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Mayor Lori Tucker and Members of the Board of Aldermen

City of Booneville, Mississippi

Re: Explanation of Natural Gas Billing Calculation Error

During our audit of the City of Booneville's fiscal year covering October 1, 2024 through September 30, 2025, our audit procedures identified an error in the calculation methodology used to determine the purchased gas cost component included in monthly natural gas customer billings.

Based upon records reviewed and discussions with City personnel, the City developed a written template in December 2024 for calculating the monthly purchased gas cost to be included in customer billing rates. The template contained an incorrect calculation formula. Rather than calculating the cost per unit of natural gas by dividing the cost of purchased gas by the quantity of gas available for sale, the calculation effectively reversed that process.

The template was used in the preparation of monthly natural gas billings beginning with the December 2024 billing cycle and continuing through the April 2026 billing cycle. As a result, the purchased gas cost component included in customer billings was calculated incorrectly during that period.

The calculation error remained in place until it was identified through our audit procedures. Following identification of the error, City management reviewed the calculation methodology, corrected the formula, and recalculated the affected monthly billing rates.

This explanation is provided solely to describe the nature of the calculation error identified during the audit and should not be construed as a legal opinion regarding any actions required by the City.

Respectfully submitted,



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