

**CITY OF TUPELO,
MISSISSIPPI**

FINANCIAL STATEMENTS

September 30, 2013

Prepared by:
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Certified Public Accountants
Tupelo, Mississippi – Fulton, Mississippi

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INDEPENDENT AUDITORS' REPORT

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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, 2013, 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 financial 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2012 and ending June 30, 2013.

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, 2013, 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 budgetary comparison information on pages 10 through 18 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014 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.
March 21, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the year ended September 30, 2013

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, 2013. 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 at the close of the most recent fiscal year by \$270,698,984. Of this amount, \$45,261,935 may be used to meet the City's ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$256,990,258, of which \$45,941,889 was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,395,108, a decrease of \$3,232,416 in comparison to the prior year. Approximately 27% of the combined fund balances, \$16,120,339 is considered unassigned and is available for spending at the City's discretion.
- The City's total debt is \$88,234,165. Debt in the amount of \$15,108,309 was issued in the current fiscal year; all of which was used for capital acquisition or capital projects.

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

	<u>Fund Statements</u>		
	Government-wide 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 and parks and recreation	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.
- *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 Balance Sheet, Statement of Revenues, Expenses and Changes in Retained Earnings, 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 by \$270,698,984 at the close of the most recent fiscal year. This is a \$13,708,726 increase over last year's net position of \$256,990,258. Tables A-1 and A-2 provide a summary of the City's net position at September 30, 2013 and 2012.

CITY OF TUPELO, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 61.3% and 59.3%, 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, 2013 and 2012, 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 Assets

	Governmental Activities	Business-Type Activities	Total 9/30/13	Total 9/30/12
Current and Other Assets	\$ 64,228,092	\$ 36,722,293	\$ 100,950,385	\$ 104,959,469
Noncurrent Assets	142,032,101	135,605,810	277,637,911	251,506,613
Total Assets	206,260,193	172,328,103	378,588,296	356,466,082
Total Deferred Outflows	1,176,690	69,606	1,246,296	1,499,604
Current and Other Liabilities	7,592,642	13,919,591	21,512,233	20,678,333
Long-Term Liabilities	57,266,321	30,153,292	87,419,613	80,297,095
Total Liabilities	64,858,963	44,072,883	108,931,846	100,975,428
Total Deferred Inflows	203,762	0	203,762	0
Net Position:				
Invested in Capital Assets,				
Net of Related Debt	78,985,076	86,910,164	165,895,240	152,466,992
Restricted	33,770,475	25,771,334	59,541,809	58,581,377
Unrestricted	29,618,607	15,643,328	45,261,935	45,941,889
Total Net Position	\$ 142,374,158	\$ 128,324,826	\$ 270,698,984	\$ 256,990,258

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The \$45,261,935 of unrestricted net position provides excess resources to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position of our business-type activities is \$15,643,328. 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 10.2% of the City's total revenues come from property taxes, with 33.1% of all revenue coming from some type of tax. (See Table A-2.) This compares to 10.6% and 34.1% for the fiscal year ended September 30, 2012. Another 57.3% 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 Assets

	Governmental Activities	Business-Type Activities	Total 9/30/13	Total 9/30/12
Revenues				
Program Revenues:				
Charges for Services	\$ 4,183,774	\$ 73,271,592	\$ 77,455,366	\$ 78,210,930
Operating Grants & Contributions	808,531		808,531	1,141,313
Capital Grants & Contributions	4,912,438	4,647,768	9,560,206	3,132,290
General Revenues:				
Property Taxes	13,787,662		13,787,662	13,702,715
Other Taxes	30,957,309		30,957,309	30,309,210
Investment Income	359,982	78,812	438,794	638,295
Other	2,529,587	(278,596)	2,250,991	2,062,817
Total Revenues	57,539,283	77,719,576	135,258,859	129,197,570
Expenses				
General Government	4,694,591		4,694,591	4,659,002
Public Safety	16,112,103		16,112,103	16,011,644
Public Works	9,206,713		9,206,713	8,658,170
Culture & Recreation	6,887,054		6,887,054	6,353,696
Other Functions	4,273,387		4,273,387	4,033,809
Capital Projects	726,449		726,449	397,201
Debt Service & Short Term Notes	2,503,858		2,503,858	2,075,742
Water & Sewer		9,127,124	9,127,124	9,512,550
Electric		56,155,448	56,155,448	57,508,292
Solid Waste Management		3,281,844	3,281,844	3,138,473
NE MS Reg. Water Supply Dist.		3,551,643	3,551,643	3,578,134
Total Expenses	44,404,155	72,116,059	116,520,214	115,926,713
Excess of Revenue Over Expenses	13,135,128	5,603,517	18,738,645	13,270,857
Transfers	(3,956,046)	(1,073,873)	(5,029,919)	(1,757,750)
Increase in Net Position	9,179,082	4,529,644	13,708,726	11,513,107
Net Position—Beginning	133,195,076	123,795,182	256,990,258	245,477,151
Net Position—Ending	\$ 142,374,158	\$ 128,324,826	\$ 270,698,984	\$ 256,990,258

CITY OF TUPELO, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net position by \$9,179,082, thereby accounting for 67% 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 43%, property taxes 24%, charges for services 7.3% and investment income 0.6%.

The largest expense categories for the City's governmental activities are public safety 36.3% and public works 20.7%.

Business-type Activities

Business-type activities increased the City's net position by \$4,529,644 accounting for 33% 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 \$10,521,204 for water and sewer, \$56,743,939 for electric, \$3,285,033 for solid waste management and \$2,721,416 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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$16,120,339, which comprised 86.8% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 61.3% of total fund expenditures. The fund balance of the City's general fund decreased by \$1,833,262 during the current fiscal year.

Debt Service Fund—The debt service fund has a total fund balance of \$19,775,071, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was \$3,216,867.

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 \$14,372,505.

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 \$7,069,985, 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 \$128,324,826. Changes in net position, which totaled \$4,529,644, were as follows: the electric fund increased by \$609,820, the water & sewer fund increased by \$205,680, the solid waste management fund increased by \$3,877 and Northeast Mississippi Regional Water Supply District increased by \$3,710,267.

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 2013-14 operating budget increased by \$11,238,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City anticipates spending \$12,406,162 in capital projects from FY 2014 – 2018. The source of revenue includes federal grants, G.O. bonds issued in FY 2013 and General Fund tax revenue. New G.O. bond issues are not currently a part of the five year plan.

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, 2013, amounted to \$256,696,173, net of accumulated depreciation of \$167,770,609. 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 9/30/13	Total 9/30/12
Land	\$ 11,939,494	\$ 1,661,340	\$ 13,600,834	\$ 13,136,680
Plant, Buildings and Improvements	64,870,832	166,858,777	231,729,609	246,078,922
Sanitary and Sewer Lagoons		6,896,810	6,896,810	6,896,810
Machinery & Equipment	21,979,099	15,243,586	37,222,685	35,986,030
Infrastructure	102,922,128		102,922,128	96,846,955
Construction-in-progress	24,786,329	7,308,387	32,094,716	13,069,613
Accumulated Depreciation	(87,017,711)	(80,752,898)	(167,770,609)	(177,477,699)
Total	\$ 139,480,171	\$ 117,216,002	\$ 256,696,173	\$ 234,537,311

Long-term Debt—At year-end, the City had \$81,598,769 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 9/30/13	Total 9/30/12
General Obligation Bonds	\$ 44,258,210	\$ 1,066,790	\$ 45,325,000	\$ 35,670,000
Special Assessment Bonds	340,000		340,000	470,000
Special Obligation Bonds	12,003,710	1,361,290	13,365,000	14,400,000
Tax Increment Bonds	760,000		760,000	835,000
State Grants Repayment		1,310,939	1,310,939	1,449,432
Notes Payable	3,133,175	24,000,051	27,133,226	28,774,337
Total	\$ 60,495,095	\$ 27,739,070	\$ 88,234,165	\$ 81,598,769

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key assumptions for revenue forecasts for fiscal year 2014 are summarized as follows:

1. Sales tax revenues will remain flat.
2. Annexation will contribute to an increase in property tax revenues.
3. Unemployment rate based on the average 2013 rate, stood at 8.5% for Lee County.
4. Court fines will increase due to an increase in collection efforts.
5. Interest rates will remain low.
6. Park and Recreation fees are predicted to increase due to the opening of the new Aquatics Facility.

This contributed to the following projections:

1. Real and personal taxes are expected to increase 6% due to the addition of \$20,000,000 in assessed values from newly annexed areas.
2. Millage rates remained the same at 32.47 for the City's 2014 FY budget. This includes an increase from 11.6 to 14.09 mills for the General Fund, 10 mills for the Thoroughfare Fund, a decrease in the City Bond and Interest fund from 8.2 to 5.7 mills, a decrease from 1.01 to 1 mill for the Library fund, and an increase in the Fire and Police Retirement Fund from 1.66 to 1.68 mills.
3. The City anticipates the Thoroughfare Fund needing \$3,500,000 to cash flow thoroughfare projects.
4. Personnel cost will continue to increase due to rising health care and required increases in PERS contributions from employers.

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, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
<u>ASSETS:</u>				
Current Assets:				
Cash	\$ 40,210,128	\$ 16,857,677	\$ 57,067,805	\$ 171,870
Investments	17,446,469		17,446,469	
General Property Taxes Receivable	74,641		74,641	
Other Receivables	429,102	790,514	1,219,616	
Lease Receivable	180,000		180,000	
Accounts Receivable (Net of allowance for doubtful accounts of \$9,495,789)	1,702,569	6,719,074	8,421,643	161,496
Unbilled Revenue		1,864,855	1,864,855	
Due from Other Funds	426,637	61,146	487,783	
Due from Other Governmental Units	2,238,322		2,238,322	814,747
Due from Custodian				67,147
Due from Trustee - Reserved		9,363,552	9,363,552	
Due from Component Units	1,063,137		1,063,137	
Inventories	27,909	889,600	917,509	76,117
Prepaid Expenses	429,178	92,647	521,825	3,884
Other Current Assets		83,228	83,228	
TOTAL CURRENT ASSETS	64,228,092	36,722,293	100,950,385	1,295,261
Noncurrent Assets:				
Cash - Reserved		17,797,234	17,797,234	
Accrued Interest Receivable - Reserved		4,004	4,004	
Notes Receivable	156,930	396,568	553,498	
Home Grant Receivable	465,000		465,000	
Other Receivables		39,833	39,833	
Lease Receivable	1,930,000		1,930,000	
Unamortized Bond Issue Costs	-	101,753	101,753	
Deferred Charges		50,116	50,116	
Intangible Asset - Goodwill				586,930
Other Assets		300	300	
Capital Assets:				
Land	11,939,494	1,661,340	13,600,834	6,099,049
Plant, Buildings and Improvements	64,870,832	166,858,777	231,729,609	37,848,970
Sanitary and Sewer Lagoons		6,896,810	6,896,810	
Machinery and Equipment	21,979,099	15,243,586	37,222,685	1,767,524
Infrastructure	102,922,128		102,922,128	
Construction in Progress	24,786,329	7,308,387	32,094,716	9,117,447
Accumulated Depreciation	(87,017,711)	(80,752,898)	(167,770,609)	(20,968,047)
TOTAL NONCURRENT ASSETS	142,032,101	135,605,810	277,637,911	34,451,873
TOTAL ASSETS	206,260,193	172,328,103	378,588,296	35,747,134
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount of Refunding	1,176,690	69,606	1,246,296	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,176,690	69,606	1,246,296	-

**CITY OF TUPELO, MISSISSIPPI
STATEMENT OF NET POSITION**

September 30, 2013

-Continued-

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tupelo Airport Authority
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	\$ 1,837,873	\$ 8,345,157	\$ 10,183,030	\$ 889,148
Equity in Pooled Cash Deficit	6,649		6,649	
Accrued Expenses	635,129	243,088	878,217	40,929
Due to Other Funds	441,688	166,428	608,116	
Due to Other Governmental Units	-		-	134,167
Deferred Revenues	625,693		625,693	14,667
Current Portion of Capital Lease				4,192
Long-Term Debt: Due Within One Year	4,020,297	2,301,048	6,321,345	151,794
Customer and Event Deposits	25,313	2,863,870	2,889,183	
TOTAL CURRENT LIABILITIES	7,592,642	13,919,591	21,512,233	1,234,897
Noncurrent Liabilities:				
Advances TVA - Home Insulation Loans		405,687	405,687	
Deferred Revenues				2,800
Accrued Compensated Absences	791,523		791,523	
Due to Other Funds		4,309,583	4,309,583	
Long-Term Obligation under Capital Lease				6,858
Long-Term Debt: Due in More Than One Year	56,474,798	25,438,022	81,912,820	1,068,543
TOTAL NONCURRENT LIABILITIES	57,266,321	30,153,292	87,419,613	1,078,201
TOTAL LIABILITIES	64,858,963	44,072,883	108,931,846	2,313,098
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Amount of Bond Premium	203,762		203,762	
TOTAL DEFERRED INFLOWS OF RESOURCES	203,762	-	203,762	-
<u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	78,985,076	86,910,164	165,895,240	31,845,150
Restricted for:				
Capital Projects	8,967,956	23,120,562	32,088,518	45,444
Debt Service	19,753,343	2,650,772	22,404,115	
Special Revenue	4,502,614		4,502,614	
Water Reserve	546,562		546,562	
Unrestricted	29,618,607	15,643,328	45,261,935	1,543,442
TOTAL NET POSITION	142,374,158	128,324,826	270,698,984	33,434,036

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2013

FUNCTIONS/ PROGRAMS						Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT Tupelo Airport Authority
	PROGRAM REVENUES					PRIMARY GOVERNMENT			
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT									
Government Activities:									
General Government	\$ 4,694,591	\$ 530,631	\$ 556,877	\$ 12,000	\$ 1,099,508	\$ (3,595,083)		\$ (3,595,083)	
Public Safety	16,112,103	1,327,572	251,554	34,915	1,614,041	(14,498,062)		(14,498,062)	
Public Works	9,206,713				-	(9,206,713)		(9,206,713)	
Culture and Recreation	6,887,054	2,325,571	100	418	2,326,089	(4,560,965)		(4,560,965)	
Other Functions	4,273,387				-	(4,273,387)		(4,273,387)	
Capital Projects	726,449			4,865,105	4,865,105	4,138,656		4,138,656	
Debt Service	2,503,858				-	(2,503,858)		(2,503,858)	
TOTAL GOVERNMENTAL ACTIVITIES	44,404,155	4,183,774	808,531	4,912,438	9,904,743	(34,499,412)	-	(34,499,412)	-
Business-Type Activities:									
Water and Sewer	9,127,124	10,521,204		158,567	10,679,771		1,552,647	1,552,647	
Electric	56,155,448	56,743,939			56,743,939		588,491	588,491	
Northeast MS Regional Water Supply Dist.	3,551,643	2,721,416		4,489,201	7,210,617		3,658,974	3,658,974	
Solid Waste Management	3,281,844	3,285,033			3,285,033		3,189	3,189	
TOTAL BUSINESS-TYPE ACTIVITIES	72,116,059	73,271,592	-	4,647,768	77,919,360	-	5,803,301	5,803,301	-
TOTAL PRIMARY GOVERNMENT	\$ 116,520,214	\$ 77,455,366	\$ 808,531	\$ 9,560,206	\$ 87,824,103	\$ (34,499,412)	\$ 5,803,301	\$ (28,696,111)	\$ -
COMPONENT UNITS									
Tupelo Airport Authority	\$ 2,792,450	\$ 1,703,787	\$ 62,204	\$ 5,038,285	\$ 6,804,276				\$ 4,011,826

GENERAL REVENUES:

Taxes:

Property Taxes, Levied for General Purposes	\$ 4,875,531	\$ 4,875,531	
Property Taxes, Levied for Capital Outlay	4,195,894	4,195,894	
Property Taxes, Levied for Special Revenue	1,121,105	1,121,105	
Property Taxes, Levied for Debt Service	3,595,132	3,595,132	
Sales Taxes	24,724,712	24,724,712	
County Pro Rata Taxes	1,025,000	1,025,000	
Franchise Taxes	342,124	342,124	
In Lieu Taxes	4,645,723	4,645,723	
Gasoline Taxes & Other Taxes	219,750	219,750	
Homestead Reimbursement	430,973	430,973	
Fire Protection Allocation	184,120	184,120	
Investment Earnings	359,982	78,812	438,794
Gain (Loss) on Disposal of Assets	(345,016)	(278,924)	(623,940)
Miscellaneous	2,259,510	328	2,259,838
Transfers (to) from Component Units	(3,956,046)	(1,073,873)	(5,029,919)
Transfers			-

TOTAL GENERAL REVENUES AND TRANSFERS	43,678,494	(1,273,657)	42,404,837	(173,148)
CHANGE IN NET POSITION	9,179,082	4,529,644	13,708,726	3,838,678
NET POSITION--BEGINNING	133,195,076	123,795,182	256,990,258	29,595,358
NET POSITION--ENDING	\$ 142,374,158	\$ 128,324,826	\$ 270,698,984	\$ 33,434,036

See accompanying notes to financial statements.

**CITY OF TUPELO, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013**

	General Fund	Water G. O. Bonds Fund	City Thoroughfare Fund Phase V	City Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Cash	\$ 15,971,181	\$	\$ 1,226,292	\$ 7,431,038	\$ 15,581,617	\$ 40,210,128
Investments		16,727,784			718,685	17,446,469
General Property Taxes Receivable	38,675				35,966	74,641
Other Receivable	124,142	137	33,126		271,697	429,102
Home Grant Receivable	465,000					465,000
Notes Receivable					156,930	156,930
Due from Other Funds	30,761				395,876	426,637
Due from Other Government Units	1,694,051		220,414		323,857	2,238,322
Due from Component Units	1,063,137					1,063,137
Prepaid Expenses	399,888				29,290	429,178
Inventories	22,358				5,551	27,909
TOTAL ASSETS	\$ 19,809,193	\$ 16,727,921	\$ 1,479,832	\$ 7,431,038	\$ 17,519,469	\$ 62,967,453
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 516,308	\$	\$ 360,334	678,538	\$ 282,693	\$ 1,837,873
Equity in Pooled Cash Deficit					6,649	6,649
Accrued Expenses	610,949				24,180	635,129
Due to Other Funds	10,046			30,000	401,642	441,688
Deferred Revenues	97,406				528,287	625,693
Event Deposits					25,313	25,313
TOTAL LIABILITIES	1,234,709	-	360,334	708,538	1,268,764	3,572,345
FUND BALANCES:						
Nonspendable						
Prepaid Expenses	399,888					399,888
Inventory	22,358				5,551	27,909
Long-Term Receivables	1,485,337					1,485,337
Restricted for						
Library					1,433	1,433
Tourism Promotion					3,079,721	3,079,721
Public Safety Retirement					6,156	6,156
Law Enforcement					1,415,304	1,415,304
Construction Acquisition of Capital Assets			1,119,498	2,416,305	3,762,171	7,297,974
Public Safety Equipment					1,669,982	1,669,982
Debt Service		16,727,921			3,025,422	19,753,343
Water Reserve	546,562					546,562
Committed to						
Rental Rehabilitation					179,523	179,523
Fairpark Infrastructure					421,745	421,745
Construction Acquisition of Capital Assets				4,306,195	301,400	4,607,595
Assigned to						
Aquatics Facility					14,562	14,562
Coliseum Projects					1,648,248	1,648,248
Coliseum Operations					719,487	719,487
Unassigned	16,120,339					16,120,339
TOTAL FUND BALANCES	18,574,484	16,727,921	1,119,498	6,722,500	16,250,705	59,395,108
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,809,193	\$ 16,727,921	\$ 1,479,832	\$ 7,431,038	\$ 17,519,469	\$ 62,967,453

See accompanying notes to financial statements.

**CITY OF TUPELO, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
For the year ended September 30, 2013**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 59,395,108
Amounts reported for Governmental Activities in the Statement of Net Assets 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.	139,480,171
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(60,495,095)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(791,523)
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.	2,110,000
Accrual of court fine revenues to qualify as financial resources.	1,702,569
Unamortized bond costs and bond premiums are not current financial resources and therefore are not reported in the governmental funds balance sheet.	<u>972,928</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>142,374,158</u></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, 2013

	General Fund	Water G. O. Bonds Fund	City Thoroughfare Fund Phase V	City Infrastructure Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 6,322,758	\$	\$ 4,195,894	\$	\$ 4,882,551	\$ 15,401,203
Licenses and Permits	872,755					872,755
Intergovernmental Revenues	23,148,719	2,978,210	2,812,471	12,000	6,402,269	35,353,669
Charges for Services	337,585				2,144,291	2,481,876
Fines and Forfeitures	985,522					985,522
Miscellaneous Revenues	479,285	1,994	5,221	51,700	2,262,057	2,800,257
TOTAL REVENUES	<u>32,146,624</u>	<u>2,980,204</u>	<u>7,013,586</u>	<u>63,700</u>	<u>15,691,168</u>	<u>57,895,282</u>
EXPENDITURES:						
Current:						
General Government	4,538,380					4,538,380
Public Safety	14,473,143				1,138,419	15,611,562
Public Works	6,578,667					6,578,667
Culture and Recreation	3,239,085				4,686,996	7,926,081
Other Functions	1,067,410				2,705,700	3,773,110
Capital Projects			10,288,996	14,278,702	772,312	25,340,010
Debt Service	394,765	671,827		375,209	7,148,111	8,589,912
TOTAL EXPENDITURES	<u>30,291,450</u>	<u>671,827</u>	<u>10,288,996</u>	<u>14,653,911</u>	<u>16,451,538</u>	<u>72,357,722</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,855,174</u>	<u>2,308,377</u>	<u>(3,275,410)</u>	<u>(14,590,211)</u>	<u>(760,370)</u>	<u>(14,462,440)</u>
OTHER FINANCING SOURCES (USES)						
Transfers to Other Funds	(3,792,493)				(5,530,746)	(9,323,239)
Transfers from Other Funds	104,057		900,980	3,710,287	4,607,915	9,323,239
Transfer to TPSD					(21,728)	(21,728)
Transfers to Component Units		(4,289,879)				(4,289,879)
Transfers from Component Units		333,833				333,833
Bond Premium Received				207,798		207,798
Proceeds from Debt Issued				15,000,000		15,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,688,436)</u>	<u>(3,956,046)</u>	<u>900,980</u>	<u>18,918,085</u>	<u>(944,559)</u>	<u>11,230,024</u>
NET CHANGE IN FUND BALANCES	<u>(1,833,262)</u>	<u>(1,647,669)</u>	<u>(2,374,430)</u>	<u>4,327,874</u>	<u>(1,704,929)</u>	<u>(3,232,416)</u>
FUND BALANCES - Beginning	<u>20,407,746</u>	<u>18,375,590</u>	<u>3,493,928</u>	<u>2,394,626</u>	<u>17,955,634</u>	<u>62,627,524</u>
FUND BALANCES - Ending	<u>\$ 18,574,484</u>	<u>\$ 16,727,921</u>	<u>\$ 1,119,498</u>	<u>\$ 6,722,500</u>	<u>\$ 16,250,705</u>	<u>\$ 59,395,108</u>

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 GOVERNMENT-WIDE STATEMENT
OF ACTIVITIES AND CHANGES IN NET POSITION
For the year ended September 30, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (3,232,416)
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.	26,533,762
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.	72,982
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.	(4,776,822)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	185,745
Proceeds for lease of building to nonprofit organization reported as lease income on the governmental funds financial statements.	(175,000)
Governmental funds report unamortized bond issue costs as expenditures. However, in the statement of activities bond issue costs are capitalized and amortized over the term of the bonds.	(130,265)
Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of issuance costs for long-term debt.	(207,798)
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.	(345,016)
Bond and related debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(15,000,000)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,220,355
Increase in accrual of compensated absences.	<u>33,555</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>9,179,082</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, 2013

	Budget		Actual	Variance with
	Original	Final		Final Budget (Over) Under
REVENUES:				
Taxes	\$ 6,124,841	\$ 6,134,535	\$ 6,333,455	\$ 198,920
Licenses and Permits	948,000	957,443	872,755	(84,688)
Intergovernmental Revenues	23,132,257	23,623,923	23,355,630	(268,293)
Charges for Services	384,275	384,275	337,585	(46,690)
Fines and Forfeitures	934,000	934,000	985,522	51,522
Miscellaneous Revenues	384,700	401,333	485,299	83,966
TOTAL REVENUES	<u>31,908,073</u>	<u>32,435,509</u>	<u>32,370,246</u>	<u>(65,263)</u>
EXPENDITURES:				
Current:				
General Government	5,154,617	5,136,617	4,538,380	598,237
Public Safety	15,028,520	15,225,891	14,473,143	752,748
Public Works	6,524,080	7,492,898	6,578,667	914,231
Culture and Recreation	3,594,581	3,325,881	3,239,085	86,796
Other Functions	813,200	1,226,800	1,067,410	159,390
Debt Service	393,885	408,885	394,765	14,120
TOTAL EXPENDITURES	<u>31,508,883</u>	<u>32,816,972</u>	<u>30,291,450</u>	<u>2,525,522</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>399,190</u>	<u>(381,463)</u>	<u>2,078,796</u>	<u>2,460,259</u>
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	91,000	91,000	104,057	13,057
Transfers to Other Funds	(967,328)	(5,292,493)	(3,792,493)	1,500,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(876,328)</u>	<u>(5,201,493)</u>	<u>(3,688,436)</u>	<u>1,513,057</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (477,138)</u>	<u>\$ (5,582,956)</u>	<u>\$ (1,609,640)</u>	<u>\$ 3,973,316</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, 2013

	Budget		Actual	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES:				
Intergovernmental Revenues:				
State Shared Revenues	\$ 3,000,000	\$ 3,000,000	\$ 2,978,210	\$ (21,790)
Miscellaneous Revenues:				
Interest	<u>0</u>	<u>0</u>	<u>1,857</u>	<u>1,857</u>
TOTAL REVENUES	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,980,067</u>	<u>(19,933)</u>
EXPENDITURES:				
Debt Service:				
General Obligations:				
Bonds Redeemed	240,000	240,000	240,000	0
Interest	425,593	425,593	425,592	1
Paying Agent Fees	<u>6,500</u>	<u>6,500</u>	<u>6,235</u>	<u>265</u>
TOTAL EXPENDITURES	<u>672,093</u>	<u>672,093</u>	<u>671,827</u>	<u>266</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,327,907</u>	<u>2,327,907</u>	<u>2,308,240</u>	<u>(19,667)</u>
OTHER FINANCING SOURCES (USES):				
Transfer (to) From Northeast MS Regional Water Supply District to Water G.O. Bonds Fund	<u>(12,063,907)</u>	<u>(12,063,907)</u>	<u>(3,956,046)</u>	<u>8,107,861</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,063,907)</u>	<u>(12,063,907)</u>	<u>(3,956,046)</u>	<u>8,107,861</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (9,736,000)</u>	<u>\$ (9,736,000)</u>	<u>\$ (1,647,806)</u>	<u>\$ 8,088,194</u>

See accompanying notes to financial statements.

CITY OF TUPELO, MISSISSIPPI
CITY THOROUGHFARE FUND PHASE V STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2013

	Budget		Actual	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES:				
Taxes:				
General Property Taxes	\$ 4,091,414	\$ 4,091,414	\$ 4,196,868	\$ 105,454
Intergovernmental Revenues:				
State Shared Revenues	70,861	70,861	132,730	61,869
Federal Grants			2,459,327	2,459,327
Miscellaneous Revenues:				
Interest	20,000	20,000	3,221	(16,779)
Other			2,000	2,000
TOTAL REVENUES	<u>4,182,275</u>	<u>4,182,275</u>	<u>6,794,146</u>	<u>2,611,871</u>
EXPENDITURES:				
Other Services and Charges		600	533	67
Capital Outlay:				
Capital Outlay	<u>9,882,275</u>	<u>12,881,675</u>	<u>10,288,463</u>	<u>2,593,212</u>
TOTAL EXPENDITURES	<u>9,882,275</u>	<u>12,882,275</u>	<u>10,288,996</u>	<u>2,593,279</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,700,000)</u>	<u>(8,700,000)</u>	<u>(3,494,850)</u>	<u>5,205,150</u>
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	<u>1,500,000</u>	<u>4,500,000</u>	<u>900,980</u>	<u>(3,599,020)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,500,000</u>	<u>4,500,000</u>	<u>900,980</u>	<u>(3,599,020)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (4,200,000)</u>	<u>\$ (4,200,000)</u>	<u>\$ (2,593,870)</u>	<u>\$ 1,606,130</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, 2013

	Budget		Actual	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES:				
Intergovernmental Revenues:				
Federal Grants	\$ 2,300,000	\$ 2,554,091	\$ 12,000	\$ (2,542,091)
Miscellaneous Revenues:				
Interest			5,734	5,734
Donations		45,364	45,364	0
Other			602	602
TOTAL REVENUES	<u>2,300,000</u>	<u>2,599,455</u>	<u>63,700</u>	<u>(2,535,755)</u>
EXPENDITURES:				
Other Services and Charges	411,496	736,496	423,500	312,996
Capital Outlay:				
Capital Outlay	17,255,027	18,470,269	13,855,202	4,615,067
Bond Issuance Expense	225,000	455,000	375,209	79,791
TOTAL EXPENDITURES	<u>17,891,523</u>	<u>19,661,765</u>	<u>14,653,911</u>	<u>5,007,854</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,591,523)</u>	<u>(17,062,310)</u>	<u>(14,590,211)</u>	<u>2,472,099</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Bond Issued	12,274,500	12,504,500	15,000,000	2,495,500
Bond Premium Received			207,798	207,798
Transfer from General Fund	407,158	1,732,323	3,177,373	1,445,050
Transfer from CVB Fund		432,914	532,914	100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,681,658</u>	<u>14,669,737</u>	<u>18,918,085</u>	<u>4,248,348</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (2,909,865)</u>	<u>\$ (2,392,573)</u>	<u>\$ 4,327,874</u>	<u>\$ 6,720,447</u>

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2013

	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	\$ 10,762,176	\$ 3,396,407	\$ 265	\$ 214,211	\$ 14,373,059
Receivables, Net					
Accounts Receivable	6,439,805				6,439,805
Unbilled Revenue	1,635,855	229,000			1,864,855
Other Receivables	257,263	73,599		17,500	348,362
Due from Other Funds	51,317			9,829	61,146
Inventories	787,980	56,177	45,443		889,600
Prepaid Expenses	31,894	37,259	23,494		92,647
Other Current Assets	83,228				83,228
Current Amount of Restricted Assets			12,573,595		12,573,595
Total Current Assets	20,049,518	3,792,442	12,642,797	241,540	36,726,297
Restricted Assets					
Cash			20,281,852		20,281,852
Accounts Receivable			279,269		279,269
Intergovernmental Receivable			442,152		442,152
Due from Trustee			9,363,552		9,363,552
Interest Receivable			4,004		4,004
Total Restricted Assets	0	0	30,370,829	0	30,370,829
Current Amounts Above			(12,573,595)		(12,573,595)
Total Non-Current Restricted Assets	0	0	17,797,234	0	17,797,234
Capital Assets					
Plant and Equipment	47,872,888	96,712,898	37,071,709	444,868	182,102,363
Land and Land Rights	333,013	688,225	640,102		1,661,340
Sanitary and Sewer Lagoons		6,896,810			6,896,810
Construction in Progress	1,749,709	1,484,592	4,074,086		7,308,387
Total	49,955,610	105,782,525	41,785,897	444,868	197,968,900
Less: Accumulated Depreciation	24,988,779	38,025,912	17,426,521	311,686	80,752,898
Net Fixed Assets	24,966,831	67,756,613	24,359,376	133,182	117,216,002

NOTE -- Amounts for the Electric Fund are at June 30, 2013.

CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2013

-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	\$	\$	300		
Receivable from Customers for Energy Conservation Loans		396,568				396,568		
Unamortized Bond Issue Costs Receivable from CSA		39,833		99,700	2,053	101,753		
Deferred Charges			50,116			50,116		
Total Other Assets		<u>436,401</u>	<u>200</u>	<u>149,916</u>	<u>2,053</u>	<u>588,570</u>		
Total Assets		<u>45,452,750</u>	<u>71,549,255</u>	<u>54,949,323</u>	<u>376,775</u>	<u>172,328,103</u>		
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Amount on Refunding			69,606			69,606		
LIABILITIES								
CURRENT LIABILITIES								
Payable from Unrestricted								
Current Assets:								
Accounts Payable	\$	5,181,948	\$	275,387	\$	15,744	\$	5,473,079
Customer and Other Deposits		2,272,191		591,679				2,863,870
Accrued Expenses		194,255		46,082				240,337
Due to Other Funds		10,944		23,817				34,761
Total Payable from Unrestricted Current Assets		<u>7,659,338</u>		<u>936,965</u>		<u>0</u>	<u>15,744</u>	<u>8,612,047</u>
Payable from Restricted								
Current Assets:								
Due to City of Tupelo Water G.O. Bond Fund				131,667				131,667
Accounts Payable				114,368				114,368
Accrued Payroll and Payroll Taxes				2,751				2,751
Construction / Retainage Payable				2,757,710				2,757,710
Bonds, Notes, and Loans Payable			2,140,132	142,706	18,210			2,301,048
Total Payable from Restricted Current Assets		<u>0</u>	<u>2,140,132</u>	<u>3,149,202</u>	<u>18,210</u>			<u>5,307,544</u>
Total Current Liabilities		<u>7,659,338</u>	<u>3,077,097</u>	<u>3,149,202</u>	<u>33,954</u>			<u>13,919,591</u>

NOTE -- Amounts for the Electric Fund are at June 30, 2013.

**CITY OF TUPELO
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2013**

-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					
Due to City of Tupelo Water G. O. Bond Fund	\$	\$	\$ 4,309,583	\$	\$ 4,309,583
Advances from TVA	405,687				405,687
Bonds, Notes, and Loans Payable		24,206,209	1,168,233	63,580	25,438,022
Total Long-Term Liabilities	405,687	24,206,209	5,477,816	63,580	30,153,292
Total Liabilities	8,065,025	27,283,306	8,627,018	97,534	44,072,883
Net Position					
Invested in Capital Assets, Net of Related Debt	24,966,831	41,410,272	20,481,669	51,392	86,910,164
Restricted for:					
Capital Projects			18,239,386		18,239,386
Operations and Debt Service			2,650,772		2,650,772
Plant Expansion Project			4,881,176		4,881,176
Unrestricted	12,420,894	2,925,283	69,302	227,849	15,643,328
Total Net Position	\$ 37,387,725	\$ 44,335,555	\$ 46,322,305	\$ 279,241	\$ 128,324,826

NOTE -- Amounts for the Electric Fund are at June 30, 2013.

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, 2013

	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	\$ 55,802,616	\$ 10,281,227	\$ 2,721,416	\$ 3,075,013	\$ 71,880,272
Rents	317,033	128,222			445,255
Other Revenues	624,290	111,755		210,020	946,065
Total Operating Revenues	56,743,939	10,521,204	2,721,416	3,285,033	73,271,592
OPERATING EXPENSES					
General and Administrative	737,216	570,414	166,867		1,474,497
Power Purchased	48,362,196				48,362,196
Transmission Mains		912,270			912,270
Water Operations		1,297,833	2,263,089		3,560,922
Sewer Operations		2,612,043			2,612,043
Electric Operations	540,527				540,527
Sanitation Operations				3,228,069	3,228,069
Customer Accounting and Collecting	781,987	551,984			1,333,971
Customer Service and Information	41,573				41,573
Maintenance and Repair	773,337				773,337
Sales Expense	38,675				38,675
Taxes and Equivalents	3,197,195				3,197,195
Amortization and Depreciation	1,682,742	2,547,604	1,080,098	23,071	5,333,515
Total Operating Expenses	56,155,448	8,492,148	3,510,054	3,251,140	71,408,790
Net Operating Income	588,491	2,029,056	(788,638)	33,893	1,862,802
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	21,329	5,830	50,965	688	78,812
Loss on Disposal of Fixed Assets		(278,924)			(278,924)
Bad Debts		(29,490)		(27,534)	(57,024)
Interest Expense		(593,176)	(41,589)	(3,170)	(637,935)
Miscellaneous Income			328		328
Bond Issue Costs - Amortization		(12,310)			(12,310)
Total Non-operating Revenues (Expenses)	21,329	(908,070)	9,704	(30,016)	(907,053)
Income (Loss) before Operating Transfers	609,820	1,120,986	(778,934)	3,877	955,749

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2013.

CITY OF TUPELO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2013

-Continued-

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
OPERATING TRANSFERS IN (OUT)					
Transfer (to) from General Fund	\$	\$	\$	\$	\$ 0
Transfer (to) from Northeast MS Regional Water Supply District District for Debt Service		<u>(1,073,873)</u>			<u>(1,073,873)</u>
Total Operating Transfers In (Out)		<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,073,873)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	609,820	47,113	(778,934)	3,877	(118,124)
Capital Grants and Contributions		<u>158,567</u>	<u>4,489,201</u>		<u>4,647,768</u>
Increase in Net Assets	<u>609,820</u>	<u>205,680</u>	<u>3,710,267</u>	<u>3,877</u>	<u>4,529,644</u>
NET POSITION -					
Beginning of Year	<u>36,777,905</u>	<u>44,129,875</u>	<u>42,612,038</u>	<u>275,364</u>	<u>123,795,182</u>
NET POSITION -					
End of Year	<u>\$ 37,387,725</u>	<u>\$ 44,335,555</u>	<u>\$ 46,322,305</u>	<u>\$ 279,241</u>	<u>\$ 128,324,826</u>

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2013.

See accompanying notes to financial statements.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2013

	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	\$ 57,255,360	\$ 10,423,434	\$ 2,697,550	\$ 3,257,499	\$ 73,633,843
Payments to Suppliers	(48,602,775)	(4,594,027)	(2,343,313)	(3,384,109)	(58,924,224)
Payments to Employees	(1,956,672)	(1,326,629)	(67,877)		(3,351,178)
Payments for Other Services and Charges	(3,925,209)				(3,925,209)
Other Receipts (Payments)	31,787	13,283		(17,500)	27,570
Net Cash Provided by (Used in) Operating Activities	<u>2,802,491</u>	<u>4,516,061</u>	<u>286,360</u>	<u>(144,110)</u>	<u>7,460,802</u>
Cash Flows from Noncapital Financing Activities:					
Other Receipts			328		328
Due To (From) Municipality	100,855	26,510		(9,290)	118,075
Transfers In (Out)		(1,073,873)			(1,073,873)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>100,855</u>	<u>(1,047,363)</u>	<u>328</u>	<u>(9,290)</u>	<u>(955,470)</u>
Cash Flows from Capital and Related Financing Activities:					
Capital Contributions		158,567	4,310,055		4,468,622
Proceeds from Notes Payable		108,309			108,309
Payments to State Revolving Loan Fund			(138,493)		(138,493)
Payments for Debt		(2,095,855)	(126,250)	(18,210)	(2,240,315)
Purchase of Capital Assets	(2,629,309)	(2,343,281)	(462,418)		(5,435,008)
Cost of Removal of Fixed Assets, Net of Salvage	(114,090)				(114,090)
Conservation Advances from TVA	99,418				99,418
Interest Paid		(593,176)	(41,589)	(3,170)	(637,935)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(2,643,981)</u>	<u>(4,765,436)</u>	<u>3,541,305</u>	<u>(21,380)</u>	<u>(3,889,492)</u>
Cash Flows from Investing Activities:					
Receivable from Customers for Energy Conservation Loans	(94,768)				(94,768)
(Increase) Decrease in Receivable from CSA	880				880
Proceeds of Short-Term Investments			14,119,954		14,119,954
Purchases of Short-Term Investments			0		0
Interest and Dividends	21,329	5,830	59,001	688	86,848
Net Cash Provided by (Used In) Investing Activities	<u>(72,559)</u>	<u>5,830</u>	<u>14,178,955</u>	<u>688</u>	<u>14,112,914</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>186,806</u>	<u>(1,290,908)</u>	<u>18,006,948</u>	<u>(174,092)</u>	<u>16,728,754</u>
Cash and Cash Equivalents--Beginning	<u>10,575,370</u>	<u>4,687,315</u>	<u>2,275,169</u>	<u>388,304</u>	<u>17,926,158</u>
Cash and Cash Equivalents--Ending	<u>\$ 10,762,176</u>	<u>\$ 3,396,407</u>	<u>\$ 20,282,117</u>	<u>\$ 214,212</u>	<u>\$ 34,654,912</u>

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2013.

CITY OF TUPELO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2013

	Business-Type Activities--Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Northeast Mississippi Regional Water Supply District	Solid Waste Fund (Non-Major)	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 588,491	\$ 2,029,056	\$ (788,638)	\$ 33,893	\$ 1,862,802
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	1,682,742	2,547,604	1,068,817	23,071	5,322,234
Provision for Uncollectible Accounts	138,713	(29,490)		(27,534)	81,689
Amortization of Bond Issue Cost			4,944		4,944
Amortization of Deferred Charges			6,338		6,338
Decrease (Increase) in Assets:					
Accounts Receivable	474,064		(23,866)		450,198
Unbilled Revenue	(73,674)	(36,090)			(109,764)
Other Receivables	(17,502)	(32,190)		(17,500)	(67,192)
Inventory	(80,150)	15,421	11,668		(53,061)
Prepaid Expenses	29,533	(24,877)	(4,623)		33
Other Current Assets	21,607				21,607
Increase (Decrease) in Liabilities:					
Accounts Payable	(19,497)	5,363	11,492	(156,040)	(158,682)
Customer and Other Deposits	(41,242)	38,160			(3,082)
Accrued Expenses	99,406	3,104	228		102,738
Total Adjustments	<u>2,214,000</u>	<u>2,487,005</u>	<u>1,074,998</u>	<u>(178,003)</u>	<u>5,598,000</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,802,491</u>	<u>\$ 4,516,061</u>	<u>\$ 286,360</u>	<u>\$ (144,110)</u>	<u>\$ 7,460,802</u>

NOTE -- Amounts for the Electric Fund are for fiscal year ended June 30, 2013.

See accompanying notes to financial statements.

**CITY OF TUPELO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,226,719
Investments	500
Due from Employees	6,433
Interest Receivable	<u>653</u>
TOTAL ASSETS	\$ <u>1,234,305</u>
LIABILITIES	
Due to Other Funds	\$ 24,949
Due to Complainants	6,964
Due to Arts Committee	733
Due to Insured Employees	1,067,853
Seized Money Held	<u>133,806</u>
TOTAL LIABILITIES	\$ <u>1,234,305</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 Principals 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, 2013

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, which is considered major.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 Thoroughfare Fund Phase V and the City Infrastructure Fund, which are 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, 2013**

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
	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, 2013

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)	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. The City appoints all members of the governing board and provides a material subsidy primarily for capital improvements.

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.

LONG-TERM DEBT AND BOND DISCOUNTS / PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, 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, 2013**

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, 2013

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:

Invested in Capital Assets, net of Related Debt – 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 assets that are not classified as invested in capital assets, net of related debt or restricted net assets.

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, 2013**

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.

DEBT ISSUANCE COST

Debt issue costs are amortized on a straight line basis over the term of the related debt.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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. The City's financial statements do not reflect transactions made by the PERS or the former trustee.

Revenues of the fund for the year ended September 30, 2013, consist of allocations of general property ad valorem taxes of \$697,291 and homestead exemption reimbursement of \$22,033 derived from a 1.66 mil levy. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the fund are as follows:

Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 5,549,571</u>
Assumed Rate of Return Used in Plan Evaluation	8%
Plan Evaluation Date	June 30, 2013
Plan Assets Available for Benefits as of June 30, 2013	<u>\$ 6,020,000</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, 2013

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, 2013

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, 2013 is as follows:

	City	TPSD
Real Property	\$ 295,225,891	\$ 32,968,782
Personal Property - Other Than Motor Vehicles & Mobile Homes	83,745,864	30,264,743
Personal Property - Motor Vehicles & Mobile Homes	44,404,924	7,932,052
	\$ 423,376,679	\$ 71,165,577

The City levied a tax millage of 97.10 mills and 64.63 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	11.60	0.00
Library Fund	1.01	0.00
City Bond and Interest Fund	8.20	0.00
Firemen and Policemen Retirement Fund	1.66	0.00
City Thoroughfare Fund	10.00	0.00
School Bonds Payable	6.29	6.29
Short-Term Debt	2.97	2.97
School Maintenance Fund	54.57	54.57
Shortfall Note-2010	.37	.37
Tupelo/Lee County Vo-Tech	.43	.43
	97.10	64.63

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 - GENERAL PROPERTY TAXES – continued

Collections for the School Bond and Interest Funds (1991 and 1994 Bonds), School Notes Payable Funds, School Maintenance Fund, Minimum Education Program Funds, Tupelo/Lee County Vo-Tech and Assumption of Lee County School Bond 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, 2013:

	<u>Balance</u> <u>Oct. 1, 2012</u>	<u>Acquisitions</u>	<u>Capitalized</u> <u>Construction,</u> <u>Sales, or</u> <u>Retirements</u>	<u>Balance</u> <u>Sept. 30, 2013</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 11,478,775	\$ 746,711	\$ (285,992)	\$ 11,939,494
Construction in Progress	<u>8,908,144</u>	<u>22,898,350</u>	<u>(7,020,165)</u>	<u>24,786,329</u>
Total Capital Assets, not being Depreciated:	20,386,919	23,645,061	(7,306,157)	36,725,823
Capital Assets being Depreciated:				
Buildings and Improvements	62,715,183	2,155,649	0	64,870,832
Machinery and Equipment	20,891,930	1,751,026	(663,857)	21,979,099
Infrastructure	<u>96,846,955</u>	<u>6,075,173</u>	<u>0</u>	<u>102,922,128</u>
Total Capital Assets, being Depreciated	180,454,068	9,981,848	(663,857)	189,772,059
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,770,006)	(1,464,170)	0	(16,234,176)
Machinery and Equipment	(15,218,178)	(1,245,740)	604,833	(15,859,085)
Infrastructure	<u>(52,857,538)</u>	<u>(2,066,912)</u>	<u>0</u>	<u>(54,924,450)</u>
Total Accumulated Depreciation	<u>(82,845,722)</u>	<u>(4,776,822)</u>	<u>604,834</u>	<u>(87,017,711)</u>
Total Governmental Activities Capital Assets, net	<u>\$ 117,995,265</u>	<u>\$ 28,850,087</u>	<u>\$ (7,365,181)</u>	<u>\$ 139,480,171</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 - FIXED ASSETS – continued

	<u>Balance</u> <u>Oct. 1, 2012</u>	<u>Acquisitions</u>	<u>Capitalized</u> <u>Construction,</u> <u>Sales, or</u> <u>Retirements</u>	<u>Balance</u> <u>Sept. 30, 2013</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 1,657,905	\$ 3,435	\$ 0	\$ 1,661,340
Construction in Progress	<u>4,161,469</u>	<u>4,526,656</u>	<u>(1,379,738)</u>	<u>7,308,387</u>
Total Capital Assets, not being Depreciated:	5,819,374	4,530,091	(1,379,738)	8,969,727
Capital Assets being Depreciated:				
Buildings and Improvements	190,260,549	2,834,989	(19,339,951)	173,755,587
Machinery and Equipment	<u>15,094,100</u>	<u>269,252</u>	<u>(119,766)</u>	<u>15,243,586</u>
Total Capital Assets, being Depreciated	205,354,649	3,104,241	(19,459,717)	188,999,173
Less Accumulated Depreciation for:				
Buildings and Improvements	(83,611,655)	(4,615,406)	19,086,215	(69,140,846)
Machinery and Equipment	<u>(11,020,322)</u>	<u>(706,828)</u>	<u>115,098</u>	<u>(11,612,052)</u>
Total Accumulated Depreciation	<u>(94,631,977)</u>	<u>(5,322,234)</u>	<u>19,201,313</u>	<u>(80,752,898)</u>
Total Business-Type Activities				
Capital Assets, net	\$ <u>116,542,046</u>	\$ <u>2,312,098</u>	\$ <u>(1,638,142)</u>	\$ <u>117,216,002</u>
Discretely Presented Component Unit:				
Capital Assets, not being Depreciated:				
Land	\$ 6,099,049	\$ 0	\$ 0	\$ 6,099,049
Construction in Progress	<u>5,141,682</u>	<u>5,027,433</u>	<u>(1,051,668)</u>	<u>9,117,447</u>
Total Capital Assets, not being Depreciated:	11,240,731	5,027,433	(1,051,668)	15,216,496
Capital Assets being Depreciated:				
Buildings and Improvements	37,952,557	1,028,928	(1,132,515)	37,848,970
Machinery and Equipment	<u>2,299,989</u>	<u>86,775</u>	<u>(619,240)</u>	<u>1,767,524</u>
Total Capital Assets, being Depreciated	40,252,546	1,115,703	(1,751,755)	39,616,494
Less Accumulated Depreciation for:				
Buildings and Improvements	(19,707,332)	(920,496)	1,009,121	(19,618,707)
Machinery and Equipment	<u>(1,778,401)</u>	<u>(103,738)</u>	<u>532,799</u>	<u>(1,349,340)</u>
Total Accumulated Depreciation	<u>(21,485,733)</u>	<u>(1,024,234)</u>	<u>1,541,920</u>	<u>(20,968,047)</u>
Total Component Unit				
Capital Assets, net	\$ <u>30,007,544</u>	\$ <u>5,118,902</u>	\$ <u>(1,261,503)</u>	\$ <u>33,864,943</u>
Total Capital Assets	\$ <u>264,544,855</u>	\$ <u>36,281,087</u>	\$ <u>(10,264,826)</u>	\$ <u>290,561,116</u>

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

NOTE 5 - FIXED ASSETS – continued

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

Governmental Activities:

General Government	\$ 759,277
Public Safety	771,678
Public Works	2,678,454
Culture and Recreation	<u>567,413</u>

Total Depreciation Expense - Governmental Activities

\$ 4,776,822

Business-Type Activities:

Electric Department	\$ 1,682,742
Water and Sewer	2,547,604
Northeast Mississippi Regional Water Supply District	1,068,817
Solid Waste	<u>23,071</u>

Total Depreciation Expense - Business-Type Activities

\$ 5,322,234

NOTE 6 - LONG-TERM DEBT

BONDS PAYABLE

A summary of bond transactions of the City for the year ended September 30, 2013 is as follows:

	<u>GENERAL OBLIGATION</u>	<u>SPECIAL ASSESSMENTS GENERAL OBLIGATION</u>	<u>LIMITED OBLIGATIONS TAX INCREMENT</u>	<u>SPECIAL OBLIGATION BONDS</u>	<u>TOTAL</u>
Bonds Payable at October 01, 2012	\$ 35,670,000	\$ 470,000	\$ 835,000	\$ 14,400,000	\$ 51,375,000
Bonds issued	15,000,000	0	0	0	15,000,000
Bonds retired	<u>(5,345,000)</u>	<u>(130,000)</u>	<u>(75,000)</u>	<u>(1,035,000)</u>	<u>(6,585,000)</u>
Bonds Payable at September 30, 2013	<u>\$ 45,325,000</u>	<u>\$ 340,000</u>	<u>\$ 760,000</u>	<u>\$ 13,365,000</u>	<u>\$ 59,790,000</u>

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 2013, the City issued general obligation bonds, series 2012 and series 2013, in the amount of \$15,000,000. The purpose of this bond issue is to provide funds for City-wide infrastructure improvements and capital equipment acquisitions.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - LONG-TERM DEBT – continued

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.

The annual principal and interest requirements to amortize all bonds outstanding as of September 30, 2013 (including interest payments of \$12,939,727 on General Obligation Bonds; \$60,700 on Special Assessments General Obligation Bonds; \$186,863 on Limited Obligation Tax Increment Bonds; and \$3,889,244 on Special Obligation Bonds) are as follows:

<u>Year Ending September 30,</u>	<u>General Obligation</u>	<u>Special Assessments General Obligation Bonds</u>	<u>Limited Obligations Tax Increment</u>	<u>Special Obligation Bonds</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,100,000	\$ 75,000	\$ 80,000	\$ 1,085,000	\$ 2,078,099	\$ 6,418,099
2015	3,195,000	85,000	85,000	1,140,000	1,921,189	6,426,189
2016	2,775,000	50,000	90,000	1,185,000	1,753,202	5,853,202
2017	2,725,000	30,000	90,000	1,245,000	1,614,397	5,704,397
2018	2,875,000	30,000	100,000	1,300,000	1,465,769	5,770,769
2019 - 2023	12,895,000	70,000	255,000	6,175,000	4,997,482	24,392,482
2024 - 2028	8,880,000	0	60,000	1,235,000	2,388,079	12,563,079
2029 - 2033	8,205,000	0	0	0	842,286	9,047,286
2034 - 2038	<u>675,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,031</u>	<u>691,031</u>
Total	\$ <u>45,325,000</u>	\$ <u>340,000</u>	\$ <u>760,000</u>	\$ <u>13,365,000</u>	\$ <u>17,076,534</u>	\$ <u>76,866,534</u>

NOTES PAYABLE

A summary of notes payable transactions of the City for the year ended September 30, 2013 is as follows:

Notes Payable at October 01, 2012	\$ 28,774,337
Notes issued	108,309
Notes retired	<u>(1,749,420)</u>
Notes Payable at September 30, 2013	\$ <u>27,133,226</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - LONG-TERM DEBT – continued

Eight different capital improvement revolving loans make up the September 30, 2013 notes payable balance. Seven loans are in repayment status with outstanding balances of \$18,177,948, \$4,603,029, \$1,336,281, \$727,068, \$343,020, \$383,699, and \$1,453,874 at year-end. The annual requirements to amortize the seven finalized notes outstanding as of September 30, 2013 (including interest payments of \$3,912,131) are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,838,640	\$ 516,262	\$ 2,354,902
2015	1,899,686	477,597	2,377,283
2016	1,747,291	439,448	2,186,739
2017	1,781,301	405,437	2,186,738
2018	1,816,021	370,718	2,186,739
2019-2023	9,626,866	1,306,827	10,933,693
2024-2028	7,914,416	365,906	8,280,322
2029-2033	400,697	29,936	430,633
Total	<u>\$ 27,024,918</u>	<u>\$ 3,912,131</u>	<u>\$ 30,937,049</u>

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 21.

Scheduled Payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 131,667	\$ 203,653	\$ 335,320
2015	138,750	196,411	335,161
2016	146,250	188,780	335,030
2017	153,750	180,736	334,486
2018	161,250	172,280	333,530
2019 – 2023	935,000	748,710	1,683,710
2024 – 2028	1,192,917	532,222	1,725,139
2029 – 2033	1,525,416	235,111	1,760,527
2034 – 2035	56,250	2,672	58,922
	<u>\$ 4,441,250</u>	<u>\$ 2,460,575</u>	<u>\$ 6,901,825</u>

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

NOTE 6 - LONG-TERM DEBT – continued

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.

	2013
Due to City of Tupelo	\$ 1,020,337
Less Current Portion	134,348
Long-Term Portion	\$ 885,989

Scheduled maturities are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 134,348	\$ 54,268	\$ 188,616
2015	99,516	33,624	133,140
2016	103,570	29,570	133,140
2017	107,790	25,351	133,141
2018	112,181	20,959	133,140
2019-2023	462,932	36,343	499,275
	\$ 1,020,337	\$ 200,115	\$ 1,220,452

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - LONG-TERM DEBT – continued

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 three construction projects. The loan balances increase when administrative fees (deferred charges to be amortized over the life of the loan) are charged and project costs are 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:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 142,706	37,376	180,082
2015	147,046	33,036	180,082
2016	151,519	28,563	180,082
2017	156,127	23,955	180,082
2018	160,876	19,206	180,082
2019 – 2023	<u>552,665</u>	<u>28,303</u>	<u>580,968</u>
	\$ <u>1,310,939</u>	\$ <u>170,439</u>	\$ <u>1,481,378</u>

NOTE 7 - LEASES

TUPELO AIRPORT AUTHORITY RENTALS UNDER OPERATING LEASES

The Airport Authority's leasing operations consist principally of leases to airlines and car rental agencies for use of airport facilities, leases to fixed base operations, and other land, buildings, hangers and improvements leases.

The following is a schedule by years of minimum future rentals on non cancellable operating leases as of September 30, 2013:

<u>Year Ending September 30,</u>	
2014	\$ 357,968
2015	329,682
2016	319,371
2017	284,258
2018	276,289
2019 – 2023	1,191,226
2024 – 2028	1,130,631
2029 – 2033	<u>397,614</u>
Total Minimum Future Rentals	\$ <u>4,287,039</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 8 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND

Other Assets of the Electric Fund include \$301,800 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, 2013 were:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 30,761	\$ 10,046
Special Revenue Funds:		
Rental Rehab Fund	46	0
Coliseum Project Fund	0	395,830
Narcotics Fund	0	5,812
Coliseum Operating Fund	395,830	0
Capital Projects Funds:		
City Capital Fund	0	30,000
Proprietary Funds:		
Electric Fund*	63,817	9,829
Combined Water and Sewer Fund	0	23,817
Solid Waste Management Fund	9,829	0
Agency Funds:		
Flexible Spending Fund	<u>0</u>	<u>24,949</u>
Total	<u>\$ 500,283</u>	<u>\$ 500,283</u>

* Amounts for the Electric Fund are at September 30, 2013.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 10 - NONCURRENT ASSETS

The following receivables at September 30, 2013 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>156,930</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 Assets.

The Water and Sewer fund recognizes capital grants and contributions in the Statement of Revenues, Expenses, and Changes in Net Assets when received by an intermediary governmental entity. Capital Grants and Contributions include proceeds of \$49,482 for a Community Development Block grant for Haven Acres drainage project.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description: The City of Tupelo and the Tupelo Airport Authority contribute to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444 PERS.

Funding Policy: PERS and the Tupelo Airport Authority 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 contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Tupelo's contributions to PERS for the years ending September 30, 2013, 2012 and 2011 were \$4,445,783, \$5,080,743 and \$4,917,537, respectively, equal to the required contributions for each year. The Tupelo Airport Authority's contributions to PERS for the years ending September 30, 2013, 2012 and 2011, were \$48,738, \$61,522 and \$62,070, respectively, equal to the required contributions for the year.

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

NOTE 13 - DEFERRED REVENUES

Lease revenue received in advance is recorded as deferred revenue and recognized in the period in which the revenue is earned. During the year ended September 30, 1996, the City of Tupelo leased ground space from the Airport Authority. The amount is deemed paid in advance for the twenty-year term of the lease agreement in exchange for a portion (\$104,000) of the funds transferred from the City of Tupelo to the Authority for marketing purposes. During the year ended September 30, 2013, the Authority recognized \$5,200 as revenue and deferred the remaining \$8,000, which is to be recognized ratably over the term of the lease agreement.

NOTE 14 - 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	\$ 3,792,493	\$ 104,057
Special Revenue Funds:		
CVB Fund	1,635,915	0
Coliseum Project Fund	2,889,795	1,615,120
Coliseum Operating Fund	0	1,923,992
Narcotics Fund	104,057	0
Debt Service Funds:		
City Bond and Interest	0	0
Certificate of Participation Fund	0	965,803
MS Development Bank 2007 Issue	79,568	182,569
Capital Projects Funds:		
Thoroughfare Phase IV	900,980	0
Thoroughfare Phase V	0	900,980
City Infrastructure Fund	<u>0</u>	<u>3,710,287</u>
Total	<u>\$ 9,402,808</u>	<u>\$ 9,402,808</u>

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 14 - TRANSFERS FROM/TO OTHER FUNDS/COMPONENT UNITS/PRIMARY GOVERNMENT – continued

<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	\$ 4,289,879	\$ 333,833
Enterprise Fund:		
Combined Water and Sewer Fund	<u>1,073,873</u>	<u>0</u>
Total	<u>\$ 5,363,752</u>	<u>\$ 333,833</u>

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	\$ 333,833
Transfers to Water District reported as Water Sales by Water District	(1,073,873)
Transfer to Water District reported as Contributed Capital by Water District	<u>(4,289,879)</u>
Difference	<u>\$ (5,029,919)</u>

NOTE 15 - 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, 2013, 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 Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. Government Securities Funds*		X		\$ <u>17,446,969</u>	\$ <u>17,446,969</u>
Total Investments				\$ <u>17,446,969</u>	\$ <u>17,446,969</u>

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

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 16 - LIABILITY FOR COMPENSATED ABSENCES

The General Fund did not have any liability at September 30, 2013, 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, 2013, for the General Long-Term Debt Account Group, the Combined Water and Sewer Fund, and the Tupelo Airport Authority, and at June 30, 2013, for the Electric Fund and has been reflected in these financial statements.

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 17 - ACCOUNTS RECEIVABLE

Receivables for accounts of the Electric Fund (an Enterprise Fund) have been reduced by \$193,910 to reflect the provision for uncollectible accounts. The accrual amount of court fine receivables on the Statement of Net Asset – Government – Wide has been reduced by \$9,301,879 to reflect the provision for uncollectible fines.

NOTE 18 - 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 19 - 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 20 - 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.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 20 - GENERAL OBLIGATION WATER BONDS – continued

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.

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, 2013 was \$1,073,873.

NOTE 21 - 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, 2013, was \$9,363,552, which is reported as Due From Trustee.

NOTE 22 - RELATED PARTY TRANSACTIONS

The Water District has related party transactions with Lee County. A summary of these transactions is as follows:

Water Sales to Lee County	\$ <u>18,157</u>
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CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 23 - 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 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 24 - 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 25 - ECONOMIC DEPENDENCY

The Electric Department of the City of Tupelo had sales to one major customer for the year ended June 30, 2013 (its year end) of \$8,160,992. This represented approximately 14.6% of the Department's revenues for the year.

CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 26 - 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 provision for uncollectible court fines as mentioned in Note 17. It is as least reasonably possible that the significant estimate used will change within the next year.

NOTE 27 - 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).

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	Water G. O. Bonds Fund	City Thoroughfare Fund Phase V	City Infrastructure Fund
Budget (Cash Basis)	\$ (1,609,640)	\$ (1,647,806)	\$ (2,593,870)	\$ 4,327,874
Increase (Decrease)				
Net adjustments for revenue accruals	<u>(223,622)</u>	<u>137</u>	<u>219,440</u>	<u>0</u>
GAAP Basis	<u>\$ (1,833,262)</u>	<u>\$ (1,647,669)</u>	<u>\$ (2,374,430)</u>	<u>\$ 4,327,874</u>

**CITY OF TUPELO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

NOTE 28 - 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, 2013</u>	<u>Remaining Commitment at September 30, 2013</u>
General City	Tupelo Aquatics Facility	\$ 11,016,800	\$ 9,734,368	\$ 1,282,432
General City	Ida Street Drainage	338,186	0	338,186
General City	Rob Leake Tennis Courts	542,237	514,944	27,293
General City	Natchez Trace Bridge	6,824,729	3,349,676	3,475,053
General City	Coliseum Exterior Renovations	1,335,496	1,166,342	169,154
General City	South Gloster Widening	6,528,847	6,219,098	309,749
Airport	Airport Improvement Program	<u>152,393</u>	<u>219</u>	<u>152,174</u>
		<u>\$ 26,738,688</u>	<u>\$ 20,984,647</u>	<u>\$ 5,754,041</u>

NOTE 29 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects if subsequent events that provide evidence about conditions that existed at the statement of net assets date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net assets date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through March 21, 2014, (the date the financial statements were available to be issued) and noted the following item which require disclosure in the notes to the financial statements.

In October, 2013, the City approved a water pollution control revolving loan agreement with MDEQ in the amount of \$8,256,020. The proceeds will be used for sewer collection extension in the newly annexed areas and wastewater treatment facility improvements.

SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**CITY OF TUPELO, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2013**

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
ASSETS:				
Cash	\$ 7,372,663	\$ 6,147,367	\$ 2,061,587	\$ 15,581,617
Investments			718,685	718,685
General Property Taxes Receivable	8,847		27,119	35,966
Other Receivable	51,666		220,031	271,697
Notes Receivable	156,930			156,930
Due from Other Funds	395,876			395,876
Due from Other Government Units	313,260	10,597		323,857
Inventories	5,551			5,551
Prepaid Expenses	29,290			29,290
TOTAL ASSETS	\$ 8,334,083	\$ 6,157,964	\$ 3,027,422	\$ 17,519,469
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 278,027	\$ 2,666	\$ 2,000	\$ 282,693
Equity in Pooled Cash Deficit	6,649			6,649
Accrued Expenses	24,180			24,180
Due to Other Funds	401,642			401,642
Deferred Revenues	528,287			528,287
Event Deposits	25,313			25,313
TOTAL LIABILITIES	1,264,098	2,666	2,000	1,268,764
FUND BALANCES:				
Nonspendable				
Inventory	5,551			5,551
Restricted for				
Library	1,433			1,433
Tourism Promotion	3,079,721			3,079,721
Public Safety Retirement	6,156			6,156
Law Enforcement	1,415,304			1,415,304
Construction Acquisition of Capital Assets		3,762,171		3,762,171
Public Safety Equipment		1,669,982		1,669,982
Debt Service			3,025,422	3,025,422
Committed to				
Rental Rehabilitation	179,523			179,523
Fairpark Infrastructure		421,745		421,745
Construction Acquisition of Capital Assets		301,400		301,400
Assigned to				
Aquatics Facility	14,562			14,562
Coliseum Projects	1,648,248			1,648,248
Coliseum Operations	719,487			719,487
TOTAL FUND BALANCES	7,069,985	6,155,298	3,025,422	16,250,705
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,334,083	\$ 6,157,964	\$ 3,027,422	\$ 17,519,469

CITY OF TUPELO, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	Non-Major Special Revenue	Non-Major Capital Projects	Non-Major Debt Service	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$ 1,171,564	\$	\$ 3,710,987	\$ 4,882,551
Intergovernmental Revenues	4,142,834	2,150,597	108,838	6,402,269
Charges for Services	2,144,291			2,144,291
Miscellaneous Revenues	1,259,607	312,165	690,285	2,262,057
TOTAL REVENUES	<u>8,718,296</u>	<u>2,462,762</u>	<u>4,510,110</u>	<u>15,691,168</u>
EXPENDITURES:				
Current:				
Public Safety	1,138,419			1,138,419
Culture and Recreation	4,686,996			4,686,996
Other Functions	2,705,700			2,705,700
Capital Projects		772,312		772,312
Debt Service			7,148,111	7,148,111
TOTAL EXPENDITURES	<u>8,531,115</u>	<u>772,312</u>	<u>7,148,111</u>	<u>16,451,538</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>187,181</u>	<u>1,690,450</u>	<u>(2,638,001)</u>	<u>(760,370)</u>
OTHER FINANCING SOURCES (USES)				
Bond Issue Costs		0		0
Proceeds from Debt Issued		0		0
Transfer to Other Governmental Units			(21,728)	(21,728)
Transfer to Other Funds	(4,629,766)	(900,980)		(5,530,746)
Transfer from Other Funds	3,539,112	0	1,068,803	4,607,915
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,090,654)</u>	<u>(900,980)</u>	<u>1,047,075</u>	<u>(944,559)</u>
NET CHANGE IN FUND BALANCES	<u>(903,473)</u>	<u>789,470</u>	<u>(1,590,926)</u>	<u>(1,704,929)</u>
FUND BALANCES - Beginning	<u>7,973,458</u>	<u>5,365,828</u>	<u>4,616,348</u>	<u>17,955,634</u>
FUND BALANCES - Ending	<u>\$ 7,069,985</u>	<u>\$ 6,155,298</u>	<u>\$ 3,025,422</u>	<u>\$ 16,250,705</u>

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2013
With Comparative Totals for September 30, 2012

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabilitation Fund	Coliseum Operating Fund	Narcotics Fund	Aquatics Facility Fund	Totals	
									9/30/2013	9/30/2012
ASSETS										
Cash	\$ 4,737	\$ 2,844,161	\$ 654	\$ 2,044,078	\$ 22,547	\$ 1,019,933	\$ 1,421,991	\$ 14,562	\$ 7,372,663	\$ 7,977,586
Receivables:										
Notes					156,930				156,930	164,114
Other		8,111				43,555			51,666	14,047
General Property Taxes	3,345		5,502						8,847	9,889
Due from Other										
Governmental Units		295,188					18,072		313,260	367,242
Due from Other Funds					46	395,830			395,876	0
Inventories						5,551			5,551	10,914
Prepaid Expenses						29,290			29,290	0
TOTAL ASSETS	\$ 8,082	\$ 3,147,460	\$ 6,156	\$ 2,044,078	\$ 179,523	\$ 1,494,159	\$ 1,440,063	\$ 14,562	\$ 8,334,083	\$ 8,543,792
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$	\$ 67,739	\$	\$	\$	\$ 191,341	\$ 18,947	\$	\$ 278,027	\$ 89,218
Equity in Pooled Cash Deficit	6,649								6,649	0
Accrued Expenses						24,180			24,180	12,626
Due to Other Governmental Entities									0	43,186
Due to Other Funds				395,830			5,812		401,642	20,236
Deferred Revenues						528,287			528,287	377,294
Event Deposits						25,313			25,313	27,774
Total Liabilities	6,649	67,739	0	395,830	0	769,121	24,759	0	1,264,098	570,334
Fund Balances:										
Nonspendable										
Inventory						5,551			5,551	10,914
Restricted for										
Library	1,433								1,433	6,149
Tourism Promotion		3,079,721							3,079,721	3,036,223
Public Safety Retirement			6,156						6,156	36,238
Law Enforcement							1,415,304		1,415,304	1,053,592
Committed to										
Rental Rehabilitation					179,523				179,523	187,063
Assigned to										
Aquatics Facility								14,562	14,562	0
Coliseum Projects				1,648,248					1,648,248	2,919,256
Coliseum Operations						719,487			719,487	724,023
Total Fund Balances	1,433	3,079,721	6,156	1,648,248	179,523	725,038	1,415,304	14,562	7,069,985	7,973,458
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,082	\$ 3,147,460	\$ 6,156	\$ 2,044,078	\$ 179,523	\$ 1,494,159	\$ 1,440,063	\$ 14,562	\$ 8,334,083	\$ 8,543,792

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Aquatics Facility Fund	Totals	
									9/30/2013	9/30/2012
REVENUES										
Taxes:										
General Property Taxes	\$ 423,814		\$ 697,291						\$ 1,121,105	\$ 1,206,696
Payments in Lieu of Taxes		50,459							50,459	38,546
Intergovernmental Revenues:										
Federal Shared Revenues							3,168		3,168	34,730
State Shared Revenues	13,406	3,852,673	22,033						3,888,112	3,756,523
Federal Grants							251,554		251,554	258,092
Charges for Sales and Services:										
Commissions						52,513			52,513	61,071
Concessions & Other Sales						394,095			394,095	457,680
Direct Show Revenue						18,179			18,179	58,849
Parking						150			150	150
Service Charge						221,124			221,124	236,905
Rental Revenue						1,134,638			1,134,638	643,034
Personnel Service Fees						323,592			323,592	258,290
Miscellaneous Revenues:										
Interest	44	3,361	90	3,667	680	1,010	1,683	12	10,547	35,496
Advertising Agency Fee						488,781		16,400	505,181	447,432
Donations								100	100	4,500
Other		28,419				117,073	598,287		743,779	355,036
TOTAL REVENUES	<u>437,264</u>	<u>3,934,912</u>	<u>719,414</u>	<u>3,667</u>	<u>680</u>	<u>2,751,155</u>	<u>854,692</u>	<u>16,512</u>	<u>8,718,296</u>	<u>7,853,030</u>

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012
-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabil- itation Fund	Coliseum Operating Fund	Narcotics Fund	Aquatics Facility Fund	Totals	
									9/30/2013	9/30/2012
EXPENDITURES										
Public Safety:										
Police Department:										
Personnel Services	\$	\$	\$ 524,647	\$	\$	\$	\$	\$	\$ 524,647	\$ 570,500
Supplies							17,580		17,580	15,513
Other Services and Charges							351,613		351,613	329,664
Capital Outlay							19,730		19,730	47,432
Fire Department:										
Personnel Services			224,849						224,849	244,500
Total Public Safety	0	0	749,496	0	0	0	388,923	0	1,138,419	1,207,609
Culture and Recreation:										
Tupelo Coliseum:										
Personnel Services						1,264,322			1,264,322	1,120,423
Supplies						219,216			219,216	233,205
Other Services and Charges						1,615,080			1,615,080	1,125,708
Capital Outlay						1,586,428			1,586,428	597,096
Aquatics Facility:										
Other Services and Charges								1,950	1,950	0
Total Culture and Recreation	0	0	0	0	0	4,685,046	0	1,950	4,686,996	3,076,432

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
 Year Ended September 30, 2013
 With Comparative Totals for Year Ended September 30, 2012
 -Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabilitation Fund	Coliseum Operating Fund	Narcotics Fund	Aquatics Facility Fund	Totals	
									9/30/2013	9/30/2012
EXPENDITURES										
- Continued										
Other Functions:										
Community Services:										
Personnel Services	\$	\$ 629,319	\$	\$	\$	\$	\$	\$	\$ 629,319	\$ 629,319
Supplies		13,536							13,536	13,536
Other Services and Charges	441,980	1,584,510			8,220				2,034,710	1,951,832
Capital Outlay		28,135							28,135	1,734
Total Other Functions	441,980	2,255,500	0	0	8,220	0	0	0	2,705,700	2,596,421
TOTAL EXPENDITURES	441,980	2,255,500	749,496	0	8,220	4,685,046	388,923	1,950	8,531,115	6,880,462
EXCESS OF REVENUES REVENUES OVER (UNDER) EXPENDITURES										
	(4,716)	1,679,412	(30,082)	3,667	(7,540)	(1,933,891)	465,769	14,562	187,181	972,568

CITY OF TUPELO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012
-Continued-

	Library Fund	Convention and Visitors Bureau Fund	Firemen & Policemen Retirement Fund	Coliseum Project Fund	Rental Rehabilitation Fund	Coliseum Operating Fund	Narcotics Fund	Aquatics Facility Fund	Totals	
									9/30/2013	9/30/2012
OTHER FINANCING SOURCES (USES)										
Transfer from General Fund	\$	\$	\$	\$ 615,120	\$	\$	\$	\$	\$ 615,120	\$ 615,120
Transfer to General Fund							(104,057)		(104,057)	(105,780)
Transfer from Coliseum Project Fund						1,923,992			1,923,992	530,403
Transfer to Coliseum Operating Fund				(1,923,992)					(1,923,992)	(530,403)
Transfer to Coliseum Debt Service Fund				(965,803)					(965,803)	(966,861)
Transfer from CVB Fund				1,000,000					1,000,000	1,000,000
Transfer to MS Development 2007 Debt Service Fund		(103,000)							(103,000)	(103,000)
Transfer to City Infrastructure Fund		(532,914)							(532,914)	0
Transfer to Coliseum Project Fund		(1,000,000)							(1,000,000)	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>(1,635,914)</u>	<u>0</u>	<u>(1,274,675)</u>	<u>0</u>	<u>1,923,992</u>	<u>(104,057)</u>	<u>0</u>	<u>(1,090,654)</u>	<u>(560,521)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)										
	<u>(4,716)</u>	<u>43,498</u>	<u>(30,082)</u>	<u>(1,271,008)</u>	<u>(7,540)</u>	<u>(9,899)</u>	<u>361,712</u>	<u>14,562</u>	<u>(903,473)</u>	<u>412,047</u>
FUND BALANCES - Beginning of Year										
	<u>6,149</u>	<u>3,036,223</u>	<u>36,238</u>	<u>2,919,256</u>	<u>187,063</u>	<u>734,937</u>	<u>1,053,592</u>	<u>0</u>	<u>7,973,458</u>	<u>7,561,411</u>
FUND BALANCES - End of Year										
	<u>\$ 1,433</u>	<u>\$ 3,079,721</u>	<u>\$ 6,156</u>	<u>\$ 1,648,248</u>	<u>\$ 179,523</u>	<u>\$ 725,038</u>	<u>\$ 1,415,304</u>	<u>\$ 14,562</u>	<u>\$ 7,069,985</u>	<u>\$ 7,973,458</u>

CITY OF TUPELO
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2013
With Comparative Totals for September 30, 2012

	2004 General Obligation Construction Fund	2007 General Obligation Construction Fund	City Capital Project Fund	Thoroughfare Fund Phase IV	Fairgrounds Construction Fund	Cooper Tire Project Fund	Totals	
							9/30/2013	9/30/2012
ASSETS								
Cash	\$	\$ 3,762,171	\$ 1,962,422	\$	\$ 422,774	\$	\$ 6,147,367	\$ 5,398,217
Due from Other Governmental Entities			10,597				10,597	115,676
TOTAL ASSETS	\$	\$ 3,762,171	\$ 1,973,019	\$	\$ 422,774	\$	\$ 6,157,964	\$ 5,513,893
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$	\$	\$ 1,637	\$	\$ 1,029	\$	\$ 2,666	\$ 135,290
Equity in Pooled Cash Deficit							0	2,775
Due to Other Funds							0	10,000
Total Liabilities		0	1,637	0	1,029	0	2,666	148,065
Fund Balances:								
Restricted for								
Construction Acquisition of Capital Assets		3,762,171					3,762,171	4,686,215
Public Safety Equipment			1,669,982				1,669,982	125,032
Committed to								
Fairpark Infrastructure					421,745		421,745	367,614
Construction Acquisition of Capital Assets			301,400				301,400	186,967
Total Fund Balances		3,762,171	1,971,382	0	421,745	0	6,155,298	5,365,828
TOTAL LIABILITIES AND FUND BALANCES	\$	\$ 3,762,171	\$ 1,973,019	\$	\$ 422,774	\$	\$ 6,157,964	\$ 5,513,893

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

Year Ended September 30, 2013
 With Comparative Totals for Year Ended September 30, 2012

	2004 General Obligation Construction Fund	2007 General Obligation Construction Fund	City Capital Project Fund	Thoroughfare Fund Phase IV	Fairgrounds Construction Fund	Cooper Tire Project Fund	<u>Totals</u>	
							9/30/2013	9/30/2012
REVENUES								
Intergovernmental Revenues:								
Federal Shared Revenues	\$	\$	\$ 1,650,000	\$	\$	\$	\$ 1,650,000	\$ 1,957,585
State Shared Revenues			350,000				350,000	0
Federal Grants			10,597				10,597	0
State Grants			140,000				140,000	352,472
Miscellaneous Revenues:								
Interest		9	4,509	1,445	180	601	6,744	49,540
Donations			24,318				24,736	10,000
Other					220,600	60,085	280,685	128,348
TOTAL REVENUES		<u>9</u>	<u>4,509</u>	<u>2,176,360</u>	<u>180</u>	<u>221,619</u>	<u>2,462,762</u>	<u>2,497,945</u>
EXPENDITURES								
Other Services and Charges			138,964		167,488		306,452	114,826
Capital Outlay:								
Capital Outlay		27,501	261	378,013		60,085	465,860	12,411,070
TOTAL EXPENDITURES		<u>27,501</u>	<u>261</u>	<u>516,977</u>	<u>0</u>	<u>167,488</u>	<u>772,312</u>	<u>12,525,896</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES		<u>(27,492)</u>	<u>4,248</u>	<u>1,659,383</u>	<u>180</u>	<u>54,131</u>	<u>1,690,450</u>	<u>(10,027,951)</u>

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

Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

-Continued-

	2004 General Obligation Construction Fund	2007 General Obligation Construction Fund	City Capital Project Fund	Thoroughfare Fund Phase IV	Fairgrounds Construction Fund	Cooper Tire Project Fund	<u>Totals</u>	
							9/30/2013	9/30/2012
OTHER FINANCING SOURCES (USES)								
Proceeds from Debt Issued	\$	\$	\$	\$	\$	\$	0	\$ 49,606
Transfer to Thoroughfare Fund Phase V				(900,980)			(900,980)	0
TOTAL OTHER FINANCING SOURCES (USES)		0	0	(900,980)	0	0	(900,980)	49,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)								
		(27,492)	4,248	1,659,383	(900,800)	54,131	0	789,470
								(9,978,345)
FUND BALANCE (DEFICIT)								
Beginning of Year		27,492	3,757,923	311,999	900,800	367,614	0	5,365,828
								15,344,173
FUND BALANCE								
End of Year	\$	0	\$ 3,762,171	\$ 1,971,382	\$ 0	\$ 421,745	\$ 0	\$ 6,155,298
								\$ 5,365,828

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2013
With Comparative Totals for September 30, 2012

	City Bond and Interest Fund	School Bond and Interest Fund	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	Totals	
								9/30/2013	9/30/2012
ASSETS									
Cash	\$ 1,758,301	\$	\$ 7,446	\$ 185,562	\$ 66,487	\$ 39,000	\$ 4,791	\$ 2,061,587	\$ 3,653,789
Investments						718,685		718,685	729,231
Receivables:									
General Property Taxes	27,119							27,119	17,903
Accrued Interest						6		6	0
Other						220,025		220,025	220,025
TOTAL ASSETS	\$ 1,785,420	\$ 0	\$ 7,446	\$ 185,562	\$ 66,487	\$ 977,716	\$ 4,791	\$ 3,027,422	\$ 4,620,948
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$	\$	\$ 2,000	\$	\$	\$	\$	\$ 2,000	\$ 4,600
Total Liabilities	0	0	2,000	0	0	0	0	2,000	4,600
Fund Balances:									
Restricted for Debt Service	1,785,420	0	5,446	185,562	66,487	977,716	4,791	3,025,422	4,616,348
Total Fund Balances	1,785,420	0	5,446	185,562	66,487	977,716	4,791	3,025,422	4,616,348
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,785,420	\$ 0	\$ 7,446	\$ 185,562	\$ 66,487	\$ 977,716	\$ 4,791	\$ 3,027,422	\$ 4,620,948

CITY OF TUPELO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

	City Bond and Interest Fund	School Bond and Interest Fund	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	Totals	
								9/30/2013	9/30/2012
REVENUES									
Taxes:									
General Property Taxes	\$ 3,431,503	\$	\$ 163,629	\$	\$	\$	\$	\$ 3,595,132	\$ 2,379,462
Payments in Lieu of Taxes				115,855				115,855	119,710
Intergovernmental Revenues:									
State Shared Revenues	108,838							108,838	65,143
Miscellaneous Revenues:									
Interest	2,882	8	72	223	80	98	75	3,438	13,502
Other	257,854					428,993		686,847	296,305
TOTAL REVENUES	3,801,077	8	163,701	116,078	80	429,091	75	4,510,110	2,874,122
EXPENDITURES									
Debt Service:									
General Obligations:									
Bonds Redeemed	4,621,790			75,000				4,696,790	2,405,000
Interest	737,850			39,855				777,705	750,293
Paying Agent Fees	4,615			850				5,465	15,184
Special Assessment General Obligations:									
Bonds Redeemed			130,000					130,000	185,000
Interest			25,895					25,895	36,330
Paying Agent Fees			5,210					5,210	5,200
Certificates of Participation:									
Certificates Redeemed					645,000			645,000	615,000
Interest					316,898			316,898	347,649
Paying Agent Fees					3,905			3,905	4,212
Special Obligations:									
Bonds Redeemed						205,000	65,645	270,645	257,095
Bonds Redeemed Expense									
Interest						232,131	34,767	266,898	282,193
Paying Agent Fees						2,500	1,200	3,700	3,700
TOTAL EXPENDITURES	5,364,255	0	161,105	115,705	965,803	439,631	101,612	7,148,111	4,906,856

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

Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

-Continued-

	City Bond and Interest Fund	School Bond and Interest Fund	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	Totals	
								9/30/2013	9/30/2012
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,563,178)	\$ 8	\$ 2,596	\$ 373	\$ (965,723)	\$ (10,540)	\$ (101,537)	\$ (2,638,001)	\$ (2,032,734)
OTHER FINANCING SOURCES (USES):									
Transfer from General Fund								0	1,199,278
Transfer from CVB Fund							103,000	103,000	103,000
Transfer from Coliseum Project Fund					965,803			965,803	966,861
Transfer to Tupelo Public School District		(21,728)						(21,728)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(21,728)	0	0	965,803	0	103,000	1,047,075	2,269,139
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(1,563,178)	(21,720)	2,596	373	80	(10,540)	1,463	(1,590,926)	236,405
FUND BALANCES- Beginning of Year	3,348,598	21,720	2,850	185,189	66,407	988,256	3,328	4,616,348	4,379,943
FUND BALANCES- End of Year	\$ 1,785,420	\$ 0	\$ 5,446	\$ 185,562	\$ 66,487	\$ 977,716	\$ 4,791	\$ 3,025,422	\$ 4,616,348

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, 2013 and 2012

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
ASSETS		
Cash	\$ 15,971,181	\$ 18,255,882
Receivables:		
General Property Taxes	38,675	49,372
Home Grant Receivable	465,000	465,000
Other	124,142	130,156
Due from Other Government Units	1,694,051	1,900,665
Due from Component Unit	1,063,137	1,153,794
Due from Other Funds	30,761	45,179
Prepaid Expenses	399,888	5,984
Inventories	<u>22,358</u>	<u>61,738</u>
TOTAL ASSETS	\$ <u>19,809,193</u>	\$ <u>22,067,770</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 516,308	\$ 684,861
Deferred Revenues	97,406	391,503
Due to Other Funds	10,046	0
Accrued Expenses	<u>610,949</u>	<u>583,660</u>
Total Liabilities	<u>1,234,709</u>	<u>1,660,024</u>
Fund Balance:		
Nonspendable		
Prepaid Expenses	399,888	5,984
Inventory	22,358	61,738
Long-Term Receivables	1,485,337	1,575,697
Restricted for		
Water Reserve	546,562	545,907
Unassigned	<u>16,120,339</u>	<u>18,218,420</u>
Total Fund Balance	<u>18,574,484</u>	<u>20,407,746</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>19,809,193</u>	\$ <u>22,067,770</u>

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

For the Years Ended September 30, 2013 and 2012

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
REVENUES		
Taxes:		
General Property Taxes	\$ 4,875,531	\$ 5,956,597
Payments in Lieu of Taxes	1,360,411	870,887
Penalties and Interest on Delinquent Taxes	86,816	82,408
Total Taxes	<u>6,322,758</u>	<u>6,909,892</u>
Licenses and Permits:		
Privilege License	304,196	190,826
Building Permits	202,861	187,546
Other Permits	23,574	20,309
Franchise Fees	342,124	310,891
Total Licenses and Permits	<u>872,755</u>	<u>709,572</u>
Intergovernmental Revenues:		
Federal Grants	437,335	488,029
State Grants	17,228	17,296
Other Grants	98,493	79,108
State Shared Revenues	18,451,665	18,465,097
Municipality Shared Revenues	3,118,998	3,200,000
County Shared Revenues	1,025,000	1,017,178
Total Intergovernmental Revenues	<u>23,148,719</u>	<u>23,266,708</u>
Charges for Services:		
Public Safety	70,271	103,313
Highways and Streets	28,410	43,376
Crime Lab Fees	57,624	43,899
Culture and Recreation Fees	181,280	210,977
Total Charges for Services	<u>337,585</u>	<u>401,565</u>
Fines and Forfeitures:		
Police Fines and Fees	955,417	922,240
Parking Fines and Fees	30,105	30,398
Total Fines and Forfeitures	<u>985,522</u>	<u>952,638</u>

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

For the Years Ended September 30, 2013 and 2012

-Continued-

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
REVENUES-Continued		
Miscellaneous Revenues:		
Interest	\$ 70,450	\$ 103,962
Donations	3,821	178,905
Rents	79,460	149,927
Billings to Other Departments	183,522	191,645
Other	142,032	243,445
Total Miscellaneous Revenues	<u>479,285</u>	<u>867,884</u>
TOTAL REVENUES	<u>32,146,624</u>	<u>33,108,259</u>
EXPENDITURES		
General Government:		
Legislative Department:		
Personnel Services	220,730	217,102
Supplies	593	1,072
Other Services and Charges	285,450	224,567
Total Legislative Department	<u>506,773</u>	<u>442,741</u>
Executive Department:		
Personnel Services	450,359	440,773
Supplies	11,172	12,122
Other Services and Charges	221,760	243,678
Capital Outlay	2,051	0
Total Executive Department	<u>685,342</u>	<u>696,573</u>
City Court:		
Personnel Services	670,091	681,565
Supplies	17,801	16,067
Other Services and Charges	68,637	70,289
Capital Outlay	0	965
Total City Court	<u>756,529</u>	<u>768,886</u>

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

For the Years Ended September 30, 2013 and 2012

-Continued-

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
EXPENDITURES-Continued		
Budget and Accounting Department:		
Personnel Services	\$ 702,771	\$ 690,654
Supplies	21,462	15,590
Other Services and Charges	278,694	273,055
Capital Outlay	46,380	63,506
Total Budget and Accounting Department	<u>1,049,307</u>	<u>1,042,805</u>
Personnel Department:		
Personnel Services	195,699	182,558
Supplies	3,575	3,020
Other Services and Charges	37,741	54,815
Total Personnel Department	<u>237,015</u>	<u>240,393</u>
Planning Department:		
Personnel Services	1,175,228	1,160,264
Supplies	37,373	40,153
Other Services and Charges	88,382	90,917
Capital Outlay	2,431	4,128
Total Community Development Department	<u>1,303,414</u>	<u>1,295,462</u>
Total General Government	<u>4,538,380</u>	<u>4,486,860</u>
Public Safety:		
Police Department:		
Personnel Services	6,630,181	6,465,830
Supplies	601,541	600,827
Other Services and Charges	1,329,278	1,608,764
Capital Outlay	156,802	266,134
Total Police Department	<u>8,717,802</u>	<u>8,941,555</u>
Fire Department:		
Personnel Services	5,230,525	4,907,641
Supplies	225,553	228,899
Other Services and Charges	275,976	352,744
Capital Outlay	23,287	2,349
Total Fire Department	<u>5,755,341</u>	<u>5,491,633</u>
Total Public Safety	<u>14,473,143</u>	<u>14,433,188</u>

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

For the Years Ended September 30, 2013 and 2012

-Continued-

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
EXPENDITURES-Continued		
Public Services:		
Public Works Department:		
Personnel Services	\$ 2,752,481	\$ 2,828,897
Supplies	326,727	348,408
Other Services and Charges	3,456,708	3,070,751
Capital Outlay	<u>42,751</u>	<u>19,140</u>
Total Public Works Department	<u>6,578,667</u>	<u>6,267,196</u>
Total Public Services	<u>6,578,667</u>	<u>6,267,196</u>
Culture and Recreation:		
Park and Recreation Department:		
Personnel Services	1,590,985	1,609,949
Supplies	439,607	450,759
Other Services and Charges	1,070,538	1,122,137
Capital Outlay	<u>10,392</u>	<u>95,782</u>
Total Park and Recreation Department	<u>3,111,522</u>	<u>3,278,627</u>
Museum Department:		
Personnel Services	95,608	101,940
Supplies	7,830	13,477
Other Services and Charges	18,275	49,246
Capital Outlay	<u>5,850</u>	<u>0</u>
Total Museum Department	<u>127,563</u>	<u>164,663</u>
Total Culture and Recreation	<u>3,239,085</u>	<u>3,443,290</u>
Other Functions:		
Community Services:		
Other Services and Charges	<u>1,067,410</u>	<u>898,776</u>
Total Community Services	<u>1,067,410</u>	<u>898,776</u>
Total Other Functions	<u>1,067,410</u>	<u>898,776</u>

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

For the Years Ended September 30, 2013 and 2012

-Continued-

	F.Y.E. 9/30/13	F.Y.E. 9/30/12
EXPENDITURES-Continued		
Debt Service:		
General Obligations:		
Principal on Long Term Debt	\$ 237,920	\$ 288,086
Interest	156,845	51,776
Total General Obligations	<u>394,765</u>	<u>339,862</u>
Total Debt Service	<u>394,765</u>	<u>339,862</u>
TOTAL EXPENDITURES	<u>30,291,450</u>	<u>29,869,172</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,855,174</u>	<u>3,239,087</u>
OTHER FINANCING SOURCES (USES):		
Transfer to Special Assessment Bond and Interest Fund	0	(31,080)
Transfer to City Capital Project Fund	(3,177,373)	(129,885)
Transfer to Coliseum Project Fund	(615,120)	(615,120)
Transfer to Urban Renewal Debt Service Fund	0	(1,168,198)
Transfer from Sanitation Fund	0	32,808
Transfer from Narcotics Fund	104,057	105,780
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,688,436)</u>	<u>(1,805,695)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(1,833,262)</u>	<u>1,433,392</u>
FUND BALANCE - Beginning of year	<u>20,407,746</u>	<u>18,974,354</u>
FUND BALANCE - End of year	<u>\$ 18,574,484</u>	<u>\$ 20,407,746</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.

Aquatics Facility Fund – This fund is used to account for the revenues that are restricted or assigned for use on the aquatics facility.

CITY OF TUPELO
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 413,232	\$ 423,913	\$ 10,681	\$ 420,407
Intergovernmental:				
State Shared Revenues	11,043	13,406	2,363	12,532
Miscellaneous Revenues:				
Interest	<u>0</u>	<u>44</u>	<u>44</u>	<u>96</u>
TOTAL REVENUES	<u>424,275</u>	<u>437,363</u>	<u>13,088</u>	<u>433,035</u>
EXPENDITURES				
Community Services:				
Other Services and Charges	<u>441,980</u>	<u>441,980</u>	<u>0</u>	<u>441,980</u>
Total Community Services	<u>441,980</u>	<u>441,980</u>	<u>0</u>	<u>441,980</u>
TOTAL EXPENDITURES	<u>441,980</u>	<u>441,980</u>	<u>0</u>	<u>441,980</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,705)	(4,617)	13,088	(8,945)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>6,149</u>	<u>6,149</u>	<u>0</u>	<u>15,279</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>(11,556)</u></u>	1,532	\$ <u><u>13,088</u></u>	6,334
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(99)</u>		<u>(185)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u><u>1,433</u></u>		\$ <u><u>6,149</u></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, 2013

With Comparative Totals for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
REVENUES				
Taxes:				
Payments in Lieu of Taxes	\$ 38,546	\$ 48,654	\$ 10,108	\$ 38,546
Intergovernmental:				
State Shared Revenues	3,671,776	3,858,681	186,905	3,705,074
Miscellaneous Revenues:				
Interest	3,000	3,361	361	9,773
Donations	0	0	0	4,500
Other	0	28,419	28,419	32,943
TOTAL REVENUES	3,713,322	3,939,115	225,793	3,790,836
EXPENDITURES				
Other Functions:				
Community Services:				
Personnel Services	755,995	629,319	126,676	629,319
Supplies	16,000	13,536	2,464	13,536
Other Services and Charges	1,768,686	1,584,510	184,176	1,491,172
Capital Expenditures	30,000	28,135	1,865	1,734
Total Community Services	2,570,681	2,255,500	315,181	2,135,761
Total Other Functions	2,570,681	2,255,500	315,181	2,135,761
TOTAL EXPENDITURES	2,570,681	2,255,500	315,181	2,135,761
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,142,641	1,683,615	540,974	1,655,075

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, 2013
With Comparative Totals for Year Ended September 30, 2012
-Continued-

	<u>F.Y.E. 9/30/2013</u>		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
OTHER FINANCING SOURCES				
(USES):				
Transfer to City Infrastructure Fund	\$ (532,914)	\$ (532,914)	\$ 0	\$ 0
Transfer to MS Development 2007 Debt Service Fund	(103,000)	(103,000)	0	(103,000)
Transfer to Coliseum Project Fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>0</u>	<u>(1,000,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,635,914)</u>	<u>(1,635,914)</u>	<u>0</u>	<u>(1,103,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(493,273)	47,701	540,974	552,075
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>3,036,223</u>	<u>3,036,223</u>	<u>0</u>	<u>2,475,695</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>2,542,950</u>	3,083,924	\$ <u>540,974</u>	3,027,770
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(4,203)</u>		<u>8,453</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u><u>3,079,721</u></u>		\$ <u><u>3,036,223</u></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, 2013
With Comparative Totals for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 679,175	\$ 698,234	\$ 19,059	\$ 786,842
Intergovernmental Revenues:				
State Shared Revenues	18,149	22,033	3,884	23,452
Miscellaneous Revenues:				
Interest Income	0	90	90	206
TOTAL REVENUES	<u>697,324</u>	<u>720,357</u>	<u>23,033</u>	<u>810,500</u>
EXPENDITURES				
Public Safety:				
Police Department:				
Personnel Services	<u>542,500</u>	<u>524,647</u>	<u>17,853</u>	<u>570,500</u>
Total Police Department	<u>542,500</u>	<u>524,647</u>	<u>17,853</u>	<u>570,500</u>
Fire Department:				
Personnel Services	<u>232,500</u>	<u>224,849</u>	<u>7,651</u>	<u>244,500</u>
Total Fire Department	<u>232,500</u>	<u>224,849</u>	<u>7,651</u>	<u>244,500</u>
Total Public Safety	<u>775,000</u>	<u>749,496</u>	<u>25,504</u>	<u>815,000</u>
TOTAL EXPENDITURES	<u>775,000</u>	<u>749,496</u>	<u>25,504</u>	<u>815,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,676)	(29,139)	48,537	(4,500)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>36,238</u>	<u>36,238</u>	<u>0</u>	<u>41,106</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>(41,438)</u>	7,099	\$ <u>48,537</u>	36,606
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(943)</u>		<u>(368)</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u>6,156</u>		\$ <u>36,238</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, 2013
With Comparative Totals for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 2,650	\$ 3,667	\$ 1,017	\$ 13,569
TOTAL REVENUES	<u>2,650</u>	<u>3,667</u>	<u>1,017</u>	<u>13,569</u>
EXPENDITURES				
Culture and Recreation:				
Tupelo Coliseum:				
Other Services and Charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tupelo Coliseum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Culture and Recreation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,650</u>	<u>3,667</u>	<u>1,017</u>	<u>13,569</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, 2013

With Comparative Totals for Year Ended September 30, 2012

-Continued-

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
OTHER FINANCING SOURCES				
(USES):				
Transfer to Debt Service Fund	\$ (965,803)	\$ (965,803)	\$ 0	\$ (966,861)
Transfer from CVB Fund	1,000,000	1,000,000	0	1,000,000
Transfer from General Fund	615,120	615,120	0	615,120
Transfer to Coliseum Operating	<u>(1,923,992)</u>	<u>(1,923,992)</u>	<u>0</u>	<u>(530,403)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,274,675)</u>	<u>(1,274,675)</u>	<u>0</u>	<u>117,856</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(1,272,025)	(1,271,008)	1,017	131,425
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>2,919,256</u>	<u>2,919,256</u>	<u>0</u>	<u>2,787,831</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>1,647,231</u></u>	1,648,248	\$ <u><u>1,017</u></u>	2,919,256
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u><u>1,648,248</u></u>		\$ <u><u>2,919,256</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, 2013
With Comparative Totals for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
REVENUES				
Miscellaneous:				
Interest	\$ 0	\$ 680	\$ 680	\$ 575
TOTAL REVENUES	<u>0</u>	<u>680</u>	<u>680</u>	<u>575</u>
EXPENDITURES				
Other Services and Charges	<u>14,000</u>	<u>8,220</u>	<u>5,780</u>	<u>18,680</u>
TOTAL EXPENDITURES	<u>14,000</u>	<u>8,220</u>	<u>5,780</u>	<u>18,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,000)</u>	<u>(7,540)</u>	<u>6,460</u>	<u>(18,105)</u>
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>(14,000)</u>	<u>(7,540)</u>	<u>6,460</u>	<u>(18,105)</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>187,063</u>	<u>187,063</u>	<u>0</u>	<u>205,168</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>173,063</u></u>	179,523	\$ <u><u>6,460</u></u>	187,063
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u><u>179,523</u></u>		\$ <u><u>187,063</u></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, 2013
With Comparative Totals for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
REVENUES				
Charges for Sales & Services:				
Commissions	\$ 73,000	\$ 52,513	\$ (20,487)	\$ 61,071
Concessions & Other Sales	400,000	394,095	(5,905)	457,680
Direct Show Revenue	45,000	18,179	(26,821)	58,849
Parking	0	150	150	150
Service Charge	235,000	221,124	(13,876)	236,905
Rental Revenue	1,278,720	1,098,824	(179,896)	645,491
Personnel Service Fees	350,000	323,592	(26,408)	258,290
Miscellaneous Revenues:				
Advertising Agency Fee	435,000	488,781	53,781	447,432
Other	65,000	117,073	52,073	75,984
Interest	12,500	1,010	(11,490)	6,111
TOTAL REVENUES	2,894,220	2,715,341	(178,879)	2,247,963
EXPENDITURES				
Culture and Recreation:				
Coliseum Operations:				
Personnel Services	1,347,700	1,264,322	83,378	1,120,423
Supplies	358,500	219,216	139,284	233,205
Other Services and Charges	1,616,350	1,615,080	1,270	1,125,708
Capital Outlay	1,797,500	1,586,428	211,072	597,096
Total Coliseum Operations	5,120,050	4,685,046	435,004	3,076,432
TOTAL EXPENDITURES	5,120,050	4,685,046	435,004	3,076,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,225,830)	(1,969,705)	256,125	(828,469)

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, 2013
With Comparative Totals for Year Ended September 30, 2012
-Continued-

	<u>F.Y.E. 9/30/2013</u>			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
OTHER FINANCING SOURCES (USES):				
Transfer from Coliseum Project	\$ 2,225,830	\$ 1,923,992	\$ (301,838)	\$ 530,403
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,225,830</u>	<u>1,923,992</u>	<u>(301,838)</u>	<u>530,403</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	0	(45,713)	(45,713)	(298,066)
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>734,937</u>	<u>734,937</u>	<u>0</u>	<u>1,035,460</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 734,937</u>	689,224	<u>\$ (45,713)</u>	737,394
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>35,814</u>		<u>(2,457)</u>
FUND BALANCE (DEFICIT) (GAAP BASIS)				
End of Year		<u>\$ 725,038</u>		<u>\$ 734,937</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, 2013
With Comparative Totals for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
REVENUES				
Intergovernmental Revenues:				
Federal Shared Revenue	\$ 0	\$ 3,168	\$ 3,168	\$ 34,730
Federal Grants	258,500	299,528	41,028	213,078
Miscellaneous Revenues:				
Interest	5,000	1,683	(3,317)	5,166
Other	362,150	598,287	236,137	253,121
TOTAL REVENUES	<u>625,650</u>	<u>902,666</u>	<u>277,016</u>	<u>506,095</u>
EXPENDITURES				
Public Safety:				
Police Department:				
Supplies	41,000	17,580	23,420	15,513
Other Services and Charges	394,150	351,613	42,537	329,664
Capital Outlay	72,000	19,730	52,270	47,432
Total Police Department	<u>507,150</u>	<u>388,923</u>	<u>118,227</u>	<u>392,609</u>
TOTAL EXPENDITURES	<u>507,150</u>	<u>388,923</u>	<u>118,227</u>	<u>392,609</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,500	513,743	395,243	113,486
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund	<u>(118,500)</u>	<u>(104,057)</u>	<u>14,443</u>	<u>(105,780)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(118,500)</u>	<u>(104,057)</u>	<u>14,443</u>	<u>(105,780)</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, 2013
With Comparative Totals for Year Ended September 30, 2012
-Continued-

	F.Y.E. 9/30/2013			
	Budget	Actual	Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ 409,686	\$ 409,686	\$ 7,706
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>1,053,592</u>	<u>1,053,592</u>	<u>0</u>	<u>1,000,872</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 1,053,592</u>	1,463,278	<u>\$ 409,686</u>	1,008,578
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(47,974)</u>		<u>45,014</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 1,415,304</u>		<u>\$ 1,053,592</u>

CITY OF TUPELO
AQUATICS FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Totals for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/2012 Actual
REVENUES				
Miscellaneous Revenues:				
Advertising Agency Fee	\$ 30,000	\$ 16,400	\$ (13,600)	\$ 0
Donations	0	100	100	0
Interest	0	12	12	0
TOTAL REVENUES	<u>30,000</u>	<u>16,512</u>	<u>(13,488)</u>	<u>0</u>
EXPENDITURES				
Culture and Recreation:				
Other Services and Charges	<u>30,000</u>	<u>1,950</u>	<u>28,050</u>	<u>0</u>
Total Culture and Recreation	<u>30,000</u>	<u>1,950</u>	<u>28,050</u>	<u>0</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>1,950</u>	<u>28,050</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	14,562	14,562	0
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 0</u>	14,562	<u>\$ 14,562</u>	0
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 14,562</u>		<u>\$ 0</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.

Cooper Tire Project Fund – This fund is used to receive grant funds from the State of MS and Lee County for the purpose of constructing an addition to the Cooper Tire Facility and for energy projects that will allow the facility to be run more efficiently and create a saving to Cooper Tire. These projects were part of the incentive package put together to keep our second largest employer and our largest electrical customer from shutting down operations in Tupelo.

Thoroughfare Fund Phase IV – 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. 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
2004 GENERAL OBLIGATION CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			<u>F.Y.E. 9/30/2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
REVENUES				
Intergovernmental Revenues:				
Grants	\$	\$	\$	\$ 81,833
Miscellaneous Revenues:				
Interest		<u>9</u>		<u>2,279</u>
TOTAL REVENUES		<u>0</u>	<u>9</u>	<u>84,112</u>
EXPENDITURES				
Capital Outlay:				
Capital Outlay	<u>30,000</u>	<u>27,501</u>		<u>847,563</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>27,501</u>	<u>0</u>	<u>847,563</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(27,492)	0	(763,451)
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>27,492</u>	<u>27,492</u>	<u>0</u>	<u>872,776</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u><u>(2,508)</u></u>	0	\$ <u><u>0</u></u>	109,325
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals				<u>(81,833)</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u><u>0</u></u>		\$ <u><u>27,492</u></u>

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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			<u>F.Y.E.</u> <u>9/30/2012</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ _____	\$ <u>4,509</u>	\$ _____	\$ <u>17,977</u>
TOTAL REVENUES	<u>0</u>	<u>4,509</u>	<u>0</u>	<u>17,977</u>
EXPENDITURES				
Capital Outlay:				
Capital Outlay	<u>3,500,000</u>	<u>261</u>	<u> </u>	<u>601,540</u>
TOTAL EXPENDITURES	<u>3,500,000</u>	<u>261</u>	<u>0</u>	<u>601,540</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,500,000)	4,248	0	(583,563)
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>3,757,923</u>	<u>3,757,923</u>	<u> </u>	<u>4,341,486</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u><u>257,923</u></u>	3,762,171	\$ <u><u>0</u></u>	3,757,923
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u><u>3,762,171</u></u>		\$ <u><u>3,757,923</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Intergovernmental Revenues:				
Federal Shared Revenues	\$	\$ 1,650,000	\$ 1,650,000	\$ 115,383
State Shared Revenues	370,000	339,403	(30,597)	0
Federal Grants	11,250	10,597	(653)	0
State Grants	140,000	140,000	0	0
Miscellaneous Revenues:				
Interest		1,445	1,445	1,983
Donations	20,000	24,318	4,318	10,000
Other			0	61,328
TOTAL REVENUES	<u>541,250</u>	<u>2,165,763</u>	<u>1,624,513</u>	<u>188,694</u>
EXPENDITURES				
Other Services and Charges	176,490	138,964	37,526	77,109
Capital Outlay:				
Capital Outlay	659,448	378,013	281,435	284,815
TOTAL EXPENDITURES	<u>835,938</u>	<u>516,977</u>	<u>318,961</u>	<u>361,924</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(294,688)	1,648,786	1,943,474	(173,230)
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	<u>311,999</u>	<u>311,999</u>	<u>0</u>	<u>485,229</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u>17,311</u>	1,960,785	\$ <u>1,943,474</u>	311,999
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>10,597</u>		<u>0</u>
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>1,971,382</u>		\$ <u>311,999</u>

CITY OF TUPELO
CITY THOROUGHFARE FUND PHASE IV
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$	\$	\$ 0	\$ 34,235
Intergovernmental Revenues:				
Federal Grants			0	1,842,202
Miscellaneous Revenues:				
Interest		180	180	25,308
TOTAL REVENUES	<u>0</u>	<u>180</u>	<u>180</u>	<u>1,901,745</u>
EXPENDITURES				
Capital Outlay:				
Capital Outlay			0	10,147,071
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,147,071</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>0</u>	<u>180</u>	<u>180</u>	<u>(8,245,326)</u>
OTHER FINANCING SOURCES (USES):				
Transfer (to) from Other Funds	(1,500,000)	(900,980)	599,020	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,500,000)</u>	<u>(900,980)</u>	<u>599,020</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(1,500,000)	(900,800)	599,200	(8,245,326)
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year	900,800	900,800	0	9,180,361
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u>(599,200)</u>	0	\$ <u>599,200</u>	935,035
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals				(34,235)
FUND BALANCE (GAAP BASIS)				
End of Year		\$ <u>0</u>		\$ <u>900,800</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
REVENUES				
Miscellaneous Revenues:				
Interest	\$	\$ 601	\$ 601	\$ 1,993
Donations		418	418	0
Other	3,220	220,600	217,380	950
TOTAL REVENUES	<u>3,220</u>	<u>221,619</u>	<u>218,399</u>	<u>2,943</u>
EXPENDITURES				
Other Services and Charges	219,062	167,488	51,574	37,717
Capital Outlay:				
Capital Outlay			0	67,298
TOTAL EXPENDITURES	<u>219,062</u>	<u>167,488</u>	<u>51,574</u>	<u>105,015</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(215,842)	54,131	269,973	(102,072)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>367,614</u>	<u>367,614</u>	<u>0</u>	<u>469,686</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 151,772</u>	421,745	<u>\$ 269,973</u>	367,614
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS)				
End of Year		<u>\$ 421,745</u>		<u>\$ 367,614</u>

CITY OF TUPELO
COOPER TIRE PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
REVENUES				
Intergovernmental Revenues:				
Grants	\$	\$ 115,676	\$ 115,676	\$ 951,809
Miscellaneous Revenues:				
Other	<u>176,000</u>	<u>60,085</u>	<u>(115,915)</u>	<u>66,070</u>
TOTAL REVENUES	<u>176,000</u>	<u>175,761</u>	<u>(239)</u>	<u>1,017,879</u>
EXPENDITURES				
Capital Outlay:				
Capital Outlay	<u>176,000</u>	<u>60,085</u>	<u>115,915</u>	<u>462,783</u>
TOTAL EXPENDITURES	<u>176,000</u>	<u>60,085</u>	<u>115,915</u>	<u>462,783</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	115,676	115,676	555,096
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Improvements Revolving Loan			0	<u>49,606</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,606</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	0	115,676	115,676	604,702
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
Beginning of Year (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,365)</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS)-				
End of Year	\$ <u>0</u>	115,676	\$ <u>115,676</u>	599,337
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>(115,676)</u>		<u>(599,337)</u>
FUND BALANCE (GAAP BASIS)				
End of Year (Deficit)		\$ <u>0</u>		\$ <u>0</u>

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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.

School 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 School Bonds.

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
CITY BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 3,354,960	\$ 3,422,287	\$ 67,327	\$ 2,183,800
Intergovernmental Revenues:				
State Shared Revenues	89,652	108,838	19,186	65,143
Miscellaneous Revenues:				
Interest	0	2,882	2,882	12,055
Other	0	257,854	257,854	257,305
TOTAL REVENUES	<u>3,444,612</u>	<u>3,791,861</u>	<u>347,249</u>	<u>2,518,303</u>
EXPENDITURES				
Debt Service:				
General Obligations:				
Bonds Redeemed	5,205,000	4,621,790	583,210	2,330,000
Interest	1,103,539	737,850	365,689	706,583
Paying Agent Fees	27,000	4,615	22,385	13,334
Total Debt Service	<u>6,335,539</u>	<u>5,364,255</u>	<u>971,284</u>	<u>3,049,917</u>
TOTAL EXPENDITURES	<u>6,335,539</u>	<u>5,364,255</u>	<u>971,284</u>	<u>3,049,917</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,890,927)	(1,572,394)	1,318,533	(531,614)
OTHER FINANCING SOURCES (USES):				
Transfers from General Fund	<u> </u>	<u> </u>	<u> 0</u>	<u> 1,168,198</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> 1,168,198</u>

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

Year Ended September 30, 2013

With Comparative Actual Amounts for Year Ended September 30, 2012

-Continued-

	<u>F.Y.E. 9/30/2013</u>		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (2,890,927)	\$ (1,572,394)	\$ 1,318,533	\$ 636,584
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>3,348,598</u>	<u>3,348,598</u>	<u>0</u>	<u>2,712,084</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>457,671</u>	1,776,204	\$ <u> </u>	3,348,668
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>9,216</u>		<u>(70)</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ <u>1,785,420</u>		\$ <u>3,348,598</u>

CITY OF TUPELO
SCHOOL BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 0	\$ 8	\$ 8	\$ 94
TOTAL REVENUES	<u>0</u>	<u>8</u>	<u>8</u>	<u>94</u>
OTHER FINANCING SOURCES (USES):				
Transfer to Tupelo Public School District	<u>(22,000)</u>	<u>(21,728)</u>	<u>272</u>	<u>1,168,198</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,000)</u>	<u>(21,728)</u>	<u>272</u>	<u>1,168,198</u>
EXCESS OF REVENUES OVER (UNDER) OTHER SOURCES (USES)	(22,000)	(21,720)	8	94
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS)				
Beginning of Year	<u>21,720</u>	<u>21,720</u>	<u>0</u>	<u>21,626</u>
FUND BALANCE (DEFICIT) (NON-GAAP BUDGETARY BASIS)				
End of Year	\$ <u><u>(280)</u></u>	0	\$ <u><u>8</u></u>	21,720
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (DEFICIT) (GAAP-BASIS)				
End of Year		\$ <u><u>0</u></u>		\$ <u><u>21,720</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
General Property Taxes	\$ 160,895	\$ 163,629	\$ 2,734	\$ 195,732
Miscellaneous Revenues:				
Interest	0	72	72	126
TOTAL REVENUES	160,895	163,701	2,806	195,858
EXPENDITURES				
Debt Service:				
Special Assessment General Obligations:				
Bonds Redeemed	130,000	130,000	0	185,000
Interest	25,895	25,895	0	36,330
Paying Agent Fees	5,210	5,210	0	5,200
Total Debt Service	161,105	161,105	0	226,530
TOTAL EXPENDITURES	161,105	161,105	0	226,530
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(210)	2,596	2,806	(30,672)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund			0	31,080
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	31,080

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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

-Continued-

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (210)	\$ 2,596	\$ 2,806	\$ 408
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>2,850</u>	<u>2,850</u>	<u>0</u>	<u>2,442</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	<u>\$ 2,640</u>	5,446	<u>\$ 2,806</u>	2,850
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP-BASIS) - End of Year		<u>\$ 5,446</u>		<u>\$ 2,850</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, 2013

With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Taxes:				
Payments in Lieu of Taxes	\$ 115,855	\$ 115,855	\$ 0	\$ 119,710
Miscellaneous Revenues:				
Interest	1,000	223	(777)	702
TOTAL REVENUES	<u>116,855</u>	<u>116,078</u>	<u>(777)</u>	<u>120,412</u>
EXPENDITURES				
Debt Service:				
General Obligations:				
Bonds Redeemed	75,000	75,000	0	75,000
Interest	39,855	39,855	0	43,710
Paying Agent Fees	2,000	850	1,150	1,850
Total Debt Service	<u>116,855</u>	<u>115,705</u>	<u>1,150</u>	<u>120,560</u>
TOTAL EXPENDITURES	<u>116,855</u>	<u>115,705</u>	<u>1,150</u>	<u>120,560</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	373	373	(148)
OTHER FINANCING SOURCES (USES):				
Transfer from TIF/SP Assessment Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2013
 With Comparative Actual Amounts for Year Ended September 30, 2012
 -Continued-

	F.Y.E. 9/30/2013		Variance Favorable (Unfavorable)	F.Y.E. 9/30/2012 Actual
	Budget	Actual		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ 373		\$ (148)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>185,189</u>	<u>185,189</u>	<u>0</u>	<u>185,337</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u>185,189</u>	185,562	\$ <u> </u>	185,189
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP-BASIS) - End of Year		\$ <u>185,562</u>		\$ <u>185,189</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			<u>F.Y.E. 9/30/2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 0	\$ 80	\$ 80	\$ 287
TOTAL REVENUES	<u>0</u>	<u>80</u>	<u>80</u>	<u>287</u>
EXPENDITURES				
Debt Service:				
Certificates Redeemed	645,000	645,000	0	615,000
Interest	316,900	316,898	2	347,649
Paying Agent Fees	4,500	3,905	595	4,212
Total Debt Service	<u>966,400</u>	<u>965,803</u>	<u>597</u>	<u>966,861</u>
TOTAL EXPENDITURES	<u>966,400</u>	<u>965,803</u>	<u>597</u>	<u>966,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(966,400)</u>	<u>(965,723)</u>	<u>677</u>	<u>(966,574)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Coliseum Project Fund	<u>966,400</u>	<u>965,803</u>	<u>(597)</u>	<u>966,861</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>966,400</u>	<u>965,803</u>	<u>(597)</u>	<u>966,861</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, 2013

With Comparative Actual Amounts for Year Ended September 30, 2012

-Continued-

	<u>F.Y.E. 9/30/2013</u>			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (UNFAVORABLE)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ 80	\$	\$ 287
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - Beginning of Year	<u>66,407</u>	<u>66,407</u>	<u>0</u>	<u>66,120</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) - End of Year	\$ <u><u>66,407</u></u>	66,487	\$ <u><u>0</u></u>	66,407
Adjustments to Generally Accepted Accounting Principles: Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP BASIS) End of Year		\$ <u><u>66,487</u></u>		\$ <u><u>66,407</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 0	\$ 92	\$ 92	\$ 129
Lease Income	<u>439,631</u>	<u>428,993</u>	<u>(10,638)</u>	<u>39,000</u>
TOTAL REVENUES	<u>439,631</u>	<u>429,085</u>	<u>(10,546)</u>	<u>39,129</u>
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	205,000	205,000	0	195,000
Interest	232,131	232,131	0	244,631
Paying Agent Fees	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Debt Service	<u>439,631</u>	<u>439,631</u>	<u>0</u>	<u>442,131</u>
TOTAL EXPENDITURES	<u>439,631</u>	<u>439,631</u>	<u>0</u>	<u>442,131</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	(10,546)	(10,546)	(403,002)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2013

With Comparative Actual Amounts for Year Ended September 30, 2012

-Continued-

	<u>F.Y.E. 9/30/2013</u>			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ (10,546)	\$ (10,546)	\$ (403,002)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>988,256</u>	<u>988,256</u>	<u>0</u>	<u>1,391,258</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 988,256</u>	977,710	<u>\$ (10,546)</u>	988,256
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>6</u>		<u>0</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		<u>\$ 977,716</u>		<u>\$ 988,256</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012

	<u>F.Y.E. 9/30/2013</u>			<u>F.Y.E. 9/30/2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
REVENUES				
Miscellaneous Revenues:				
Interest	\$ 0	\$ 75	\$ 75	\$ 109
TOTAL REVENUES	<u>0</u>	<u>75</u>	<u>75</u>	<u>109</u>
EXPENDITURES				
Debt Service:				
Special Obligations:				
Bonds Redeemed	185,000	65,645	119,355	62,095
Interest	97,981	34,767	63,214	37,562
Paying Agent Fees	5,000	1,200	3,800	1,200
Total Debt Service	<u>287,981</u>	<u>101,612</u>	<u>186,369</u>	<u>100,857</u>
TOTAL EXPENDITURES	<u>287,981</u>	<u>101,612</u>	<u>186,369</u>	<u>100,857</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(287,981)	(101,537)	186,444	(100,748)
OTHER FINANCING SOURCES (USES):				
Transfer from CVB Fund	287,981	103,000	(184,981)	103,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>287,981</u>	<u>103,000</u>	<u>(184,981)</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, 2013
With Comparative Actual Amounts for Year Ended September 30, 2012
-Continued-

	F.Y.E. 9/30/2013			F.Y.E. 9/30/2012 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ 1,463	\$ 1,463	\$ 2,252
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>3,328</u>	<u>3,328</u>	<u>0</u>	<u>1,076</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u><u>3,328</u></u>	4,791	\$ <u><u>1,463</u></u>	3,328
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		<u>0</u>		<u>0</u>
FUND BALANCE (GAAP-BASIS) -				
End of Year		\$ <u><u>4,791</u></u>		\$ <u><u>3,328</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, 2013

With Comparative Totals for September 30, 2012

	Metro Vice Seized Fund	City Court Restitution Fund	Flexible Spending Fund	Self Insurance Fund	Arts Committee Fund	Totals	
						9/30/13	9/30/12
ASSETS							
Cash	\$ 133,806	\$ 6,964	\$ 18,516	\$ 1,066,700	\$ 733	\$ 1,226,719	\$ 1,263,260
Investments				500		500	500
Due from Employees			6,433			6,433	8,081
Interest Receivable				653		653	653
TOTAL ASSETS	\$ <u>133,806</u>	\$ <u>6,964</u>	\$ <u>24,949</u>	\$ <u>1,067,853</u>	\$ <u>733</u>	\$ <u>1,234,305</u>	\$ <u>1,272,494</u>
LIABILITIES							
Accounts Payable	\$	\$	\$	\$	\$	\$ 0	\$ 674
Due to Other Funds			24,949			24,949	24,943
Due to Complainants		6,964				6,964	6,964
Due to Arts Committee					733	733	732
Due to Insured Employees				1,067,853		1,067,853	1,106,540
Seized Money Held	133,806					133,806	132,641
TOTAL LIABILITIES	\$ <u>133,806</u>	\$ <u>6,964</u>	\$ <u>24,949</u>	\$ <u>1,067,853</u>	\$ <u>733</u>	\$ <u>1,234,305</u>	\$ <u>1,272,494</u>

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2013

	Balance September 30, 2012	Debits	Credits	Balance September 30, 2013
METRO VICE SEIZED FUND				
<u>ASSETS</u>				
Cash	\$ 132,641	\$ 167,392	\$ 166,227	\$ 133,806
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 36,282	\$ 36,282	\$ 0
Seized Money Held	132,641	166,479	167,644	133,806
Total Liabilities	\$ 132,641	\$	\$	\$ 133,806
CITY COURT RESTITUTION FUND				
<u>ASSETS</u>				
Cash	\$ 6,964	\$ 8	\$ 8	\$ 6,964
<u>LIABILITIES</u>				
Due to Complainants	\$ 6,964	\$ 8	\$ 8	\$ 6,964
FLEXIBLE SPENDING FUND				
<u>ASSETS</u>				
Cash	\$ 16,862	\$ 33,323	\$ 31,669	\$ 18,516
<u>LIABILITIES</u>				
Due to Other Funds	\$ 24,943	\$	\$ 6	\$ 24,949
Due to Employees	(8,081)	31,669	33,317	(6,433)
Total Liabilities	\$ 16,862	\$ 31,669	\$ 33,323	\$ 18,516
TUPELO ARTS COMMITTEE				
<u>ASSETS</u>				
Cash	\$ 732	\$ 1	\$	\$ 733
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$	\$	\$ 0
Deposits - Arts Committee	732	\$	1	733
Total Liabilities	\$ 732	\$ 0	\$ 1	\$ 733

CITY OF TUPELO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2013
-Continued-

	Balance September 30, 2012	Debits	Credits	Balance September 30, 2013
SELF INSURANCE FUND				
<u>ASSETS</u>				
Cash	\$ 1,106,061	\$ 5,756	\$ 45,117	\$ 1,066,700
Investments	500			500
Interest Receivable	653			653
Total Assets	<u>\$ 1,107,214</u>	<u>\$ 5,756</u>	<u>\$ 45,117</u>	<u>\$ 1,067,853</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 674	\$ 24,794	\$ 24,120	\$ 0
Due to Insured Employees	1,106,540	38,687		1,067,853
Total Liabilities	<u>\$ 1,107,214</u>	<u>\$ 63,481</u>	<u>\$ 24,120</u>	<u>\$ 1,067,853</u>
TOTAL ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash	\$ 1,263,260	\$ 206,480	\$ 243,021	\$ 1,226,719
Investments	500	0	0	500
Receivables	653	0	0	653
Total Assets	<u>\$ 1,264,413</u>	<u>\$ 206,480</u>	<u>\$ 243,021</u>	<u>\$ 1,227,872</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 674	\$ 61,076	\$ 60,402	\$ 0
Due to Other Funds	24,943	0	6	24,949
Seized Money Held	132,641	166,479	167,644	133,806
Deposits - Arts Committee	732	0	1	733
Due to Complainants	6,964	8	8	6,964
Due to Insured Employees	1,106,540	38,687	0	1,067,853
Due to Employees	(8,081)	31,669	33,317	(6,433)
Total Liabilities	<u>\$ 1,264,413</u>	<u>\$ 297,919</u>	<u>\$ 261,378</u>	<u>\$ 1,227,872</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF TUPELO
SCHEDULE OF INVESTMENTS
September 30, 2013

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	\$ 16,727,784
Urban Renewal Bond Fund	U.S. Government Securities Fund	Var	N/A	Var	<u>718,685</u>
	Total Investments - Debt Service Funds				<u>17,446,469</u>
	Total Investments - Governmental Funds				<u>17,446,469</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>\$ 17,446,969</u>

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT
Year Ended September 30, 2013

	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2012	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2013	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
GENERAL OBLIGATION BONDS:								
General City Bonds								
General Obligation - Series 2012	5/1/2012	11/1/2032	\$ 0	\$ 6,000,000	\$	\$ 6,000,000	\$ 120,000	\$ 124,763
General Obligation - Series 2013	4/10/2013	9/30/1933	0	6,000,000		6,000,000	120,000	148,026
General Obligation - Series 2013	9/1/2013	9/30/2028	0	3,000,000		3,000,000	160,000	81,425
General Obligation - Series 2011	12/1/11	12/1/30	3,995,000		(100,000)	3,895,000	100,000	91,764
General Obligation Refunding Bonds - Series A	6/21/11	7/1/19	5,295,000		(700,000)	4,595,000	715,000	107,950
General Obligation Refunding Bonds - Series B	6/21/11	7/1/23	5,415,000		(415,000)	5,000,000	430,000	169,619
Refunding General Obligation Bonds	7/1/01	9/1/16	1,940,000		(590,000)	1,350,000	600,000	59,837
General Obligation - Series 2007	2/1/07	2/1/21	6,965,000		(575,000)	6,390,000	600,000	228,375
Refunding Public Improvement Bonds	4/21/04	3/16/16	2,725,000		(2,725,000)	0	0	0
Total General City Bonds			26,335,000	15,000,000	(5,105,000)	36,230,000	2,845,000	1,011,759
Water Bonds								
Series 2008 - Refunding Bonds	12/17/08	12/1/33	9,335,000		(240,000)	9,095,000	255,000	411,980
Total Water Bonds			9,335,000	0	(240,000)	9,095,000	255,000	411,980
Special Assessments General Obligation Bonds								
Series 1993	9/1/93	9/1/13	60,000		(60,000)	0	0	0
Series 1995	8/1/95	8/1/15	95,000		(30,000)	65,000	30,000	3,835
Series 1996	9/1/96	9/1/16	95,000		(20,000)	75,000	25,000	4,500
Series 2000	8/1/00	8/1/20	220,000		(20,000)	200,000	20,000	10,405
Total Special Assessments General Obligations Bonds			470,000	0	(130,000)	340,000	75,000	18,740
TOTAL GENERAL OBLIGATION BONDS			36,140,000	15,000,000	(5,475,000)	45,665,000	3,175,000	1,442,479
OTHER LONG-TERM DEBT:								
General City Notes Payable								
Capital Improvements Revolving Loan	8/24/09	2/1/33	1,493,228		(39,354)	1,453,874	56,453	42,924
Tupelo Airport Authority Capital Acquisition	6/22/11	7/1/25	1,419,350		(83,069)	1,336,281	85,561	40,088
Total General City Notes Payable			2,912,578	0	(122,423)	2,790,155	142,014	83,012

CITY OF TUPELO
SCHEDULE OF LONG-TERM DEBT - Continued
Year Ended September 30, 2013

	ISSUE DATE	FINAL MATURITY DATE	BALANCE OUTSTANDING SEPTEMBER 30, 2012	ISSUED	(REDEEMED)	BALANCE OUTSTANDING SEPTEMBER 30, 2013	CURRENT MATURITIES	CURRENT INTEREST PAYABLE
OTHER LONG-TERM DEBT - Continued:								
Water and Sewer Notes Payable								
Drinking Water Loan	9/1/05	5/1/25	\$ 775,030	\$	\$ (47,962)	\$ 727,068	\$ 49,916	\$ 28,174
Drinking Water Loan	6/14/06	12/1/27	406,833		(23,135)	383,698	23,590	7,272
Capital Improvements Revolving Loan	11/19/04	6/1/26	4,922,496		(319,468)	4,603,028	325,103	77,954
Capital Improvements Revolving Loan	9/30/04	11/1/27	19,298,883		(1,120,935)	18,177,948	1,140,709	308,994
SRF MDA Revolving Loan	In progress		0	108,309		108,309	0	0
Total Water and Sewer Notes Payable			<u>25,403,242</u>	<u>108,309</u>	<u>(1,511,500)</u>	<u>24,000,051</u>	<u>1,539,318</u>	<u>422,394</u>
Special Obligation Bonds								
Series 2007	7/25/07	7/1/22	2,295,000		(185,000)	2,110,000	195,000	89,656
Tupelo Convention Center 2007	6/6/07	7/1/22	7,810,000		(645,000)	7,165,000	675,000	291,100
Convention Center	10/1/05	1/1/26	4,295,000		(205,000)	4,090,000	215,000	219,006
Total Special Obligation Bonds			<u>14,400,000</u>	<u>0</u>	<u>(1,035,000)</u>	<u>13,365,000</u>	<u>1,085,000</u>	<u>599,762</u>
Mississippi Development Lease	9/21/00		<u>458,517</u>	<u>0</u>	<u>(115,497)</u>	<u>343,020</u>	<u>157,307</u>	<u>10,856</u>
Tax Increment Limited Obligation Bonds								
Series 1998	2/1/98	3/1/18	285,000		(40,000)	245,000	45,000	12,683
Series 2009	5/13/09	5/1/24	550,000		(35,000)	515,000	35,000	23,175
Total Tax Increment Limited Obligation Bonds			<u>835,000</u>	<u>0</u>	<u>(75,000)</u>	<u>760,000</u>	<u>80,000</u>	<u>35,858</u>
Northeast MS Regional Water Supply District								
State Revolving Loan	9/1/98	8/1/22	1,449,432		(138,493)	1,310,939	142,706	37,376
Tupelo Airport Authority								
Notes Payable	9/1/00	8/1/22	1,110,697		(90,360)	1,020,337	134,348	54,268
TOTAL OTHER LONG-TERM DEBT			<u>43,656,888</u>	<u>108,309</u>	<u>(2,965,850)</u>	<u>40,799,347</u>	<u>3,138,679</u>	<u>1,160,514</u>
TOTAL LONG-TERM DEBT			<u>\$ 82,709,466</u>	<u>\$ 15,108,309</u>	<u>\$ (8,563,273)</u>	<u>\$ 89,254,502</u>	<u>\$ 6,455,693</u>	<u>\$ 2,686,005</u>

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2013

	MUNICIPAL	SCHOOL	TAX
Adjusted Assessed Valuation:			
Realty	\$ 295,225,891	\$ 32,968,782	
Personal	83,745,864	30,264,743	
Personal - Auto (From County)	44,404,924	7,932,052	
 Total Municipal at 97.10 Mills	 \$ 423,376,679		\$ 41,109,876
 Total School at 64.63 Mills		 \$ 71,165,577	4,599,431
Collections Adjustments:			
Add:			
Municipal Homestead Reimbursement		\$ 430,973	
School Homestead Reimbursement		691,726	
Prior Year Tax Collections		325,070	
Penalties and Interest		86,815	
In-Lieu Taxes		1,360,412	
Heavy Duty Truck Tax		244,269	
Special Assessments		163,629	
Prior Year Tax Collections		-	3,302,894
Less:			
Cost of Collections		248,843	
School Homestead Loss		867,899	1,116,742
 TOTAL TO BE ACCOUNTED FOR			 \$ 47,895,459

CITY OF TUPELO
RECONCILIATION OF ORIGINAL AD VALOREM TAX
ROLLS TO FUND COLLECTIONS
Year Ended September 30, 2013
-Continued-

	<u>TAXES</u>	<u>HOMESTEAD REIMBURSEMENT</u>	<u>TOTALS</u>
Collection Credits to Funds:			
Municipal General Fund	\$ 6,322,758	\$ 153,966	\$ 6,476,724
Special Assessments Fund	163,629		163,629
Tax Increment Bond Fund	115,855		115,855
City Bond & Interest Fund	3,431,503	108,838	3,540,341
Library Fund	423,814	13,406	437,220
Firemen & Policemen Retirement Fund	697,291	22,033	719,324
City Special Levy Street Improvements Fund	4,195,894	132,730	4,328,624
School Maintenance Fund	26,098,819	691,726	26,790,545
School Bond and Interest Fund	3,109,161		3,109,161
Tupelo/Lee County Vo-Tech	212,493		212,493
School Notes - Shortfall Note	1,651,982		1,651,982
Total Collections	<u>\$ 46,423,199</u>	<u>\$ 1,122,699</u>	47,545,898
Balance Represented By:			
Unpaid Property Taxes		\$ 349,594	
Unaccounted For (Over)		<u>(33)</u>	<u>349,561</u>
TOTAL ACCOUNTED FOR			<u>\$ 47,895,459</u>

CITY OF TUPELO
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2013

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
Tony Carleton	Chief of Police	50,000	Western Surety Company
City of Tupelo	Blanket Policy	25,000	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
Year Ended September 30, 2013

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 Federal-State Programs:			
Community Development Block Grant	1124-07-366-PF-01	14.228	\$ 12,000
Community Development Block Grant	1125-08-366-ED-01	14.228	2,500
Home Investment Partnership Program	1222-M10-SG-28010-161	14.239	<u>87,500</u>
Total U.S. Department of Housing and Urban Development			\$ <u>102,000</u>
U. S. Department of Justice			
Passed through State Office of Federal-State Programs:			
Narcotics	12MN2321	16.579	\$ <u>251,554</u>
Justice Assistance	2012-DJ-BX-0107	16.738	<u>9,170</u>
FBI - Terrorism Task Force	415-JN-A28367	16.300	<u>17,202</u>
US Marshall Service	JLEO	16.111	<u>5,608</u>
Bulletproof Vest Partnership Program		16.607	<u>3,034</u>
HIDTA Grant	G11GC0003A/G10GC0003A	16.Ukn	<u>24,202</u>
Total U.S. Department of Justice			\$ <u>310,770</u>
U. S. Department of Transportation			
Passed through State Office of Federal-State Programs:			
Mississippi Dept. of Transportation*	FL-0006-02(026)	20.205	\$ <u>2,679,741</u>
Airport Improvement Program*	3-28-0070-035-2011	20.106	64,195
Airport Improvement Program*	3-28-0070-036-2011	20.106	1,993,828
Airport Improvement Program*	3-28-0070-037-2012	20.106	<u>1,743,140</u>
Subtotal			<u>3,801,163</u>
Payments for Small Community Air Service Development		20.930	<u>62,204</u>
Total U.S. Department of Transportation			\$ <u>6,543,108</u>
Appalachian Regional Commission			
Appalachian Area Development (for Airport Authority)	5417	23.002	\$ 191,271
Tennessee Valley Authority	MS-17354	23.002	158,567
Tennessee Valley Authority	0005417	23.002	<u>131,352</u>
Total Appalachian Regional Commission			\$ <u>481,190</u>

CITY OF TUPELO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency Id Number	Federal CFDA Number	Federal Expenditures
U. S. Department of Homeland Security			
Passed through State Office of Federal-State Programs:			
Homeland Security Grant	S11HS366T	97.039	\$ 11,250
Homeland Security Grant	S10LE366T	97.039	12,000
Homeland Security Grant	10LE366T	97.039	14,575
Homeland Security Grant	10LE366S	97.039	35,000
Homeland Security Grant	11LE366	97.039	5,250
Homeland Security Grant	12LE336	97.039	14,998
Homeland Security Grant	A10HS366T	97.039	39,941
Homeland Security Grant	S10HS366T	97.039	8,333
Homeland Security Grant	11HS366T	97.039	<u>7,639</u>
Total U. S. Department of Homeland Security			\$ <u><u>148,985</u></u>
Environmental Protection Agency			
Passed through State Office of: Federal-State Programs Capitalization Grants for Drinking Water State Revolving Funds			
	DWI-L140015-03-0		\$ <u>108,309</u>
Total Environmental Protection Agency			\$ <u><u>108,309</u></u>
U.S. Department of Environmental Quality			
Passed through State Office of: Federal-State Programs MS Department of Environmental Quality			
	SWC419-1		\$ <u>4,800</u>
Total U.S. Department of Environmental Quality			\$ <u><u>4,800</u></u>
Mississippi Emergency Management Agency			
Emergency Management Assistance	140000000389	97.039	\$ 2,981
Emergency Management Assistance	11983-11	97.039	<u>10,597</u>
Total Mississippi Emergency Management Agency			\$ <u><u>13,578</u></u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u><u>7,712,739</u></u>

SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tupelo, Mississippi and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* - Major Program

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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**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, 2013, 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 21, 2014.

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.
March 21, 2014

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2013. 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.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Franks, Franks, Jarrell & Wilemon, P.A.
March 21, 2014

**CITY OF TUPELO, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2013**

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified
 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: Unqualified
 Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? ___ Yes X No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation – Airport Improvement Program
20.205	U.S. Department of Transportation – MS Dept. of Transportation

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000
 Auditee qualified as low-risk auditee? ___ Yes X 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, 2013, and have issued our report thereon dated March 21, 2014. 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.
March 21, 2014