



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



City of Winona

P. O. Box 29, 116 N. Quitman St., Winona, MS 38967

Ph. (662) 283-1232 Fax (662) 283-4070

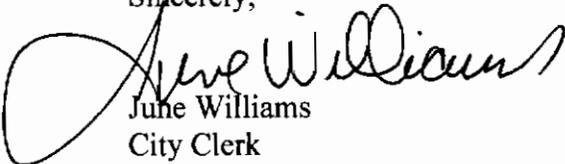
September 29, 2015

MS Office of the State Auditor
Attn: Eddie Smith
501 N. West St., Ste. 801
Woolfolk Building
Jackson, MS 39201

Re: Annual Municipal Audit

Accompanying this letter are 2 copies of the annual audit of the City of Winona, Mississippi, for the fiscal year ended September 30, 2014. A digital copy of the audit has been emailed to you at edward@osa.ms.gov.

Sincerely,


June Williams
City Clerk

RECEIVED

OCT 02 2015

CITY OF WINONA, MISSISSIPPI

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

RECEIVED

OCT 02 2015

CITY OF WINONA
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Analysis of Investment in Capital Assets, Net of Debt	10
Fund Financial Statements:	
Balance Sheet-Governmental Funds	11
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental Funds	12
Statement of Revenues-Expenditures and Changes in Fund Balances-Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities-Governmental Funds	14
Proprietary Funds-Statement of Net Position	15
Proprietary Funds-Statement of Revenues, Expenses and Changes in Fund Net Position	17
Proprietary Funds-Statement of Cash Flows	18
Notes to Financial Statements	19
Required Supplementary Information:	
Budget Comparison Schedule-Cash Budgetary Basis	37
Other Supplementary Information:	
Schedule of Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections	41
Schedule of Investments - All Funds	42
Schedule of Surety Bonds for Municipal Officials	43
Schedule of Long-Term Debt	44
Independent Auditor's Report on Compliance with State Laws and Regulations	47

TAYLOR, POWELL, WILSON & HARTFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 9369
GREENWOOD, MISSISSIPPI 38930
662-453-6432

INDEPENDENT AUDITOR'S REPORT

To the Board of Alderman
City of Winona, MS
Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Winona, MS, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Winona, MS, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 37-40 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 Winona, MS's basic financial statements. The other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental schedules 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 other supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Taylor, Powell, Wilson + Hartford, P.A.

August 3, 2015

RECEIVED

OCT 02 2015

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

This Discussion and Analysis of The City of Winona, Mississippi's financial performance provides an overall review of the City's financial activities for the year ended September 30, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 were as follows:

Total net position decreased \$113,278 from 2013.

Total net position of governmental activities decreased \$127,494 from 2013.

Total liabilities, including deferred inflows of resources, decreased by \$261,947 from 2013.

In total, cash and investments decreased \$98,451, or 15.39% from 2013.

Net capital assets decreased \$323,059 from 2013.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Winona as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CITY OF WINONA AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in its position. This change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, all of the City's activities are reported as Governmental Activities or Business-type Activities. Governmental Activities include all of the City's governmental type services including police, fire, streets, administration, and other similar departments. Business-type Activities include the City Water and Sewer Department and Solid Waste Department.

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

REPORTING THE CITY OF WINONA'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on Page 11. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established several funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Winona, the City's major funds are the General, City Bond, and Enterprise Water and Sewer Funds. There were no non-major funds during the year ended September 30, 2014.

Governmental Funds

All of the City's governmental type activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

All of the City's business-type activities are reported in the proprietary funds. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. These funds are reported using an accounting method called accrual accounting which records revenues when earned and expenses when incurred. The reporting entity includes the Water and Sewer Fund. The basis of accounting is the same as used in the Statement of Net Position and the Statement of Activities, so no reconciliation of differences is necessary.

The City of Winona as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2014 compared to 2013.

	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Assets:		
Current and Other Assets	\$ 1,984,091	\$ 2,036,257
Capital Assets, Net	<u>12,651,904</u>	<u>12,974,963</u>
Total Assets	<u>14,635,995</u>	<u>15,011,220</u>
Liabilities:		
Current and Other Liabilities	594,329	548,941
Long-term liabilities:		
Due Within One Year	358,143	384,208
Due in More than One Year	<u>3,097,064</u>	<u>3,450,681</u>
Total Liabilities	<u>4,049,536</u>	<u>4,383,830</u>
Deferred Inflows	<u>946,643</u>	<u>874,296</u>
Net Position:		
Invested in Capital Assets Net of Debt	9,290,187	9,232,116
Restricted:		
Debt Service	269,850	273,750
Unrestricted	<u>79,779</u>	<u>247,228</u>
Total Net Position	<u>\$ 9,639,816</u>	<u>\$ 9,753,094</u>

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

Total assets for governmental activities decreased \$152,129 from 2013. Total assets for business-like activities decreased \$223,096 from 2013.

Net position of the City's governmental activities decreased by \$127,494 from 2013 and net position for business-like activities increased \$14,216 from 2013.

The table below shows the Changes in Net Position for the year ended September 30, 2014 as compared to the year ended September 30, 2013.

	<u>Changes in Net Position</u>	
	<u>For the Year Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 1,898,657	\$ 1,661,893
Operating grants and contributions	46,290	73,694
Capital grants and contributions	21,055	186,518
Total Program Revenues	<u>1,966,002</u>	<u>1,922,105</u>
General Revenues:		
Property taxes	841,993	833,452
Other taxes and licenses	1,198,712	1,213,900
Fines and forfeitures	136,620	151,280
Grants and contributions not restricted to specific programs	297,430	292,564
Investment and other revenues, (losses)	24,726	26,753
Total General Revenues	<u>2,499,481</u>	<u>2,517,949</u>
Total Revenues	<u>4,465,483</u>	<u>4,440,054</u>
Program Expenses:		
General government	405,010	623,579
Public safety	1,263,666	1,253,633
Highways and streets	676,627	645,172
Sanitation	439,059	433,874
Health and welfare	18,194	21,295
Culture and recreation	448,998	445,960
Non-departmental	28,343	20,626
Interest and fiscal charges	31,443	30,832
Water and sewer	1,267,421	1,204,396
Total expense	<u>4,578,761</u>	<u>4,679,367</u>
Increase, (decrease) in net position	<u>\$ (113,278)</u>	<u>\$ (239,313)</u>

Governmental Activities

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, the City property tax accounted for \$841,993, or 26.45% of gross governmental revenue; revenues from charges for services and operating grants and contributions accounted for \$701,082, or 22.02% of gross governmental revenue; and state sales and gas taxes accounted for \$1,026,571, or 32.24% of gross governmental revenue. The City property tax millage rate of 38.8 mills was approved by the City Board of Aldermen. The City has increased its assessed valuation property tax base by \$2,039,810, or 8.83% in the last five years.

The City's major expense activity is public safety which includes police and fire. These expenses totaled \$1,263,666 or 38.16% of total governmental activity expenses.

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

Business-type Activities

Charges for services fund our Business-type activities. Our proprietary fund includes the Water and Sewer Fund. Total operating revenues increased \$239,203, or 23.32% from 2013. Total operating expenses increased \$63,025, or 5.23% from 2013.

The City's Funds

Information about the City's major governmental funds begins on Page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,183,847, including bond and loan proceeds. This was a decrease of \$473,262 over the prior year. Total revenues for the General Fund decreased \$243,594 from 2013. Total expenditures for the General Fund decreased \$237,724, or 6.64% from 2013. The fund balance of the General Fund showed a decrease of \$183,173 during the year, from \$404,528 at September 30, 2013 to \$221,355 at September 30, 2014.

Information about the City's proprietary fund begins on Page 15. This fund is accounted for using the accrual basis of accounting. The basis of accounting for this fund is the same as for the city as a whole and the results of operations are discussed above under "Business-type Activities."

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

	<u>Capital Assets Net of Depreciation</u>	
	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Governmental Activities:		
Land	\$ 160,099	\$ 160,099
Buildings	1,063,875	1,070,197
Improvements other than buildings	1,863,584	1,937,722
Machinery and equipment	2,202,287	2,221,665
Infrastructure	<u>928,564</u>	<u>903,549</u>
Total governmental activities	<u>6,218,409</u>	<u>6,293,232</u>
Business-type Activities:		
Land	40,930	40,930
Water system	2,627,511	2,702,403
Sewer system	3,538,905	3,656,975
Machinery and equipment	<u>226,149</u>	<u>281,423</u>
Total business-type activities	<u>6,433,495</u>	<u>6,681,731</u>
Total	<u>\$ 12,651,904</u>	<u>\$ 12,974,963</u>

Prior to October 1, 2003 and the implementation of GASB 34, governmental fund's major general infrastructure assets were not capitalized. In accordance with the provisions of GASB 34, the City has elected not to report major general infrastructure assets acquired before the adoption of GASB 34, or October 1, 2003. Accordingly, those assets and depreciation thereon have not been reported in the financial statements.

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

Long-Term Obligations

At September 30, 2014, the City of Winona had \$3,455,207 in outstanding General Obligation Bonds, Notes, Revenue Bonds and Compensated absences. The following table shows the total outstanding long-term obligations of the City:

	<u>Long-Term Obligations at Year End</u>	
	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General obligation bonds	\$ 210,000	\$ 231,000
Compensated absences	77,671	77,819
Notes payable	<u>478,187</u>	<u>588,226</u>
Total governmental activities	<u>765,858</u>	<u>897,045</u>
Business-type Activities:		
Revenue bonds	2,220,000	2,415,000
Notes payable	453,529	508,620
Compensated absences	<u>15,820</u>	<u>14,224</u>
Total business-type activities	<u>2,689,349</u>	<u>2,937,844</u>
Total long-term obligations	<u>\$ 3,455,207</u>	<u>\$ 3,834,889</u>

CURRENT FINANCIAL RELATED ACTIVITIES

On July 25, 2014, the City was awarded an RFTAAP grant from the Division of the MS Insurance Department in the amount of \$50,000 for the purposes of purchasing a new fire truck. The grant will be awarded as soon as the funds become available. As of the date of this report, the funds were still unavailable; therefore, no accrual has been made.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk at 662-283-1232.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 134,051	\$ 123,663	\$ 257,714
Investments		13,631	13,631
Receivables (net)	1,057,426	139,642	1,197,068
Due from other governments	189,589		189,589
Due from other funds	36,120		36,120
Inventory		20,119	20,119
Restricted assets:			
Cash			
Investments		269,850	269,850
Capital assets:			
Non-depreciable	160,099	40,930	201,029
Depreciable, net	6,058,310	6,392,565	12,450,875
Total assets	7,635,595	7,000,400	14,635,995
Liabilities:			
Accounts payable	256,670	125,657	382,327
Accrued liabilities	12,608	25,676	38,284
Due to other funds	3,500	32,620	36,120
Customer refundable meter deposits		137,598	137,598
Non-current liabilities:			
Due within one year:			
Bonds and loans payable	107,097	251,046	358,143
Due in more than one year:			
Bonds and loans payable	581,090	2,422,483	3,003,573
Compensated absences	77,671	15,820	93,491
Total liabilities	1,038,636	3,010,900	4,049,536
Deferred inflows of resources:			
Deferred property taxes	938,624		938,624
Premium on revenue refunding bonds, Series 2011	-	8,019	8,019
Total deferred inflows of resources	938,624	8,019	946,643
Net Position:			
Invested in capital assets, net of related debt	5,530,222	3,759,965	9,290,187
Restricted for:			
Debt service		269,850	269,850
Unrestricted	128,113	(48,334)	79,779
Total net position	\$ 5,658,335	\$ 3,981,481	\$ 9,639,816

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Function/Program Activities:	Program Revenues			Net (Expense) Revenue and	
	Expenses	Charges for	Operating	Capital	Changes in Net Position
		Services	Grants and Contributions	Grants and Contributions	
Governmental Activities:					
General government	\$ 405,010	\$ 35,191	\$ 46,290	\$ 6,600	\$ (398,410)
Public safety	1,263,666				(1,182,185)
Highways and streets	676,627	403,790		14,455	(662,172)
Sanitation	439,059				(35,269)
Health and welfare	18,194				(18,194)
Culture and recreation	448,998	176,836			(272,162)
Non-departmental	28,343	17,920			(10,423)
Interest on long-term debt	31,443				(31,443)
Total governmental activities	<u>3,311,340</u>	<u>633,737</u>	<u>46,290</u>	<u>21,055</u>	<u>(2,610,258)</u>
Business-type Activities:					
Water and Sewer	1,267,421	1,264,920			(2,501)
Total business-type activities	<u>1,267,421</u>	<u>1,264,920</u>			<u>(2,501)</u>
Total	\$ 4,578,761	\$ 1,898,657	\$ 46,290	\$ 21,055	\$ (2,612,759)

General revenues:

Taxes:					
Property taxes, levied for general purposes	\$ 817,520				\$ 817,520
Property taxes, levied for debt service	24,473				24,473
Sales and gas taxes	1,026,571				1,026,571
Occupational licenses and franchise fees	172,141				172,141
Fines and forfeitures	136,620				136,620
Grants and contributions not restricted to specific programs:					
Homestead exemption reimbursement	87,866				87,866
Other intergovernmental revenues and grants	209,564				209,564
Investment earnings (loss)	166			664	830
Miscellaneous	7,843			14,533	22,376
Amortization of premium on bonds	-			1,520	1,520
Total general revenues	<u>2,482,764</u>			<u>16,717</u>	<u>2,499,481</u>
Changes in net position	<u>(127,494)</u>			<u>14,216</u>	<u>(113,278)</u>
Net position - beginning	<u>5,785,829</u>			<u>3,967,265</u>	<u>9,753,094</u>
Net position - ending	\$ <u>5,658,335</u>			\$ <u>3,981,481</u>	\$ <u>9,639,816</u>

CITY OF WINONA, MISSISSIPPI
ANALYSIS OF INVESTMENT IN CAPITAL ASSETS, NET OF DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Issue	Amount Outstanding	Unamortized Premium on Bonds	Net
Other Capital Assets - Governmental			
G.O. Building Bonds, Series 2012	\$ 210,000		\$ 210,000
Regions-2011 Dodge Charger	1,520		1,520
Musco Finance-Ballfield Lighting	124,129		124,129
Bank of Kilmichael-Track Hoe	29,469		29,469
Bank of Kilmichael-Caterpillar Bulldozer	48,069		48,069
Tax Increment Financing Bonds	<u>275,000</u>		<u>275,000</u>
 Total Governmental	 <u>\$ 688,187</u>		 <u>688,187</u>
 Capital Assets			 <u>6,218,409</u>
 Invested in Capital Assets, Net of Related Debt			 <u>\$ 5,530,222</u>
Infrastructure - Proprietary			
2011 Revenue Refunding Bonds	\$ 2,211,981	\$ (8,019)	\$ 2,220,000
SRF Loan - ARC Project	148,931		148,931
Regions Finance-Automated Meter Reading System	267,870		267,870
Regions Finance-Automated Meter Reading System	<u>36,729</u>		<u>36,729</u>
 Total Proprietary	 <u>\$ 2,665,511</u>	 <u>\$ (8,019)</u>	 <u>2,673,530</u>
 Capital Assets			 <u>6,433,495</u>
 Invested in Capital Assets, Net of Related Debt			 <u>\$ 3,759,965</u>

See Notes to Financial Statements.

RECEIVED
OCT 02 2015

CITY OF WINONA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	City Bond	Total Governmental Funds
Assets and Deferred Outflows of Resources:			
Assets:			
Cash	\$ 133,766	\$ 285	\$ 134,051
Due from other funds	36,120		36,120
Due from other governments:			
Property taxes - auto	14,011	252	14,263
State sales taxes	166,915		166,915
Motor vehicle privilege tax	712		712
Road maintenance tax	2,129		2,129
DUI enforcement grant	5,570		5,570
Other receivables:			
Property tax	912,006	26,618	938,624
Garbage fees	66,176		66,176
Franchise tax	39,968		39,968
Fines	8,906		8,906
Privilege tax	645		645
Penalties & interest	190		190
Local fire runs	2,917	-	2,917
	<u>\$ 1,390,031</u>	<u>\$ 27,155</u>	<u>\$ 1,417,186</u>
Total assets			
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 256,670	\$ -	\$ 256,670
Due to other funds	-	3,500	3,500
	<u>256,670</u>	<u>3,500</u>	<u>260,170</u>
Total liabilities			
Deferred inflow of resources:			
Deferred property taxes	<u>912,006</u>	<u>26,618</u>	<u>938,624</u>
Fund Balances:			
Restricted for:			
Debt Service			
Assigned for:			
Fire protection	196,752		196,752
Clock project	2,071		2,071
Unassigned for:			
General fund	22,532	(2,963)	19,569
	<u>221,355</u>	<u>(2,963)</u>	<u>218,392</u>
Total Fund Balances			
Total liabilities, deferred inflows of resources, and fund balances			
	<u>\$ 1,390,031</u>	<u>\$ 27,155</u>	<u>\$ 1,417,186</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Fund balances - total governmental funds	\$	218,392
--	----	---------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	7,273,328		
Less accumulated depreciation	<u>(1,054,919)</u>		6,218,409

Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds

Governmental bonds payable	(210,000)		
Tax incremental financing bonds payable	(275,000)		
Notes Payable	(203,187)		
Compensated absences	(77,671)		
Accrued interest payable on bonds and notes payable	<u>(12,608)</u>		<u>(778,466)</u>

Net position of governmental activities	\$	<u>5,658,335</u>
---	----	------------------

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	City Bond	Total Governmental Funds
Revenues:			
Property taxes	\$ 817,520	\$ 24,473	\$ 841,993
Licenses and permits	172,141		172,141
Intergovernmental revenues	1,391,346		1,391,346
Charges for services	633,737		633,737
Fines and forfeits	136,620		136,620
Miscellaneous	8,006	4	8,010
Total revenues	<u>3,159,370</u>	<u>24,477</u>	<u>3,183,847</u>
Expenditures:			
General government	351,469		351,469
Public safety	1,228,891		1,228,891
Highways and streets	594,084		594,084
Sanitation	439,059		439,059
Health and welfare	18,194		18,194
Culture and recreation	404,194		404,194
Non-departmental	18,212		18,212
Capital outlay	151,119		151,119
Debt service:			
Principal retirement	110,040	21,000	131,040
Interest and other	27,281	5,198	32,479
Total expenditures	<u>3,342,543</u>	<u>26,198</u>	<u>3,368,741</u>
Excess (deficiency) of revenues over expenditures	<u>(183,173)</u>	<u>(1,721)</u>	<u>(184,894)</u>
Other financing sources and (uses):			
Transfers in, (out)			
Bond and loan proceeds			
Total other financing sources, (uses)			
Net change in fund balances	(183,173)	(1,721)	(184,894)
Fund balances - beginning of year	<u>404,528</u>	<u>(1,242)</u>	<u>403,286</u>
Fund balances - end of year	<u>\$ 221,355</u>	<u>\$ (2,963)</u>	<u>\$ 218,392</u>

See Notes to Financial Statements.

RECEIVED

Page 13

OCT 02 2015

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds	\$		\$ (184,894)
--	----	--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets		140,138	
Less current year depreciation		<u>(214,961)</u>	(74,823)

Bond and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds, if any			131,040
---	--	--	---------

Some expenses reported in the statement of activities do not require the use of current available resources and therefore are not reported as expenditures in the governmental funds.

Decrease in accrual for compensated absences			148
--	--	--	-----

Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest is reported as a liability in the statement of activities.

Decrease in accrued interest liability			<u>1,035</u>
--	--	--	--------------

Change in net position - governmental activities			<u>\$ (127,494)</u>
--	--	--	---------------------

See Notes to Financial Statements.

**CITY OF WINONA, MISSISSIPPI
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014**

	<u>Business - Type Activity</u>
	<u>Enterprise Water & Sewer Fund</u>
CURRENT ASSETS:	
Cash	\$ 123,663
Investments	13,631
Accounts receivables less allowance for uncollectible accounts	113,415
Unbilled revenue	26,227
Inventory	20,119
Total current assets	<u>297,055</u>
Non-current assets:	
Restricted:	
Cash - meter deposits	
Investments:	
Meter deposits	
Bond debt depr. & cont.	10,000
Bond debt service reserve	259,850
Capital assets:	
Land	40,930
Building and improvements	33,138
Water and sewer system	11,754,035
Equipment	745,795
Vehicles	106,027
Office equipment, furniture and fixtures	57,459
Less accumulated depreciation	<u>(6,303,889)</u>
Total non-current assets	<u>6,703,345</u>
Total assets	<u>7,000,400</u>
CURRENT LIABILITIES:	
Accounts payable	125,657
Due to other funds	32,620
Bonds, notes, and loans payable (current)	251,046
Accrued interest	25,676
Meter deposits	137,598
Total current liabilities	<u>572,597</u>

See Notes to Financial Statements.

**CITY OF WINONA, MISSISSIPPI
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014**

(Cont'd)

	<u>Business - Type Activity</u> <u>Enterprise Water & Sewer Fund</u>
NON-CURRENT LIABILITIES:	
Bonds, notes, and loans payable	\$ 2,422,483
Compensated absences	<u>15,820</u>
Total non-current liabilities	<u>2,438,303</u>
Total liabilities	<u>3,010,900</u>
 Deferred inflow of resources:	
Premium on revenue refunding bonds, Series 2011	<u>8,019</u>
 Net Position:	
Invested in capital assets, net of related debt	3,759,965
Restricted:	
Debt service	269,850
Unrestricted	<u>(48,334)</u>
Total net position	<u>\$ 3,981,481</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Business - Type Activity</u>
	<u>Enterprise Water & Sewer Fund</u>
OPERATING REVENUES:	
Water sales	\$ 783,739
Sewer charges	481,181
Other revenues	14,533
Total operating revenues	<u>1,279,453</u>
OPERATING EXPENSES:	
General administration	213,003
Maintenance - buildings, grounds & equip.	144,227
Water line transmission & distribution	177,812
Treatment & purification	71,571
Sewage collection	235,369
Sewage treatment	41,453
Depreciation	297,249
Total operating expenses	<u>1,180,684</u>
Operating income, (loss)	<u>98,769</u>
NON-OPERATING REVENUES, (EXPENSES):	
Investment income	664
Gain, (loss) on sale of revenue bonds	
Capital grants	
Interest and fiscal charges	(86,737)
Bond discount/premium amortization	1,520
Total non-operating revenues, (expenses)	<u>(84,553)</u>
Changes in net position	14,216
Net position - beginning	<u>3,967,265</u>
Net position - ending	<u>\$ 3,981,481</u>

See Notes to Financial Statement.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2014

Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,267,592
Cash payments for goods & services	(448,293)
Cash payments for payroll, payroll taxes and retirement	(421,076)
Net cash provided by operating activities	<u>398,223</u>
Cash Flows From Capital and Related Financing Activities:	
Capital grants received	
Bond and loan proceeds	
Acquisition and construction of capital assets	(49,013)
Principal payments on loans	(55,091)
Interest payments	(16,862)
Retirement of revenue bonds	(195,000)
Interest, issuance costs, and agent fees paid on revenue bonds	(70,750)
Net cash used by capital and related financing activities	<u>(386,716)</u>
Cash Flows From Investing Activities:	
Interest received on cash and investments	658
Redemption of investments	-
Purchase of investments	-
Net cash provided by investing activities	<u>658</u>
Net increase in cash and cash equivalents	12,165
Cash and cash equivalents at beginning of year	<u>111,498</u>
Cash and cash equivalents at end of year	<u>\$ 123,663</u>
Reconciliation of Income From Operations to Net Cash Provided by Operating Activities:	
Income (Loss) from operations	\$ 98,769
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	297,249
Changes in assets & liabilities:	
Increase in accounts receivable, net of allowance for uncollectibles	(10,315)
Increase in unbilled revenues	(410)
Increase in inventory	(3,164)
Increase in accounts payable	56,156
Decrease in due to other funds	(40,000)
Increase in compensated absences liability	1,596
Decrease in customer meter deposits	(1,658)
Net cash provided by operating activities	<u>\$ 398,223</u>

See Notes to Financial Statements.

RECEIVED
OCT 02 2015

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Winona, Mississippi (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government: City of Winona

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Board of Aldermen or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended presented component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute it assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Funds

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Funds

Debt Service Funds account for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the city other than debt service payments made by enterprise funds. Ad valorem taxes are levied for the payment of principle and interest on the City's general long-term debt.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Proprietary Fund

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Winona Water and Sewer Fund.

Fiduciary Funds (Not included in governmental-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities) they do not involve the measurement of results of operations. The agency funds are as follows:

Fund	Brief Description
Accounts Payable Clearing	Accounts for funds transferred in to pay claims of the City. Funds are transferred in monthly from Governmental and Proprietary type funds and disbursements are made to the City's vendors.
Payroll Fund	Accounts for disbursement of payroll checks for City. Funds are transferred in monthly from Governmental and Proprietary type funds and payroll checks are disbursed to employees.
Tax Collector's Fund	All property taxes collected are deposited to this fund. Settlements are made monthly from this fund to the various governmental funds which the taxes were levied and the Winona Separate School District.

Major and Nonmajor Funds

The funds further classified as major or nonmajor are as follows:

Fund	Brief Description
Major:	
General	See above for description.
Enterprise Funds:	
Water and Sewer	See above for description

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Major and Nonmajor Funds (Cont'd)

Fund	Brief Description
<i>Nonmajor:</i>	
Debt Service Fund:	
City Bond Fund	See above for description.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Basis of Accounting (Cont'd)

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budgets and Budgetary Accounting

Budgets are adopted on the cash basis of accounting.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the City Manager submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. As required by State law, the City conducts public hearings on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made to the budget. Then the budget is approved prior to September 15.
4. The budget is formally revised no later than July of each year or any time a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for all governmental funds and Water and Sewer Enterprise Fund. The budget and actual comparisons are formally presented in the financial statements to the Mayor and Board of Aldermen. Budgetary control over other funds is achieved through applicable state law, bond ordinances, or other restrictions imposed when the fund is created.

Budgeted amounts are as originally adopted or as amended by the Board of Aldermen as of September 30, 2014.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 12 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, and police fines. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the governmental-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Unbilled Revenues

An estimated amount has been recorded for utility services provided but not billed as of the end of the year.

Inventory

Inventory is valued at cost. The inventory in the Water and Sewer Enterprise Fund of \$20,119 consists of expendable supplies held for consumption.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

The City has implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB No. 65, Items Previously Reported as Assets and Liabilities.

GASB 63 and 65 amend GASB 34 to incorporate the following:

Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources

Deferred inflows of resources is an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

GASB 63 changes the title of the "Statement of Net Assets" to the "Statement of Net Position" and similarly the "Statement of Revenues, Expenses and Changes in Net Assets" changes to "Statement of Revenues, Expenses and Changes in Net Position" and provides (1) that deferred outflows should be reported in a separate section following assets, and (2) deferred inflows should be reported in a separate section following liabilities. The statement then arrives at net position which includes the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. GASB 65 clarifies which financial statement items should continue to be presented as assets and liabilities and which should be reclassified as deferred outflows and deferred inflows, and which items should be treated as current period expenditures (outflows) or current period inflows.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, general capital assets including major general infrastructure assets acquired during the current year are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Assets capitalized, not including infrastructure assets, have an estimated useful life of over three years. All infrastructure asset additions are capitalized.

Prior to October 1, 2003, and the implementation of GASB 34, governmental fund's major general infrastructure assets were not capitalized. In accordance with the provisions of GASB 34, the City has elected not to report major general infrastructure assets acquired before the adoption of GASB 34, or October 1, 2003. Accordingly, those assets and depreciation thereon have not been reported in these financial statements.

RECEIVED

OCT 02 2015

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash that is legally restricted as to their use. The primary restricted assets are related to revenue bond reserve accounts and customer water meter deposits fund.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds, revenue bonds, notes payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. In the Balance Sheet of governmental funds, fund balance is reported in five possible classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash (e.g. inventories and prepaid assets).

Restricted

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

Committed

The committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority.

Assigned Fund Balance

The assigned fund balance includes amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Unassigned Fund Balance

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Expenditures may be incurred for purposes for which both restricted, if any, and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first, followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the following October 1 and are payable by the following February 1. The City bills and collects its own property taxes except for automobile taxes, which are collected by the county and remitted to the city.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenses are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – PROPERTY TAXES COLLECTED FOR SEPARATE SCHOOL DISTRICT

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

Ad valorem taxes collected and settled in accordance with this legal requirement are not recognized as revenues and expenditures of the municipality. The accompanying supplemental information schedule "Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections" provides specific assessment and settlement information. For the reported fiscal year the following ad valorem tax levies were made in accordance with this legal requirement.

Other Governing Authority: Winona Separate School District

<u>PURPOSE OF LEVY</u>	<u>MILLS LEVIED</u>
District maintenance	47.80
Note Fund	<u>3.40</u>
Total	<u>51.20</u>

NOTE 3: CASH AND CASH EQUIVALENTS

A summary of cash balances including bank account deposits and cash on hand at September 30, 2014, follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Petty cash on hand	\$ 925	\$	\$ 842	\$ 1,767
Bank deposits – unrestricted	132,841	285	122,821	255,947
Bank deposits – restricted	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total bank deposits	132,841	285	122,821	255,947
Total cash	<u>\$ 133,766</u>	<u>\$ 285</u>	<u>\$ 123,663</u>	<u>\$ 257,714</u>

In accordance with state statutes, the City maintains deposits within approved limits at those depositories authorized by the Board of Aldermen. State statutes require that all of the City's deposits be protected by collateral or insurance equal to 105% of the total deposits not covered by insurance. The City's deposits are collateralized through the Statewide Collateral Pool Program sponsored by the State of Mississippi Treasury Department.

At September 30, 2014 all of the City's funds on deposit in financial institutions were insured or collateralized per the schedule below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Carrying amount per books	\$ 252,071	\$ 3,876	\$ 0	\$ 255,947
Balance per bank	\$ 252,071	\$ 87,618	\$ 0	\$ 339,689

The categories of risk are described as follows:

- Category 1 - Insured by Federal Deposit Insurance Corporation
- Category 2 - Collateralized with securities held by the pledging financial institution's agent in the City's name
- Category 3 - Uncollateralized

Cash and cash equivalents at September 30, 2014 is shown on the Statement of Cash Flows – Proprietary Fund as \$123,663. This amount is shown on the Statement of Net Position – Proprietary Fund as current asset cash balance of \$123,663 and restricted asset cash balance of \$0.

RECEIVED

OCT 02 2015

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – INVESTMENTS:

State statutes, City bond ordinances and city resolutions authorize the City's investments. Generally, the City is authorized to invest in bonds or other direct obligations of the U.S. Government or the State of Mississippi, or of any county, municipality, or school district of this state meeting certain qualifications or in obligations issued or guaranteed in full as to principal and interest by the U.S. Government.

Water and Sewer Enterprise Fund investments consist of the following at September 30, 2014:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
283,481 units Goldman Sachs Treasury Obligation Fund	\$ 13,631	\$ 269,850	\$ 283,481

All of the above investments at September 30, 2014, were held by a bank trust department in the City's name (Category 2).

NOTE 5: ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

At September 30, 2014, accounts receivable were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Property taxes	\$ 938,624	\$	\$ 938,624
Penalties and interest	190		190
Franchise taxes receivable	39,968		39,968
Court fines	8,906		8,906
Privilege taxes	645		645
Water, sewer and garbage	66,176	145,642	211,818
Local fire runs	2,917	0	2,917
(Allowance for uncollectible accounts)	(6,000)	(6,000)	(6,000)
Net accounts receivable	\$ 1,057,426	\$ 139,642	\$ 1,197,068

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 160,099	\$	\$	\$ 160,099
Depreciable assets:				
Buildings	1,077,618			1,077,618
Improvements	2,161,713			2,161,713
Machinery and equipment	2,726,323	85,810		2,812,133
Infrastructure	1,007,437	54,328		1,061,765
Construction in progress				
Totals at historical cost	<u>7,133,190</u>	<u>140,138</u>		<u>7,273,328</u>
Less accumulated depreciation for:				
Buildings	7,421	6,322		13,743
Improvements	223,991	74,138		298,129
Machinery and equipment	504,658	105,188		609,846
Infrastructure	103,888	29,313		133,201
Total accumulated depreciation	<u>839,958</u>	<u>214,961</u>		<u>1,054,919</u>
Governmental activities capital assets, net	<u>\$ 6,293,232</u>	<u>\$ (74,823)</u>	<u>\$</u>	<u>\$ 6,218,409</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 40,930	\$	\$	\$ 40,930
Depreciable assets:				
Buildings	33,138			33,138
Water system	5,169,274	29,733		5,199,007
Sewer system	6,536,282	18,745		6,555,027
Machinery and equipment	908,746	535		909,281
Totals at historical cost	<u>12,688,370</u>	<u>49,013</u>		<u>12,737,383</u>
Less accumulated depreciation for:				
Buildings	33,138			33,138
Water system	2,466,871	104,626		2,571,497
Sewer system	2,879,307	136,815		3,016,122
Machinery and equipment	627,323	55,808		683,131
Total accumulated depreciation	<u>6,006,639</u>	<u>297,249</u>		<u>6,303,888</u>
Business-type activities capital assets, net	<u>\$ 6,681,731</u>	<u>\$ (248,236)</u>	<u>\$</u>	<u>\$ 6,433,495</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 51,037
Public safety – police	28,255
Public safety - fire	8,293
Streets and sanitation	85,883
Culture and recreation	<u>41,493</u>
Total depreciation expense	<u>\$ 214,961</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7: LONG-TERM DEBT

Date Issued	Definition and Purpose	Beginning Balance Oct. 1, 2013	Additions	Reductions	Ending Balance Sept. 30, 2014	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
12-12-12	\$231,000 Building Bonds. Payable in annual installments of \$21,000 to \$26,000 on March 1. Final installment due 3-1-33. Interest payable on March 1 and September 1 at 2.25%.	\$ 231,000	\$	\$ 21,000	\$ 210,000	\$ 21,000
TAX INCREMENT FINANCING REVENUE BONDS:						
3-2-11	\$355,000 T.I.F. bonds for infrastructure executed with Trustmark National Bank. Interest payable in semi-annual installments at 4.5% on 11-1 and interest and principal installments on 5-1 beginning with final installment 5-1-22.	305,000	-	30,000	275,000	30,000
NOTES PAYABLE:						
6-21-11	\$76,867 Bank of Kilmichael note payable. Payable in monthly installments of \$1,373.87 starting 7-11 at a rate of 2.80%	43,521	-	14,052	29,469	15,864
8-23-13	\$34,608 Bank of Winona note payable. Payable in monthly installments of \$1,937.87, starting 9-15-13 at a rate of 1.457%	21,163	-	21,163	-	-
11-17-11	2011 Dodge Charger with Regions Bank. Due in monthly installments of \$762.75, including principal and interest at the rate of 2.02%. Payments beginning 12-17-11 with final payment on 11-17-14.	10,538	-	9,018	1,520	1,520
7-9-12	Caterpillar bulldozer with Bank of Kilmichael. Due in monthly installments of \$1,416.48, including principal and interest at the rate of 2.10%. Payments beginning 8-12-12 with final payment on 7-15-17.	62,534	-	14,465	48,069	16,143
10-1-08	\$221,000 Musco Finance note payable. Payable in annual installments of \$28,739, starting 10-1-09 at a rate of 4.97%	145,470	-	21,341	124,129	22,570
	Total notes payable	283,226	-	80,039	203,187	56,097
OTHER LIABILITIES:						
	Compensated absences	77,819	-	148	77,671	-
	Total Governmental Activities Long-term liabilities	\$ 897,045	\$	\$ 131,187	\$ 765,858	\$ 107,097

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7: LONG-TERM DEBT (Cont'd)

Date Issued	Definition and Purpose	Beginning Balance Oct. 1, 2013	Additions	Reductions	Ending Balance Sept. 30, 2014	Amounts Due within One Year
BUSINESS-TYPE ACTIVITIES:						
REVENUE BONDS:						
3-1-01	\$2,815,000 Combined Water & Sewer System Revenue Refunding Bonds Series 2011. Payable in annual installments of varying amounts from \$190,000 to \$255,000 starting 12-1-11. Final payment 6-1-24. Interest payable on 6-1 and 12-1 at various rates from 2.00% to 3.625%.	\$ 2,415,000	\$	\$ 195,000	\$ 2,220,000	\$ 195,000
OTHER NOTES PAYABLE:						
9-1-03	\$184,260.35 State of Mississippi Capital Improvements Revolving Loan. Payable in 120 monthly installments of \$1,695.47 including interest at 2.0%. First payment 11-1-2003. Final payment 9-2013. Proceeds used for sewer rehab work on South Applegate and Powell Streets.			1,100		1,100
5-19-11	Automated Meter Reading System with Regions Equipment Finance Corporation. Due in annual installments of \$44,623.06 including principal and interest at the rate of 3.996%. Payments beginning 5-19-12 with final payment on 5-19-21.	300,486		32,616	267,870	33,919
9-9-11	Automated Meter Reading System with Regions Equipment Finance Corporation. Due in annual installments of \$6,098.60 including principal and interest at the rate of 3.996%. Payments beginning 9-9-12 with final payment on 9-9-21.	41,067		4,338	36,729	4,755
7-25-11	S R F Loan# DWI-L490010-02-0. Loan payable in 120 monthly installments of \$1,676.77, including principal and interest at the rate of 1.95%. Payments beginning 10-2012 with final payment 9-2022.	167,967		17,037	148,930	17,372
	Total other notes payable	508,620		55,091	453,529	56,046
	Compensated absences	14,224	1,596		15,820	
	Total Business-type activities long-term debt	\$ 2,937,844	\$ 1,596	\$ 250,091	\$ 2,689,349	\$ 251,046

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7: LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 107,097	\$ 24,514	\$ 251,046	\$ 79,766	\$ 462,423
2016	105,782	20,765	257,809	73,984	458,340
2017	92,309	17,218	264,760	68,033	442,320
2018	84,105	13,963	271,781	60,887	430,736
2019	84,894	10,573	283,876	53,541	432,884
2020 – 2024	214,000	15,109	1,344,257	133,563	1,706,929
Total	<u>\$ 688,187</u>	<u>\$ 102,142</u>	<u>\$ 2,673,529</u>	<u>\$ 469,774</u>	<u>\$ 3,933,632</u>

NOTE 8: PENSION PLAN

Plan Description. The City of Winona, Mississippi, contributes 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 members are required to contribute 9.00 percent of their annual covered salary and the City of Winona, Mississippi, is required to contribute at an actuarially determined rate. The current rate is 15.75 percent 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 Winona, Mississippi's contributions to PERS for the years ended September 30, 2014, 2013, and 2012 were \$229,190, \$212,594, and \$180,707, respectively, equal to the required contributions for each year.

NOTE 9: BOND PREMIUMS

The unamortized bond premiums at September 30, 2014 were \$8,019.

NOTE 10: RISK MANAGEMENT

The City of Winona has entered into a joint and several relationships with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefit of fund surplus in the form of dividends when applicable.

The City of Winona is a member of the Mississippi Municipal Association Unemployment Compensation Group Account with Unemployment Compensation Control Systems, Inc., of Mississippi as its agent.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 11: COMMITMENTS AND CONTINGENCIES

The City participates in federally assisted grant programs, principal of which are Community Development Block Grants and HOME grants. These programs are subject to program compliance audits by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or applicable fund. The City expects amounts disallowed, if any, to be immaterial.

The City is occasionally involved in various other legal actions arising in the normal course of business. Any such cases would be turned over to the City's insurer's attorneys, who would handle the defense of these claims. In the opinion of management, there were currently no such matters outstanding that would have a material effect upon the financial position of the City.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of September 30, 2014 represents interfund receivables and payables:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
Due from proprietary funds	\$ 32,620	\$
Proprietary Funds:		
Due to governmental funds	_____	32,620
Total	\$ 32,620	\$ 32,620

NOTE 13: FUND EQUITY

	Amount
Fund Balance:	
General Fund assigned for:	
Fire protection	\$ 196,752
Clock project	\$ 2,071

The amount assigned for fire protection is to be used only by the fire department and generally is used for fire department and maintenance.

The clock project assignment is donations received for the City's clock restoration purposes.

NOTE 14 - RESTRICTED ASSETS:

Certain cash and investments in the City can be restricted as to use by donors or bond ordinances. The Enterprise Fund 2011 Revenue Refunding Bond ordinance requires that the City provide and maintain a Bond Fund, Depreciation Fund and a Contingent Fund. The Bond Fund requires a Debt Service Account and a Debt Service Reserve Account. The Debt Service Account is established for the City to set aside on a monthly basis an amount which will provide a sum for the payment of the semi-annual interest and annual principal payments on the refunding bonds when they become due. The Debt Service Reserve Account was required by the 2011 Revenue Refunding Bond ordinance to be funded with a portion of the sale proceeds of the 2011 bonds. Moneys in the Debt Service Reserve Account can only be used for the purpose of paying maturing principal or interest on the

RECEIVED
OCT 02 2015

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 14 - RESTRICTED ASSETS: (Continued)

Bonds when the moneys in the Debt Service Account are insufficient and for no other purpose. In the event that amounts credited to the Debt Service Reserve Account are used to pay maturing principal or interest on the Bonds when moneys on hand in the Debt Service Account are insufficient, the City shall restore the amounts credited to the Debt Service Reserve Account to the amount of the Reserve Account requirement. The Debt Service Reserve Account requirement is equal to the lesser of (1) 10% of the principal amount of all bonds, (2) the maximum annual debt service requirement on a bond year basis or (3) 125% of the average annual debt service on a bond year basis. The Depreciation Fund is to be maintained with a balance of \$5,000 and shall be used for the purpose of paying the cost of repairing the system when needed. The Contingent Fund is to be maintained with a balance of \$5,000 and shall be used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the system, including the construction of reasonable and proper improvements.

	Cash	Investments	Total
Enterprise Fund:			
Revenue Refunding Bond Reserves:			
Bond Fund:			
Debt Service Accounts	\$ 259,850		\$ 259,850
Depreciation Fund	5,000		5,000
Contingent Fund	5,000		5,000
Totals	\$ 269,850		\$ 269,850

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINONA
BUDGET COMPARISON SCHEDULE
CASH BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Fund:				
Resources (Inflows):				
Taxes:				
Property taxes	\$ 837,274	\$ 837,274	\$ 796,526	(40,748)
Penalties and interest	14,000	14,000	18,214	4,214
Total taxes	<u>851,274</u>	<u>851,274</u>	<u>814,740</u>	<u>(36,534)</u>
Licenses, permits and other:				
Licenses and permits	12,300	12,300	12,239	(61)
Franchise taxes	140,000	155,000	155,166	166
Fines and forfeits	150,000	151,390	137,723	(13,667)
Total licenses, permits and other	<u>302,300</u>	<u>318,690</u>	<u>305,128</u>	<u>(13,562)</u>
Intergovernmental revenues:				
Federal grants:				
Home grant				
S.T.P. grant				
Clock Project				
Animal control grant	2,000	2,000		(2,000)
DUI Enforcement grant	27,843	27,843	19,244	(8,599)
ARC Grant - Airport				
Historical District grant			6,600	6,600
CDBG - Powell Street	93,975	93,975		(93,975)
State of Mississippi:				
General municipal aid	2,550	2,550	2,515	(35)
Sales tax	1,040,000	1,040,000	1,014,804	(25,196)
Homestead exemption reimbursement	85,000	85,000	87,866	2,866
Gasoline tax	9,600	9,600	9,540	(60)
Alcoholic beverage licenses	3,000	3,000	2,700	(300)
Fire insurance premium	27,000	27,000	27,483	483
MDEQ grant	-	14,455	14,455	
Grand Gulf	33,000	33,000	32,424	(576)
Montgomery County:				
Road/Rail car tax	140,000	146,000	146,618	618
Fire protection	5,000	5,000	4,755	(245)
Motor vehicle privilege tax	5,000	5,000	4,979	(21)
Local grants/donations				
T.I.F. bond expense	22,000	22,000	21,214	(786)
Additional Fire Dept Revenue	1,000	1,000	-	(1,000)
Total intergovernmental revenues	<u>1,496,968</u>	<u>1,517,423</u>	<u>1,395,197</u>	<u>(122,226)</u>

CITY OF WINONA
BUDGET COMPARISON SCHEDULE
CASH BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive(Negative)
Charges for services:				
Garbage	\$ 410,000	\$ 410,000	\$ 403,592	(6,408)
Fees and rent - City facilities	20,800	20,800	13,625	(7,175)
Cemetary perpetual upkeep	1,200	1,200	340	(860)
Local fire runs	35,000	35,000	35,191	191
Animal control	600	600	355	(245)
Recreation fees	172,000	180,000	176,836	(3,164)
NCPDD Lease Comm House	3,600	-	3,600	3,600
Total charges for services	<u>643,200</u>	<u>647,600</u>	<u>633,539</u>	<u>(14,061)</u>
Miscellaneous:				
Payments in lieu of taxes	5,800	5,800	7,726	1,926
Interest earnings	150	150	163	13
Cemetary sale of lots	4,500	4,500	1,600	(2,900)
Transfers in				
Public contributions			123	123
Sale of surplus assets		318	318	
Bond and loan proceeds				
Other revenue	<u>10,350</u>	<u>13,520</u>	<u>5,801</u>	<u>(7,719)</u>
Total miscellaneous	<u>20,800</u>	<u>24,288</u>	<u>15,731</u>	<u>(8,557)</u>
Amounts available for appropriation	<u>\$ 3,314,542</u>	<u>\$ 3,359,275</u>	<u>\$ 3,164,335</u>	<u>\$ (194,940)</u>
Charges to appropriations (Outflows):				
General government:				
Personal services	248,331	239,861	238,723	1,138
Materials and supplies	14,600	10,050	1,341	8,709
Other services and charges	119,906	110,082	121,311	(11,229)
Capital outlay	<u>15,500</u>	<u>15,500</u>	<u>17,053</u>	<u>(1,553)</u>
Total general government	<u>398,337</u>	<u>375,493</u>	<u>378,428</u>	<u>(2,935)</u>
Public Safety:				
Personal services	999,270	1,015,372	1,002,031	13,341
Materials and supplies	113,400	117,364	116,895	469
Other services and charges	110,275	113,791	109,966	3,825
Capital outlay	<u>222,550</u>	<u>220,940</u>	<u>25,889</u>	<u>195,051</u>
Total police	<u>1,445,495</u>	<u>1,467,467</u>	<u>1,254,781</u>	<u>212,686</u>
Highways and Streets:				
Personal services	304,398	304,316	324,153	(19,837)
Materials and supplies	109,199	149,108	111,717	37,391
Other services and charges	608,287	624,531	599,175	25,356
Capital outlay	<u>163,873</u>	<u>180,078</u>	<u>85,753</u>	<u>94,325</u>
Total highways and streets	<u>1,185,757</u>	<u>1,258,033</u>	<u>1,120,798</u>	<u>137,235</u>

CITY OF WINONA
BUDGET COMPARISON SCHEDULE
CASH BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health and Welfare:				
Personal services	\$ 22,929	\$ 11,410	\$ 9,836	1,574
Materials and supplies	2,400	3,800	4,277	(477)
Other services and charges	1,500	2,100	2,179	(79)
Capital outlay	35,000	-	-	-
Total health and welfare	<u>61,829</u>	<u>17,310</u>	<u>16,292</u>	<u>1,018</u>
Culture and Recreation:				
Personal services	87,800	85,975	93,134	(7,159)
Materials and supplies	146,900	151,400	189,798	(38,398)
Other services and charges	127,600	120,561	121,261	(700)
Capital outlay	12,500	11,842	11,443	399
Total culture and recreation	<u>374,800</u>	<u>369,778</u>	<u>415,636</u>	<u>(45,858)</u>
Airport:				
Materials and supplies	1,500	1,500	1,963	(463)
Other services and charges	8,110	9,610	14,150	(4,540)
Capital outlay	3,700	3,700	3,175	525
Total airport	<u>13,310</u>	<u>14,810</u>	<u>19,288</u>	<u>(4,478)</u>
Charges to appropriations (Outflows):				
Debt Service payments on bonds and notes	<u>116,374</u>	<u>137,744</u>	<u>137,320</u>	<u>424</u>
Total charges to appropriations	<u>\$ 3,595,902</u>	<u>\$ 3,640,635</u>	<u>\$ 3,342,543</u>	<u>\$ 298,092</u>
Excess of revenues and other financing sources over expenditures and other financing uses			\$ (178,208)	
Fund balance Oct. 1, 2013			<u>404,528</u>	
Fund balance Sept. 30, 2014			226,320	
Adjustment to GAAP basis:				
Add accrued revenues - end of year			308,140	
Less accrued revenues - beginning of year			<u>(313,105)</u>	
Fund balance - GAAP Sept. 30, 2014			<u>\$ 221,355</u>	

CITY OF WINONA
BUDGET COMPARISON SCHEDULE
CASH BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2014
UNAUDITED

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
City Bond Fund:				
Resources (Inflow):				
Taxes:				
Property taxes	\$ 25,600	\$ 25,600	\$ 21,929	(3,671)
Intergovernmental revenues:				
State of Mississippi:				
Homestead exemption reimbursement	1,800	1,800	2,550	750
Miscellaneous:				
Bond and loan proceeds				
Interest earnings	40	40	4	(36)
Amounts available for appropriation	<u>\$ 27,440</u>	<u>\$ 27,440</u>	<u>\$ 24,483</u>	<u>(2,957)</u>
Charges to appropriations (Outflows):				
Capital outlay				
Transfers out				
Debt Service:				
Principal payments on bonds and notes	21,000	21,000	21,000	
Interest and fiscal charges	6,440	6,440	5,198	1,242
Total charges to appropriations	<u>\$ 27,440</u>	<u>\$ 27,440</u>	<u>\$ 26,198</u>	<u>1,242</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(1,715)	
Fund balance - Oct. 1, 2013			(1,242)	
Fund balance - Sept. 30, 2014			(2,957)	
Adjustment to GAAP basis:				
Add accrued revenues - end of year			252	
Less accrued revenues - beginning of year			(258)	
Fund balance - GAAP Sept. 30, 2014			<u>\$ (2,963)</u>	

OTHER SUPPLEMENTARY INFORMATION

RECEIVED

OCT 02 2015

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 2014

	Municipal	School	Tax
ASSESSED VALUATION AND MILLAGE:			
Realty	\$ 17,030,737	\$ 18,465,873	\$
Personal - other than auto	2,430,146	2,731,596	
Public Utilities	1,558,232	2,238,057	
Personal - auto (remitted by county)	4,132,880	4,821,845	
Total municipal at 38.80 mills	\$ 25,151,995		975,897
Total school at 51.20 mills		\$ 28,257,371	1,446,777
COLLECTION ADJUSTMENTS:			
Add: Municipal homestead reimbursement		\$ 90,416	
School homestead reimbursement		60,967	
Prior year tax collections			
Penalties and interest on delinquent taxes		18,256	169,639
Less: Cost of collections		20,295	
School regular homestead credit		68,553	
Special homestead exemption allowed		265,811	(354,659)
Total to be accounted for			\$ 2,237,654
CREDITS:			
Collections allocated to:	<u>Taxes</u>	<u>Homestead</u>	<u>Total</u>
General Fund	\$ 754,488	\$ 80,911	\$ 835,399
City Bond Fund	21,922	2,550	24,472
Library Fund	63,033	6,955	69,988
SSD Maintenance	1,231,967	60,967	1,292,934
Totals	\$ 2,071,410	\$ 151,383	\$ 2,222,793
Balance represented by:			
Unpaid personal and utility taxes		8,912	
Unaccounted for - (over) under		5,949	14,861
Total accounted for			\$ 2,237,654

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2014

PROPRIETARY FUND TYPES:	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
283,481 units Goldman Sachs Treasury Obligation Fund	\$ <u>13,631</u>	\$ <u>269,850</u>	\$ <u>283,481</u>

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2014

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>BOND</u>
Jerry Flowers	Mayor	Travelers Casualty & Surety Co.	\$ 50,000
Kelvin Winbush	Alderman	Travelers Casualty & Surety Co.	90,000
William Travis Johnson	Alderman	Travelers Casualty & Surety Co.	90,000
Franklin Seals	Alderman	Travelers Casualty & Surety Co.	90,000
Michael Austin	Alderman	Travelers Casualty & Surety Co.	90,000
William Ware	Alderman	Travelers Casualty & Surety Co.	90,000
Dorothy Washington	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Bianca Newman	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Johnny Hargrove	Chief of Police	Western Surety Company	50,000
Donnie Blaylock	Court Clerk	Western Surety Company	50,000
June Williams	City Clerk	Ohio Casualty Insurance Company	67,500
Tiffany Everett	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Jessie Pickens	Deputy Court Clerk	Travelers Casualty & Surety Co.	50,000
Nafisa Tharp	Water Clerk	Travelers Casualty & Surety Co.	50,000
Tommy Bibbs	Police Captain	Travelers Casualty & Surety Co.	50,000
William Nix	Police Officer	Travelers Casualty & Surety Co.	25,000
Ickret Bennett	Police Officer	Travelers Casualty & Surety Co.	25,000
Michael Narmour	Recreation Director	Travelers Casualty & Surety Co.	50,000

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2014

DATE OF ISSUE	GENERAL OBLIGATION	BALANCE OUTSTANDING 09/30/13	TRANSACTIONS DURING FISCAL YEAR		BALANCE OUTSTANDING 09/30/14
			ISSUED	REDEEMED	
12/12/12	General Obligation Bonds, Series 2012	\$ 231,000	\$	\$ 21,000	\$ 210,000
3/2/11	T.I.F. Bonds	305,000	\$	30,000	275,000
<u>OTHER LONG - TERM DEBT</u>					
6/21/11	Bank of Kilmichael-John Deere Track hoe	43,521	\$	14,052	29,469
8/23/13	Bank of Winona-2013 Ford F150	21,163	\$	21,163	-
11/17/11	Regions Bank-2011 Dodge Charger	10,538	\$	9,018	1,520
7/9/12	Bank of Kilmichael-Caterpillar bulldozer	62,534	\$	14,465	48,069
10/1/08	Musco Finance-Ballfield lighting	145,470	\$	21,341	124,129
		<u>283,226</u>	\$	<u>80,039</u>	<u>203,187</u>
<u>UTILITY REVENUE REFUNDING BONDS</u>					
9/22/11	Combined Water and Sewer System Revenue Refunding Bond, Series 2011	2,415,000	\$	195,000	2,220,000
<u>OTHER LONG-TERM DEBT</u>					
9/1/03	State of MS-CAP loan	1,100	\$	1,100	-
9/10/10	SRF-ARSF Loan	-	\$	-	-
5/19/11	Automated Meter Reading System- Regions Equipment Finance Corp.	300,486	\$	32,616	267,870
9/9/11	Automated Meter Reading System- Regions Equipment Finance Corp.	41,067	\$	4,338	36,729
7/25/11	SRF Loan	165,967	\$	17,037	148,930
		<u>508,620</u>	\$	<u>55,091</u>	<u>453,529</u>
	Total	<u>\$ 3,742,846</u>	\$	<u>\$ 381,130</u>	<u>\$ 3,361,716</u>

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2014

\$231,000 GENERAL OBLIGATION BUILDING BONDS OF 12/12/12

Principal due FYE	- 09/30/15	\$	21,000	Interest rate 2.25%
	- 09/30/16		22,000	Interest rate 2.25%
	- 09/30/17		22,000	Interest rate 2.25%
	- 09/30/18		23,000	Interest rate 2.25%
	- 09/30/19		23,000	Interest rate 2.25%
	09/30/20 -09/30/23		<u>99,000</u>	Interest rate 2.25%
Total		\$	<u>210,000</u>	

\$355,000 TAX INCREMENT FINANCE REVENUE BONDS 03/02/11

Principal due FYE	- 09/30/15	\$	30,000	Interest rate 4.50%
	- 09/30/16		30,000	Interest rate 4.50%
	- 09/30/17		30,000	Interest rate 4.50%
	- 09/30/18		35,000	Interest rate 4.50%
	- 09/30/19		35,000	Interest rate 4.50%
	09/30/20-09/30/22		<u>115,000</u>	Interest rate 4.50%
Total		\$	<u>275,000</u>	

GENERAL NOTES PAYABLE:

BANK OF KILMICHAEL LOAN OF 06/21/11

Principal due FYE	- 09/30/15	\$	15,864	Interest rate 2.80%
	- 09/30/16		<u>13,605</u>	Interest rate 2.80%
Total		\$	<u>29,469</u>	

REGIONS BANK LOAN OF 11/17/11

Principal due FYE	- 09/30/15	\$	<u>1,520</u>	Interest rate 2.02%
Total		\$	<u>1,520</u>	

BANK OF KILMICHAEL LOAN OF 07/09/12

Principal due FYE	- 09/30/15	\$	16,143	Interest rate 2.10%
	- 09/30/16		16,485	Interest rate 2.10%
	- 09/30/17		<u>15,441</u>	Interest rate 2.10%
Total		\$	<u>48,069</u>	

MUSCO FINANCE LOAN OF 10/01/08

Principal due FYE	- 09/30/15	\$	22,570	Interest rate 4.97%
	- 09/30/16		23,692	Interest rate 4.97%
	- 09/30/17		24,869	Interest rate 4.97%
	- 09/30/18		26,105	Interest rate 4.97%
	- 09/30/19		<u>26,893</u>	Interest rate 4.97%
Total		\$	<u>124,129</u>	

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2014

Maturities of Long-term debt: (Continued)

COMBINED WATER AND SEWER SYSTEM REVENUE
REFUNDING BOND OF 09/22/11

Principal due FYE	- 09/30/15	\$	195,000	Interest rate 2.00%
	- 09/30/16		200,000	Interest rate 2.00%
	- 09/30/17		205,000	Interest rate 2.50%
	- 09/30/18		210,000	Interest rate 2.50%
	- 09/30/19		220,000	Interest rate 2.50%
	09/30/20 - 09/30/24		<u>1,190,000</u>	Interest rate varies
Total		\$	<u>2,220,000</u>	

AUTOMATED METER READING SYSTEM - REGIONS EQUIPMENT FINANCE OF 05/19/11

Principal due FYE	- 09/30/15	\$	33,919	Interest rate 3.996%
	- 09/30/16		35,274	Interest rate 3.996%
	- 09/30/17		36,684	Interest rate 3.996%
	- 09/30/18		38,150	Interest rate 3.996%
	- 09/30/19		39,674	Interest rate 3.996%
	09/30/20 - 09/30/21		<u>84,169</u>	Interest rate 3.996%
Total		\$	<u>267,870</u>	

AUTOMATED METER READING SYSTEM - REGIONS EQUIPMENT FINANCE OF 09/09/11

Principal due FYE	- 09/30/15	\$	4,755	Interest rate 3.996%
	- 09/30/16		4,821	Interest rate 3.996%
	- 09/30/17		5,014	Interest rate 3.996%
	- 09/30/18		5,214	Interest rate 3.996%
	- 09/30/19		5,422	Interest rate 3.996%
	09/30/20 - 09/30/21		<u>11,503</u>	Interest rate 3.996%
Total		\$	<u>36,729</u>	

SRF-LOAN #DWI-L490010-02-0

Principal due FYE	- 09/30/15	\$	17,372	Interest rate 1.95%
	- 09/30/16		17,714	Interest rate 1.95%
	- 09/30/17		18,062	Interest rate 1.95%
	- 09/30/18		18,417	Interest rate 1.95%
	- 09/30/19		18,780	Interest rate 1.95%
	09/30/20 - 09/30/22		<u>58,585</u>	Interest rate 1.95%
Total		\$	<u>148,930</u>	

RECEIVED
OCT 02 2015

TAYLOR, POWELL, WILSON & HARTFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 9369
GREENWOOD, MISSISSIPPI 38930-9369
662-453-6432

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and
Board of Aldermen
City of Winona, Mississippi

We have audited the basic financial statements of the City of Winona, MS as of and for the year ended September 30, 2014 and have issued our report dated August 3, 2015. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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 the following material instances of noncompliance with state Laws and regulations. Our findings and recommendations and your responses are as follows:

Finding: The City is required by Section 21-35-25, Miss. Code Ann. (1972) to amend the budget if it appears that a deficit is indicated due to excess expenditures of a budget item. The City is showing over-expenditures in ten departmental purpose items of the General Fund. An amendment was made to revise the budget to correct the deficits; however, the amendment was insufficient to cover the deficits. This finding also occurred in the prior year.

Recommendation: The City should comply with Section 21-35-25, Miss. Code Ann. (1972), by making necessary amendments to the budget no later than the regular July meeting of the board of governing authorities.

City's Response: City management believed the amendment made would be sufficient to cover any material over-expenditures. Management will strive to be in compliance in the future.

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management 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.

Taylor Powell, Wilson & Hartford, P.A.

August 3, 2015

RECEIVED
OCT 02 2015