u></u>
TOTAL FEDERAL EXPENDITURES			\$ <u><u>3,189,861</u></u>

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency ID Number	Federal CFDA Number	Federal Expenditures
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SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of expenditures of federal awards includes the federal award activity of the City of Tupelo, Mississippi under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

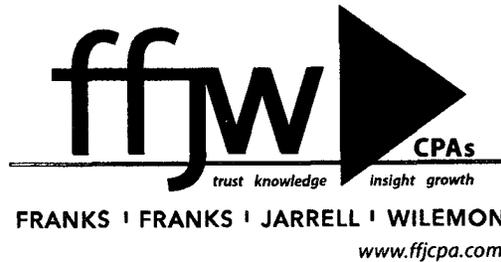
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

* - Major Program

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners
Gary Franks, CPA
Greg Jarrell, CPA
Bryon Wilemon, CPA
Jonathan Hagood, CPA
Rudolph Franks, CPA (emeritus)

**INDEPENDENT AUDITORS' 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**

Honorable Mayor and City Council
City of Tupelo, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tupelo, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Tupelo, Mississippi's basic financial statements, and have issued our report thereon dated March 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tupelo, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017

P.O. Box 731
Tupelo, MS 38802
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Tupelo, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Tupelo, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Tupelo, Mississippi's major federal programs for the year ended September 30, 2016. The City of Tupelo, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tupelo, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Tupelo, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Tupelo, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tupelo, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the City of Tupelo, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Tupelo, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tupelo, Mississippi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017

**CITY OF TUPELO, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2016**

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified
 Internal control over financial reporting:
 Material weakness identified? ___ Yes X No
 Significant deficiency identified
 not considered to be a material weakness? ___ Yes X None reported
 Noncompliance material to financial statements
 noted? ___ Yes X No

Federal Awards

Internal Control over major programs:
 Material weakness identified? ___ Yes X No
 Significant deficiency identified
 not considered to be a material weakness? ___ Yes X None reported

Type of auditors’ report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with
 2 CFR 200.516(a)? ___ Yes X No

Identification of major program:

CFDA Number(s) Name of Federal Program or Cluster

20.205 U.S. Department of Transportation – Highway Planning and Construction Grant

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes ___ No

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

None

SECTION 3 – FEDERAL AWARD FINDINGS:

None

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Mayor and City Council
City of Tupelo, Mississippi

We have audited the financial statements of the City of Tupelo, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 22, 2017. 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 the *Government Auditing Standards*.

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 general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of management 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.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell, & Wilemon, P.A.
Tupelo, Mississippi
March 22, 2017