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CITY OF GREENVILLE, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2015



**Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi**

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CITY OF GREENVILLE, MISSISSIPPI

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CITY OF GREENVILLE, MISSISSIPPI

FINANCIAL SECTION



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AMERICAN INSTITUTE OF CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Greenville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Greenville, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in NOTE 14: CONTINGENCIES Litigation, the City has entered into a "Partial Consent Decree" with the United States Environmental Protection Agency, the Department of Justice, and the Mississippi Department of Environmental Quality concerning its waste water treatment plant and waste water collection system which will commit the City to a significant investment in its sewer system infrastructure. (The financing of which has yet to be fully determined.) Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the City's Proportionate Share of the New Pension Liability, Schedule of the City's Contributions, and the Schedule of Funding Progress – Other Postemployment Benefits 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenville, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections - 2014 Tax Rolls, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying section of Statistical Information on pages 66 through 69, as listed in the table of contents, is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016 on our consideration of the City of Greenville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greenville, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016

CITY OF GREENVILLE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

Our discussion and analysis of the City of Greenville's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance.

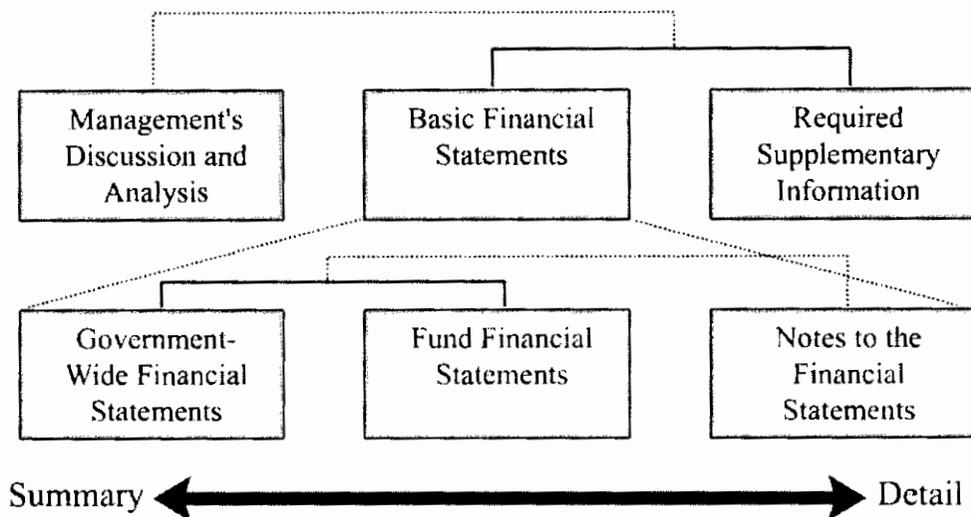
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Greenville exceeded its liabilities and deferred inflows at the close of the 2015 fiscal year by \$193,149,949 (net position). Of this amount the unrestricted net position showed a deficit balance of (\$20,965,676).
- The remaining net position of the City include: \$212,352,250 invested in capital assets, net of related debt; and \$1,763,375 (for capital improvements, debt service and other).
- Total assets increased \$2,113,470 from 2014.
- Total liabilities increased \$28,391,355 or 134.09% from 2014. The increase is primarily due to the implementation of GASB 68-pension liability \$27,979,031.
- The City's total net position decreased \$21,668,098 (includes a negative prior period adjustment of \$21,919,298 related to the pension liability) from 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Greenville, Mississippi's basic financial statements which are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, 3) Notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1: Required Components of the City's Annual Report



**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2: Major Features of the City's Government-Wide and Fund Financial Statements

Government-Wide Financial Statements		Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	All activities of the City that are not business-type or fiduciary in nature	Activities of the City that operate similar to private businesses	The City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

1) Government-wide Financial Statements. The government-wide financial statements, presented on pages 15 and 16 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing the City's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, public works, highways and streets, health and sanitation, culture and recreation, airport, economic development and debt service.

2) Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Greenville maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, which is considered to be a major fund. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 17 through 20.

The City of Greenville adopts an annual budget. Budgetary comparison schedules have been provided on pages 50 through 52 for the General Fund and the Major Fund Parks & Recreation to demonstrate compliance with this budget.

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

Proprietary Funds. The City maintains two types of proprietary funds - an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water and sewer, and sanitation operations. The fund is financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used for maintaining the City's fleet of mobile equipment and vehicles.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 21 through 23.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 5 fiduciary funds consisting of the police and fire pension, city separate school district tax clearing fund, payroll clearing fund, state fine assessment fund, and unemployment tax reserve. The combined fiduciary financial statement of assets and liabilities can be found on page 24.

3) Notes to the Financial Statements. The notes, presented on pages 25 through 48, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the City's budget process and pension standards on pages 49 through 56.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2015, the assets and deferred outflows of the City of Greenville exceeded its liabilities and deferred inflows by \$193,149,949.

By far, the largest portion of the City's net position (\$212,352,250 or 109.94%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

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**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

(Table 1)

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage change
	2015	2014	2015	2014	2015	2014		
	Current and other assets	\$ 5,462,057	\$ 4,518,854	\$ 4,779,616	\$ 3,675,160	\$ 10,241,673		
Capital assets, net	182,318,499	181,563,594	45,545,258	46,234,352	227,863,757	227,797,946	65,811	0.03%
Total Assets	187,780,556	186,082,448	50,324,874	49,909,512	238,105,430	235,991,960	2,113,470	0.90%
Deferred outflows	4,161,327	-	734,352	-	4,895,679	-	4,895,679	
Current and other liabilities	3,765,756	2,079,482	1,369,360	1,519,849	5,135,116	3,599,331	1,535,785	42.67%
Net pension liability	23,782,177	-	4,196,854	-	27,979,031	-	27,979,031	
Long-term debt	7,322,063	7,294,514	9,129,058	10,280,068	16,451,121	17,574,582	(1,123,461)	-6.39%
Total Liabilities	34,869,996	9,373,996	14,695,272	11,799,917	49,565,268	21,173,913	28,391,355	134.09%
Deferred inflows	243,008	-	42,884	-	285,892	-	285,892	
Net Position:								
Invested in capital assets, net of related debt	175,713,054	175,023,186	36,639,196	36,168,617	212,352,250	211,191,803	1,160,447	0.55%
Restricted	974,909	767,381	788,466	692,153	1,763,375	1,459,534	303,841	20.82%
Unrestricted	(19,859,084)	917,885	(1,106,592)	1,248,825	(20,965,676)	2,166,710	(23,132,386)	-1067.63%
Total Net Position	156,828,879	176,708,452	36,321,070	38,109,595	193,149,949	214,818,047	\$ (21,668,098)	-10.09%

GASB 68 (Pension) was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

The City's total assets increased \$2,113,470 during 2015 with governmental activities showing an increase of \$1,698,108 and business-type activities showing an increase of \$415,362.

The City's total liabilities increased \$28,391,355. The increase in liabilities is \$25,496,000 in governmental activities and \$2,895,355 in business-type activities. This increase is primarily due to the implementation of GASB 68 (pension standard) of \$27,979,031.

The City's net position decreased \$21,668,098 over 2014, which includes a negative prior period adjustment of \$21,919,298 related to pensions.

Additional information on unrestricted net position:

In connection with the implantation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$(20,965,676)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	29,979,031
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 7,013,355</u>

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

(Table 2)
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
Program Revenues:								
Charges for services	\$ 886,676	\$ 200,443	\$ 10,075,057	\$ 9,068,544	\$ 10,961,733	\$ 9,268,987	\$ 1,692,746	18.26%
Grants and contributions	4,859,194	1,370,576	934,334	172,758	5,793,528	1,543,334	4,250,194	275.39%
General Revenues:								
Property taxes	10,717,774	10,799,619			10,717,774	10,799,619	(81,845)	-0.76%
Sales and tourism taxes	7,437,768	7,252,592			7,437,768	7,252,592	185,176	2.55%
Other taxes and other	3,073,544	2,873,558	91,415	559,334	3,164,959	3,432,892	(267,933)	-7.80%
Total Revenues	26,974,956	22,496,788	11,106,806	9,800,636	38,075,762	32,297,424	5,778,338	17.89%
Program Expenses:								
General government	\$ 2,481,885	2,751,303			2,481,885	2,751,303	(269,418)	-9.79%
Public safety	11,505,915	12,443,298			11,505,915	12,443,298	(937,383)	-7.53%
Public works	1,190,175	1,207,868			1,190,175	1,207,868	(17,693)	-1.46%
Highways and streets	5,453,865	4,744,790			5,453,865	4,744,790	709,075	14.94%
Health and sanitation	373,910	381,760			373,910	381,760	(7,850)	-2.06%
Culture and recreation	1,054,963	850,530			1,054,963	850,530	204,433	24.04%
Airport	2,843,010	1,487,465			2,843,010	1,487,465	1,355,545	91.13%
Economic development	507,760	600,542			507,760	600,542	(92,782)	-15.45%
Interest on long-term debt	163,445	349,980			163,445	349,980	(186,535)	-53.30%
Pension expense	2,648,198	-			2,648,198	-	2,648,198	
Water and sewer			7,875,414	7,399,130	7,875,414	7,399,130	476,284	6.44%
Sanitation			1,726,022	1,733,013	1,726,022	1,733,013	(6,991)	-0.40%
Total Expenses	28,223,126	24,817,536	9,601,436	9,132,143	37,824,562	33,949,679	3,874,883	11.41%
Increase (Decrease) in Net Position	\$ (1,248,170)	\$ (2,320,748)	\$ 1,499,370	\$ 668,493	\$ 251,200	\$ (1,652,255)	\$ 1,903,455	-115.20%

The City's governmental activities continue to be funded primarily by property taxes, which made up only 40% of the total revenues. The other major revenue sources were sales and tourism taxes 28% and grants and contributions 18%. The major expense activities were public safety, highways and streets, airport, general government, and pension expense which comprise 41%, 19%, 10%, 9%, and 9% of total expenses, respectively. The City remains totally committed to providing the services its residents expect and need.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

FUND FINANCIAL ANALYSIS

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

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

As the year ended, the City's governmental funds reported a combined fund balance of \$1,386,901 which is \$853,733 below last year's total of \$2,240,634.

Governmental funds meeting the requirements for being reported as major funds include the General Fund and the Parks & Recreation Fund. The remaining governmental funds were combined and reported as non-major governmental funds. The General Fund had a net change in fund balance of (\$534,858). The previous year saw a net change in fund balance of (\$261,631). The Parks & Recreation Fund had a net change of (\$179,759).

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

Major Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2015, the City amended its General Fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the whole Mayor and City Council for ordinance enactment on the change. The City does not allow budget changes that modify line items within departments without council approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. Revisions in the General Fund decreased budgeted expenditures by \$9,389.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the City had \$227,863,757 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, and water and sewer lines. (See Table 3 following.) This amount represents a net decrease (including additions, deletions, and adjustments) of approximately \$404,675 or 0.18% under the prior year.

(Table 3)

**CAPITAL ASSETS AT YEAR-END
(Net of Accumulated Depreciation)**

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
Land	\$ 85,371,162	\$ 85,256,151	\$ 2,512,541	\$ 2,512,541	\$ 87,883,703	\$ 87,768,692	\$ 115,011	0.131%
Construction in progress	1,349,083	-	370,617	190,657	1,719,700	190,657	1,529,043	801.986%
Infrastructure	84,642,129	85,427,986	26,314,556	27,153,600	110,956,686	112,581,586	(1,624,900)	-1.443%
Buildings & improvements	7,106,785	7,238,390	6,965,872	6,957,102	14,072,657	14,195,492	(122,835)	-0.865%
Mobile and machinery equipment	1,925,390	1,751,755	1,689,302	1,741,828	3,614,692	3,493,583	121,109	3.467%
Furniture & equipment	786,785	697,995	607,646	285,870	1,394,431	983,865	410,566	41.730%
Leased property under capital lease	1,137,165	1,353,772	7,084,723	7,700,785	8,221,888	9,054,557	(832,669)	-9.196%
Totals	\$ 182,318,499	\$ 181,726,049	\$ 45,545,257	\$ 46,542,383	\$ 227,863,757	\$ 228,268,432	\$ (404,675)	-0.18%

The City of Greenville continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlights summarize the major projects for the fiscal year of 2014-2015:

- (1) The construction in progress of \$1,719,700 includes various airport and public works projects involving airport improvements and the City's sewer system construction and repairs.
- (2) Infrastructure investment remains a priority and challenge for City officials. Infrastructure project cost capitalized during the fiscal year include the following:

Street projects financed by grants through the U.S. Department of Transportation Federal Highway Administration passed through the Mississippi Development Authority.

Water & Sewer projects financed by a grant from the U.S. Department of Housing and Urban Development passed through the Mississippi Development Authority and direct financing by the U.S. Environmental Protection Agency.

Airport enhancements and rehabilitation to runways and related areas are financed by a grant through the U.S. Department of Transportation Federal Aviation Administration. This agency will

**CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

finance ninety-five percent (95%) of the cost of rehabilitating the runway and apron. The City of Greenville and the State of Mississippi will share in the remaining five percent of the cost.

Long-term Debt

At year-end, the City had \$16,451,121 in long-term debt outstanding compared to \$17,574,582 last year, a decrease of \$1,123,461. Of the total debt outstanding \$7,632,234 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other major components are notes payable in the amount of \$398,811, capital leases in the amount of \$7,480,462 and compensated absences in the amount of \$939,614.

The following table illustrates the total Long-term Debt of the City of Greenville as of September 30, 2015:

(Table 4)
LONG-TERM DEBT
Outstanding at Year-end

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
General obligation bonds	\$ 4,634,000	\$ 4,600,000	\$ -	\$ -	\$ 4,634,000	\$ 4,600,000	\$ 34,000	0.74%
Other loans	958,779	864,100	2,438,266	3,191,462	3,397,045	4,055,562	(658,517)	-16.24%
Capital leases	1,012,666	1,076,308	6,467,796	6,874,273	7,480,462	7,950,581	(470,119)	-5.91%
Compensated absences	716,618	754,106	222,996	214,333	939,614	968,439	(28,825)	-2.98%
Totals	\$ 7,322,063	\$ 7,294,514	\$ 9,129,058	\$ 10,280,068	\$ 16,451,121	\$ 17,574,582	\$(1,123,461)	-6.39%

More detailed information about the City's long-term liabilities is presented in Note (12) of the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2016 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 59.41 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors 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 any additional information, contact the Chief Administrative Officer or City Clerk, at 340 Main Street or P.O. Box 897, Greenville, MS 38701.

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CITY OF GREENVILLE, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 1,083,060	\$ 2,245,024	\$ 3,328,084
Accounts receivable		1,395,783	1,395,783
Intergovernmental receivable	2,241,081	367,647	2,608,728
Other receivables	1,917,403	16,161	1,933,564
Prepaid expenses	91,559		91,559
Internal balances	33,465	(33,465)	-
Inventory	55,489		55,489
Restricted assets:			
Cash and cash equivalents	40,000	788,466	828,466
Capital assets, net			
Land and construction in progress	86,720,244	2,883,159	89,603,403
Other capital assets, net	95,598,255	42,662,099	138,260,354
Total Assets	187,780,556	50,324,874	238,105,430
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,161,327	734,352	4,895,679
Total Deferred Outflows of Resources	4,161,327	734,352	4,895,679
LIABILITIES			
Accounts payable and accrued expenses	3,343,462	478,604	3,822,066
Accrued interest payable	43,057	43,128	86,185
Liabilities payable from restricted assets:			
Customer deposits	40,000	788,466	828,466
Long-term liabilities:			
Other postemployment benefits payable	339,237	59,162	398,399
Net pension liability	23,782,177	4,196,854	27,979,031
Due within one year:			
Capital related debt	782,471	1,186,974	1,969,445
Due in more than one year:			
Capital related debt	5,822,974	7,719,088	13,542,062
Non-capital related debt	716,618	222,996	939,614
Total Liabilities	34,869,996	14,695,272	49,565,268
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	243,008	42,884	285,892
Total deferred inflows of resources	243,008	42,884	285,892
NET POSITION			
Invested in capital assets, net of related debt	175,713,054	36,639,196	212,352,250
Restricted:			
Expendable:			
Public safety	34,690		34,690
Public works		788,466	788,466
Economic development	4,701		4,701
Airport operation and maintenance	386,701		386,701
Debt service	368,304		368,304
Non-Expendable:			
Inventories	55,489		55,489
Prepaid expense	91,559		91,559
Internal balances	33,465		33,465
Unrestricted	(19,859,084)	(1,106,592)	(20,965,676)
Total Net Position	\$ 156,828,879	\$ 36,321,070	\$193,149,949

The notes to the financial statements are an integral part of this statement.

**CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF ACTIVITIES
September 30, 2015**

	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services		Operating Grants and Contributions	Capital Grants and Contributions	Total
		Charges for Services	Operating Grants and Contributions			
FUNCTIONS/PROGRAMS						
Governmental activities:						
General government	\$ 2,481,885	\$ 652,280			\$ (1,829,605)	\$ (1,829,605)
Public safety	11,505,915	12,412	\$ 40,079	\$ 6,343	(11,447,081)	(11,447,081)
Public works	1,190,175	38,177	35,000	312,177	(804,821)	(804,821)
Highways and streets	5,453,865			723,490	(4,730,375)	(4,730,375)
Health and sanitation	373,910				(373,910)	(373,910)
Culture and recreation	1,054,963	183,807			(871,156)	(871,156)
Airport	2,843,010		18,057	2,940,525	115,572	115,572
Economic development	507,760		157,379		(350,381)	(350,381)
Interest on long-term debt	163,445				(163,445)	(163,445)
Pension expense	2,648,198				(2,648,198)	(2,648,198)
Total governmental activities	28,223,126	886,676	250,515	3,982,535	(23,103,400)	(23,103,400)
Business-type activities:						
Water and sewer	7,875,414	7,987,737		934,334	\$ 1,046,657	1,046,657
Sanitation	1,726,022	2,087,320			361,298	361,298
Total business-type activities	9,601,436	10,075,057	-	934,334	1,407,955	1,407,955
Total primary government	\$ 36,098,540	\$ 8,874,413	\$ 250,515	\$ 4,916,869	(23,103,400)	(21,695,445)
General revenues:						
Property taxes					10,717,774	10,717,774
Sales and tourism tax					7,437,768	7,437,768
Franchise taxes					1,240,127	1,240,127
Rental income					726,066	726,066
Unrestricted interest income				4,345		4,345
Grants and contributions not restricted to specific programs				626,144	90,309	716,453
Other taxes and other income				1,182,330	29,780	1,212,110
Gain (Loss) on sale of capital assets				455,571		455,571
Transfers				(534,895)	(28,674)	(563,569)
Total general revenues and transfers				21,855,230	91,415	21,946,645
Change in net position				(1,248,170)	1,499,370	251,200
Net Position - beginning, as originally reported				176,708,452	38,109,595	214,818,047
Prior Period Adjustments				(18,631,403)	(3,287,895)	(21,919,298)
Net Position - beginning, as restated				158,077,049	34,821,700	192,898,749
Net Position, ending				\$ 156,828,879	\$ 36,321,070	\$ 193,149,949

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The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
September 30, 2015

	<u>Major Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Parks & Recreation Fund</u>		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 469,135		\$ 30,775	\$ 499,910
Receivables:				
Property taxes	131,545	\$ 5,512	20,242	157,299
Fines, net of allowance for doubtful accounts	1,331,326			1,331,326
Franchise Fee	331,337			331,337
Intergovernmental	46,092		2,194,989	2,241,081
Other receivables			97,441	97,441
Due from other funds	776,358			776,358
Prepaid expenses	91,559			91,559
Inventory		6,089		6,089
Restricted assets - cash			40,000	40,000
Total Assets	<u>3,177,352</u>	<u>11,601</u>	<u>2,383,447</u>	<u>5,572,400</u>
<u>LIABILITIES</u>				
Accounts payable and accrued expense	1,250,704	56,871	1,869,055	3,176,630
Due to other funds	192,511	141,057	635,301	968,869
Customer deposits			40,000	40,000
Total Liabilities	<u>1,443,215</u>	<u>197,928</u>	<u>2,544,356</u>	<u>4,185,499</u>
<u>FUND BALANCES</u>				
Non-spendable:				
Inventories		6,089		6,089
Prepaid items	91,559			91,559
Restricted for:				
Public safety			34,690	34,690
Economic development			4,701	4,701
Airport operation and maintenance			386,701	386,701
Debt service			368,304	368,304
Unassigned	1,642,578	(192,416)	(955,305)	494,857
Total Fund Balances	<u>1,734,137</u>	<u>(186,327)</u>	<u>(160,909)</u>	<u>1,386,901</u>
Total Liabilities and Fund Balances	<u>\$ 3,177,352</u>	<u>\$ 11,601</u>	<u>\$ 2,383,447</u>	<u>\$ 5,572,400</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2015

	Amount
Total fund balance - governmental funds	\$ 1,386,901
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 funds, net of accumulated depreciation \$198,303,903	181,065,592
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	
capital debt	(6,605,445)
compensated absences	(676,079)
other postemployment benefits payable	(326,842)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(22,942,805)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	4,014,456
Deferred inflows of resources related to pensions	(234,431)
Interest accrued on long-term liabilities not reported in the governmental fund financial statements.	(43,056)
An internal service fund is used by management to account for and charge the cost of motor pool and other fleet vehicles to individual funds. The assets and liabilities of the internal service fund are reported within governmental activities in the Statement of Net Position.	1,190,588
Total Net Position - Governmental Activities	\$ 156,828,879

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
September 30, 2015

	<u>Major Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Parks & Recreation Fund</u>		
<u>REVENUES:</u>				
Taxes	\$ 9,284,382	\$ 383,026	\$ 1,050,366	\$ 10,717,774
Licenses and permits	158,861			158,861
Intergovernmental:				
Federal grants	44,225		4,081,380	4,125,605
State of Mississippi:				
Grants	25,018		353,529	378,547
General sales tax	6,360,679			6,360,679
Gaming tax	1,077,089			1,077,089
Liquor Licenses	29,650			29,650
Gasoline tax	25,568			25,568
Municipal aid	17,155			17,155
Privilege tax	69,693			69,693
Homestead reimbursement	406,653	17,304	63,594	487,551
Fire protection			187,176	187,176
Other state revenue	25,800			25,800
Charges for services	50,589	183,808		234,397
Franchise tax	1,240,127			1,240,127
Fines and forfeitures	493,419			493,419
Interest income	4,198	9	138	4,345
Rental income	438,869	14,583	272,614	726,066
Other income	318,579	70,665	195	389,439
Contributions	124,891		180,449	305,340
Total revenues:	<u>20,195,445</u>	<u>669,395</u>	<u>6,189,441</u>	<u>27,054,281</u>
<u>EXPENDITURES:</u>				
Current:				
General government	2,498,503		76,401	2,574,904
Public safety	12,349,868		505,083	12,854,951
Public works	1,160,132		37,371	1,197,503
Highways and streets	2,768,341		1,978,513	4,746,854
Health and sanitation	371,114			371,114
Culture and recreation		1,069,558	146,867	1,216,425
Economic development	350,729		157,379	508,108
Airport			3,871,560	3,871,560
Debt service:				
Principal paid	63,642		635,322	698,964
Interest paid	40,316		162,856	203,172
Bond issue cost			78,817	78,817
Total expenditures:	<u>19,602,645</u>	<u>1,069,558</u>	<u>7,650,169</u>	<u>28,322,372</u>
Excess (deficiency of revenues over (under) expenditures	<u>592,800</u>	<u>(400,163)</u>	<u>(1,460,728)</u>	<u>(1,268,091)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Long-term capital debt issued			400,000	400,000
Refunding bonds issued			2,919,000	2,919,000
Sale of capital assets	458,313		10,000	468,313
Transfers in	615,674	220,404	830,672	1,666,750
Transfers out	(2,201,645)			(2,201,645)
Payment to bond refunding escrow agent			(283,060)	(283,060)
Debt service principal - refunding bonds			(2,555,000)	(2,555,000)
Net other financing sources (uses)	<u>(1,127,658)</u>	<u>220,404</u>	<u>1,321,612</u>	<u>414,358</u>
Net change in fund balances	<u>(534,858)</u>	<u>(179,759)</u>	<u>(139,116)</u>	<u>(853,733)</u>
Fund balance , beginning	<u>2,268,995</u>	<u>(6,568)</u>	<u>(21,793)</u>	<u>2,240,634</u>
Fund balance, ending	<u>\$ 1,734,137</u>	<u>\$ (186,327)</u>	<u>\$ (160,909)</u>	<u>\$ 1,386,901</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
September 30, 2015

	Amount
Net changes in fund balances - governmental funds	\$ (853,733)
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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$3,187,861 exceeded depreciation of \$2,288,774.	899,087
The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$3,319,000 exceeds debt repayments of \$3,253,964.	(65,036)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$455,571 and the proceeds from the sale of assets \$468,313 in the current period.	(12,742)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items:	
Compensated absences	42,094
Change in accrued interest on long-term debt	39,727
Other postemployment benefits payable	(108,603)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,648,198)
Recording of contributions made prior and subsequent to the measurement date	1,459,234
Change in net position of governmental activities	\$ (1,248,170)

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Enterprise Fund	Total	Activity Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,877,813	\$ 367,211	\$ 2,245,024	\$ 583,150
Accounts receivable - net of allowance for doubtful accounts	1,297,435	98,348	1,395,783	
Intergovernmental receivables	367,647		367,647	
Due from other funds	25,990		25,990	225,976
Other receivables	16,161		16,161	
Inventory				49,400
Total Current Assets	<u>3,585,046</u>	<u>465,559</u>	<u>4,050,605</u>	<u>858,526</u>
Non-current assets:				
Restricted assets - cash	788,466		788,466	
Capital assets:				
Land and construction in progress	370,618	2,512,540	2,883,158	
Other capital assets, net	42,019,194	642,905	42,662,099	1,252,908
Total Non-Current Assets	<u>43,178,278</u>	<u>3,155,445</u>	<u>46,333,723</u>	<u>1,252,908</u>
Total Assets	<u>46,763,324</u>	<u>3,621,004</u>	<u>50,384,328</u>	<u>2,111,434</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	587,481	146,871	734,352	146,871
Total Deferred Outflows of Resources	<u>587,481</u>	<u>146,871</u>	<u>734,352</u>	<u>146,871</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	346,252	132,352	478,604	166,832
Due to other funds	26,783	32,672	59,455	
Accrued interest payable	43,128		43,128	
Current portion of long-term debt	1,186,974		1,186,974	
Total Current Liabilities	<u>1,603,137</u>	<u>165,024</u>	<u>1,768,161</u>	<u>166,832</u>
Non-current liabilities:				
Other postemployment benefits payable	46,201	12,961	59,162	12,396
Liabilities payable from restricted assets	788,466		788,466	
Net pension liability	3,357,483	839,371	4,196,854	839,372
Capital debt:				
Notes payable	1,673,561		1,673,561	
Capital leases payable	6,045,526		6,045,526	
Non-capital debt:				
Compensated absences	173,314	49,682	222,996	40,540
Total Non-Current Liabilities	<u>12,084,551</u>	<u>902,014</u>	<u>12,986,565</u>	<u>892,308</u>
Total Liabilities	<u>13,687,688</u>	<u>1,067,038</u>	<u>14,754,726</u>	<u>1,059,140</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	34,307	8,577	42,884	8,577
Total Deferred Inflows of Resources	<u>34,307</u>	<u>8,577</u>	<u>42,884</u>	<u>8,577</u>
NET POSITION				
Invested in capital assets, net of related debt	33,483,751	3,155,445	36,639,196	1,252,908
Restricted for:				
Public Works	788,466		788,466	
Unrestricted	(643,407)	(463,185)	(1,106,592)	(62,320)
Total Net Position	<u>\$ 33,628,810</u>	<u>\$ 2,692,260</u>	<u>\$ 36,321,070</u>	<u>\$ 1,190,588</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Enterprise Fund</u> <u>Water & Sewer</u> <u>Fund</u>	<u>Non-Major</u> <u>Enterprise</u> <u>Fund</u>	<u>Total</u>	<u>Activity</u> <u>Internal Service</u> <u>Fund</u>
<u>OPERATING REVENUES:</u>				
Charges for services:				
Water sales	\$ 4,807,860		\$ 4,807,860	
Sewer sales	3,163,423		3,163,423	
Sanitation fees		\$ 2,087,320	2,087,320	
Maintenance fees				\$ 1,897,830
Other Fees	16,454		16,454	
Total Operating Revenues	<u>7,987,737</u>	<u>2,087,320</u>	<u>10,075,057</u>	<u>1,897,830</u>
<u>OPERATING EXPENSES:</u>				
Personal services	1,796,508	517,614	2,314,122	493,002
Contractual services	2,178,257	986,443	3,164,700	228,444
Consumable supplies	591,755	43,839	635,594	953,741
Capital Outlay	246,580		246,580	
Depreciation expense	2,376,458	81,241	2,457,699	131,437
Pension expense	387,541	96,885	484,426	96,886
Total Operating Expenses	<u>7,577,099</u>	<u>1,726,022</u>	<u>9,303,121</u>	<u>1,903,510</u>
Operating Income (Loss)	<u>410,638</u>	<u>361,298</u>	<u>771,936</u>	<u>(5,680)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Intergovernmental grants	1,024,267	376	1,024,643	680
Other income	29,780		29,780	
Interest expenses	(298,315)		(298,315)	
Total Non-operating Revenues (Expenses)	<u>755,732</u>	<u>376</u>	<u>756,108</u>	<u>680</u>
Net Income (Loss) Before Operating Transfers	<u>1,166,370</u>	<u>361,674</u>	<u>1,528,044</u>	<u>(5,000)</u>
<u>OPERATING TRANSFERS:</u>				
Operating Transfers in	531,000	56,000	587,000	5,000
Operating Transfers out	(315,554)	(300,120)	(615,674)	
Net Operating Transfers	<u>215,446</u>	<u>(244,120)</u>	<u>(28,674)</u>	<u>5,000</u>
Change in Net Position	<u>1,381,816</u>	<u>117,554</u>	<u>1,499,370</u>	<u>-</u>
Net Position - Beginning, as originally reported	34,877,310	3,232,285	38,109,595	1,848,167
Prior period adjustment	(2,630,316)	(657,579)	(3,287,895)	(657,579)
Net Position - Beginning, as restated	<u>32,246,994</u>	<u>2,574,706</u>	<u>34,821,700</u>	<u>1,190,588</u>
Net Position - Ending	<u>\$ 33,628,810</u>	<u>\$ 2,692,260</u>	<u>\$ 36,321,070</u>	<u>\$ 1,190,588</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-Type Activities		Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Enterprise Fund	Activity Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers and users	\$ 8,211,483	\$ 2,229,530	
Receipts from internal services			\$ 2,039,583
Payments to employees for services	(1,988,722)	(508,415)	(494,035)
Payments to suppliers for goods and services	(4,326,937)	(1,096,690)	(1,181,217)
Net Cash Provided (Used) by Operating Activities	1,895,824	624,425	364,331
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Operating transfers, net	215,446	(264,120)	5,000
Other receipts	29,781		
Net Cash Provided (Used) by Noncapital Financing Activities	245,227	(264,120)	5,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of property and equipment	(1,672,714)	(75,893)	
Capital grants received	1,223,069	376	680
Principal payments on long-term debt	(1,162,762)		
Interest paid on bonds, loans and capital leases	(301,403)		
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,913,810)	(75,517)	680
Net Increase (Decrease) in Cash and Cash Equivalents	227,241	284,788	370,011
Cash and Cash Equivalents, October 1	2,439,038	82,423	213,139
Cash and Cash Equivalents, September 30	\$ 2,666,279	\$ 367,211	\$ 583,150
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 410,638	\$ 361,298	\$ (5,680)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,376,458	81,241	131,437
Pension expense adjustment	173,994	43,499	43,499
(Increase) decrease in accounts receivable	(377,261)	118,651	
(Increase) decrease in intergovernmental receivable	(283,761)		
(Increase) decrease in interfund receivables			141,752
(Increase) decrease in other receivables	(7,979)		
(Increase) decrease in inventories			(8,611)
Increase (decrease) in accounts payable and accrued expenses	(305,168)	41,418	53,078
Increase (decrease) in interfund payables	(13,030)	(29,047)	
Increase (decrease) in accrued interest payable	(3,088)		
Increase (decrease) in other postemployment benefits payable	15,633	4,403	4,250
Increase (decrease) in customer deposits	(96,313)		
Increase (decrease) in compensated absences	5,701	2,962	4,606
Total adjustments	1,485,186	263,127	370,011
Net Cash Provided (Used) by Operating Activities	\$ 1,895,824	\$ 624,425	\$ 364,331

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
For the Fiscal Year Ended September 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 840,844
Property tax receivable	145,552
Total Assets	986,396
LIABILITIES	
Intergovernmental payables	250,804
Claims and other payables	735,592
Total Liabilities	\$ 986,396

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Greenville (City), located in Washington County, Mississippi, is incorporated under the laws of the State of Mississippi. The City operates under an elected Mayor-Council form of government with a part-time Mayor elected from the City at-large and six part-time Council members (City Council) elected from wards. The City provides the following services to the citizenry: general administration, police and fire protection, public works, culture and recreation, health and welfare, economic and community development, airport services, water, sanitary sewer, and garbage disposal. The primary sources of revenues are property taxes, sales taxes, gaming, and utility billings.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing council. As required by generally accepted accounting principles (GAAP), various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

William Alexander Percy Memorial Library-The City has a joint interest with Washington County, which is the primary oversight agency of the library. The City currently levies a 1.70 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the City 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 constitutes its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental funds and major Enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenue and expenses of Proprietary funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measureable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major governmental fund:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all activities of the general government for which a separate fund has not been established.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

Parks & Recreation Fund - The Parks & Recreation fund is used to account for all monies from specific revenue sources that are restricted for the operation and maintenance of the City's parks and recreational facilities.

The City reports the following major proprietary fund:

Water & Sewer Fund - This fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the city has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Internal Service Fund - The fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City's internal service fund provides fleet and equipment maintenance to the other departments of the City.

FIDUCIARY FUND TYPES

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

E. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.

F. Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

G. Inter-fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Non-current portions of inter-fund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

H. Inventories and Prepaid Items

Inventories in the governmental and enterprise funds consist of expendable supplies held for consumption. These inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of these governmental fund type inventories are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, council resolutions and donor specifications have been reported as restricted assets. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

J. Capital Assets

Capital asset acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, cost have been estimated and the methods of cost estimation, are not readily available. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds and estimated useful lives:

Asset Classification	Capitalization Thresholds	Estimated Useful Life
Land	\$ -0-	N/A
Infrastructure	-0-	20-50 years
Building	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment and machinery	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital lease	*	*

* The leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015**

Deferred outflows related to pensions – This amount represents the City’s proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

L. Pensions

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

M. Long-Term Liabilities

Long-term liabilities are the un-matured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities or Proprietary Funds Statement of Net Position.

Bond issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service proceeds.

N. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or law through constitutional provisions or enabling legislation.

**CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015**

Unrestricted net position - All other net position not meeting the definition of “restricted” or “invested in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as non-spendable, restricted, or unassigned. The following are descriptions of fund classifications used by the City:

Non-spendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

O. Risk Management

The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlement amounts have not exceeded insurance coverage for the current year.

P. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Q. Property Tax Revenues

Numerous statutes exist under which the City may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Washington County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the City by the Washington County Tax Collector each month. The millage rate for the City for the 2014 taxes was 59.41 mills as: 47.00 mills for the general fund, 5.65 mills for the debt service fund, 1.70 mills for library maintenance, 2.00 mills for park maintenance, and 3.06 mills for fire and police disability fund.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

R. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

S. Compensated Absences

Each employee shall earn one (1) working day per month for annual leave during the first 15 years of employment. After 15 years of continuous employment, each employee shall earn one and one-half (1&1/2) days per month for annual leave. An employee must have worked a minimum of six (6) months before being eligible to use vacation time. Vacation time will be computed by using the employee's anniversary date times the number of months worked. Accumulated vacation leave may be carried over from year to year. However, upon an employee's termination of employment with the City of Greenville, no employee shall receive compensation in excess of thirty (30) days.

Any accumulated vacation time in excess of thirty (30) days may be applied as creditable service time through the Public Retirement System. All firefighters working on the 24/48-hour shift are allowed five (5) shift absences per year of employment to be used as approved vacation. After 15 years of continuous employment, each firefighter will be allowed seven (7) shift absences per year of employment to be used as approved vacation.

T. Changes in Accounting Standards

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

NOTE 2: PRIOR PERIOD ADJUSTMENTS

A summary of significant fund equity adjustments is as follows:

Statement of Activities.	Amount
Explanation	
Implementation of GASB 68 & 71 - Governmental Activities	
Net position liability (measurement date)	
Governmental Activities	\$ (18,314,069)
Governmental Activity - Internal Service Fund	(670,027)
Deferred outflows of resources- contributions	
Governmental Activities	340,245
Governmental Activity - Internal Service Fund	12,448
Total prior period adjustments	<u>\$ (18,631,403)</u>
Implementation of GASB 68 & 71 - Business-Type Activities	
Net pension liability (measurement date)	
Enterprise Fund - Water & Sewer	\$ (2,680,108)
Non-Major Enterprise Fund	(670,027)
Deferred outflows of resources- contributions	
Enterprise Fund - Water & Sewer	49,792
Non-Major Enterprise Fund	12,448
Total prior period adjustments	<u>\$ (3,287,895)</u>
Total prior period adjustments	<u><u>\$ (21,919,298)</u></u>

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

<u>Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.</u>	
<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 & 71:	
Net pension liability (measurement date)	
Enterprise Fund - Water & Sewer	\$ (2,680,108)
Non-Major Enterprise Fund	(670,027)
Deferred outflows of resources- contrubtuions	
Enterprise Fund - Water & Sewer	49,792
Non-Major Enterprise Fund	12,448
Total prior period adjustments	<u>\$ (3,287,895)</u>
Implementation of GASB 68 & 71:	
Net pension liability (measurement date)	
Governmental Activity - Internal Service Fund	\$ (670,027)
Deferred outflows of resources- contrubtuions	
Governmental Activity - Internal Service Fund	12,448
Total prior period adjustments	<u>\$ (657,579)</u>

NOTE 3: BUDGET POLICY

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

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Council.
- D. The budget is formally revised during the year and properly amended by the Mayor and City Council.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

**CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015**

NOTE 4: DEPOSITS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2015 was \$4,997,394 and the bank balance was \$5,010,393. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5. Miss Code Annotated (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

NOTE 5: INTER-FUND TRANSACTIONS AND BALANCES

Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Parks & Recreation	\$ 141,057
General Fund	Non-Major Governmental	635,301
Water & Sewer Fund	General Fund	25,990
Internal Service Fund	General Fund	166,521
Internal Service Fund	Water & Sewer Fund	26,783
Internal Service Fund	Sanitation Fund	32,673
TOTAL		\$1,028,325

Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Water & Sewer Fund	\$ 315,554
General Fund	Sanitation	300,120
Major Fund Parks & Recreation	General Fund	220,404
Non-Major Governmental Funds	General Fund	830,672
Water & Sewer Fund	General Fund	531,000
Sanitation	General Fund	56,000
Internal Service Fund	General Fund	5,000
Agency Fund	General Fund	558,569
TOTAL		\$2,817,319

The primary purpose of the transfers was to appropriate gaming revenues in the amount of \$1,415,258 for operations, maintenance, and capital improvements to Major Fund Parks & Recreation (\$150,000), Non-Major Governmental Funds (\$762,258), the Water & Sewer Fund (\$502,000). The remaining balances in

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transfers were a distribution of proceeds from a sale of land in the amount of \$227,819 to Major Fund Parks and Recreation (\$70,404), Non-Major Governmental Funds (\$68,415), Water & Sewer Fund (\$28,000), Sanitation Fund (\$56,000), and Internal Service Fund (\$5,000); transfers from Water & Sewer Fund to General Fund (\$315,554) for operational expenditures and Sanitation Fund to General Fund (\$300,120) for operational expenditures; and General Fund to Agency Fund (\$558,569) for payments related to payroll disbursements.

NOTE 6: RECEIVABLES AND UN-COLLECTIBLES

Governmental Activities

Inter-Governmental Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental and Other receivables at September 30, 2015 include the following:

Description	Amount
Inter-governmental receivable:	
Federal	
Occupant Protection grant	\$ 1,764
Urban Youth grant	35,000
Airport Security	2,985
JAG grant	6,343
Small Community Air Service Development	18,057
FAA projects	2,067,570
Safe Routes to School	18,532
State	
FAA projects and Multi-Modal grants	57,642
TOTAL	\$2,241,081

Other Receivables

Description	Amount
Receivables:	
Property tax	\$ 157,299
Franchise Fees	331,337
Fines, net of allowance for doubtful accounts of \$1,817,742	1,331,326
Other receivable related to Schelben Park	95,318
Other receivable related to bond refunding	2,123
TOTAL	\$1,917,403

Business-type Activities

Significant receivables include amounts due from customers for utility services that are based on monthly cycle billings. The Water, Sewer, and Sanitation accounts receivables of \$1,395,783 are reported net of estimated un-collectibles of \$2,346,212.

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Intergovernmental receivables of \$367,647 consisted of amounts due from the Mississippi Development Authority HUD-CDBG Broadway project (\$13,153), FEMA and MEMA (\$350,338), and the EPA Virden Sewer Project (\$4,156) related to reimbursement for expenses incurred during the fiscal year.

Other receivables of \$16,161 represent amounts due for sales tax (\$5,683) and bank debits and returned checks of (\$10,478).

NOTE 7: RESTRICTED ASSETS

The balance of restricted net asset accounts in the governmental activities and business-type activities funds are as follows:

Description	Governmental Activities	Business-Type Activities
Airport lease deposit	\$ 40,000	
Customer deposits		\$ 788,466
Total	\$ 40,000	\$ 788,466

NOTE 8: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, was as follows:

GOVERNMENTAL ACTIVITIES	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 85,256,151	\$ 115,011			\$ 85,371,162
Construction in progress	-	1,349,083			1,349,083
Total non-depreciable capital assets	<u>85,256,151</u>	<u>1,464,094</u>	-	-	<u>86,720,245</u>
Depreciable capital assets:					
Infrastructure	255,231,215	836,593			256,067,808
Buildings & Improvements	29,610,941	135,479			29,746,420
Mobile and machinery equipment	7,213,914	489,381	63,710		7,639,585
Furniture & equipment	1,833,089	262,314			2,095,403
Leased property under capital lease	1,353,772				1,353,772
Total depreciable capital assets	<u>295,242,931</u>	<u>1,723,767</u>	<u>63,710</u>	<u>-</u>	<u>296,902,988</u>
Less accumulated depreciation for:					
Infrastructure	169,803,228	1,622,450			171,425,678
Buildings & Improvements	22,372,551	267,084			22,639,635
Mobile and machinery equipment	5,462,159	303,004	50,968		5,714,195
Furniture & equipment	1,135,094	173,524			1,308,618
Leased property under capital lease	162,455	54,152			216,607
Total accumulated depreciation	<u>198,935,487</u>	<u>2,420,214</u>	<u>50,968</u>	<u>-</u>	<u>201,304,733</u>
Depreciable capital assets, net	<u>96,307,443</u>	<u>(696,447)</u>	<u>12,742</u>	<u>-</u>	<u>95,598,254</u>
Governmental activities capital assets, net	<u>\$181,563,594</u>	<u>\$ 767,647</u>	<u>\$ 12,742</u>	<u>\$ -</u>	<u>\$182,318,499</u>

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BUSINESS-TYPE ACTIVITIES	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 2,512,541				\$ 2,512,541
Construction in progress	190,657	\$ 179,960			370,617
Total non-depreciable capital assets	<u>2,703,198</u>	<u>179,960</u>	<u>-</u>	<u>-</u>	<u>2,883,158</u>
Depreciable capital assets:					
Infrastructure	346,686,228	1,119,456			347,805,684
Buildings & Improvements	34,772,599	10,283			34,782,882
Mobile equipment	10,704,367	58,531			10,762,898
Furniture & equipment	389,342	400,374			789,716
Leased property under capital lease	7,700,785				7,700,785
Total depreciable capital assets	<u>400,253,321</u>	<u>1,588,644</u>	<u>-</u>	<u>-</u>	<u>401,841,965</u>
Less accumulated depreciation for:					
Infrastructure	319,532,628	1,958,500			321,491,128
Buildings & Improvements	27,815,497	1,513			27,817,010
Mobile equipment	8,962,539	111,057			9,073,596
Furniture & equipment	103,472	78,598			182,070
Leased property under capital lease	308,031	308,031			616,062
Total accumulated depreciation	<u>356,722,167</u>	<u>2,457,699</u>	<u>-</u>	<u>-</u>	<u>359,179,866</u>
Depreciable capital assets, net	<u>43,531,154</u>	<u>(869,055)</u>	<u>-</u>	<u>-</u>	<u>42,662,099</u>
Business-Type activities capital assets, net	<u>\$ 46,234,352</u>	<u>\$ (689,095)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,545,257</u>

Depreciation expense was charged to the governmental functions, as follows:

GOVERNMENTAL ACTIVITIES	Amount
General government	\$ 81,824
Public safety	239,352
Public works	64,918
Highway & streets	1,358,680
Health & Welfare	2,796
Culture & recreation	36,559
Economic Development	15,815
Airport	488,833
Internal Service Fund	131,437
Total governmental activities depreciation	<u>\$ 2,420,214</u>

Depreciation expense was charged to the business-type functions, as follows:

BUSINESS-TYPE ACTIVITIES	Amount
Sewer & Water	\$ 2,376,458
Sanitation	81,241
Total business-type activities depreciation	<u>\$ 2,457,699</u>

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description	Remaining Financial Commitment	Expected Date of Completion
Sewer Projects	Unknown	Unknown

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NOTE 9: CAPITAL LEASES

As Lessee:

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

Classes of Property	Governmental Activities	Business-Type Activities
Building Improvements	\$ 1,353,772	
Water meters and related equipment		\$ 7,700,785
Less: Accumulated depreciation	216,607	616,062
Leased Property Under Capital Leases	\$ 1,137,165	\$ 7,084,723

The following is a schedule by years of the total payments due as of September 30, 2015:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	66,115	37,843	422,270	241,700
2017	68,684	35,274	438,676	225,293
2018	71,352	32,606	455,721	208,249
2019	74,125	29,833	473,427	190,543
2020	77,005	26,953	491,821	172,148
2021-2025	432,296	87,494	2,761,031	558,818
2026-2028	223,090	10,816	1,424,850	69,081
Total	\$ 1,012,666	\$ 260,820	\$ 6,467,796	\$ 1,665,832

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The council administers the City's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The City's health insurance plan may be amended by the City Council. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the City has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. The City does not issue a publicly available financial report for the plan. Effective October 1, 2012, the City implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The City does not issue a publicly available financial report of the Plan.

Funding Policy

Employees' premiums are funded by the City with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The City Council, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the city's health insurance plan.

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Actuarial Valuation

The City's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of September 30, 2015. The plan presently has an actuarial valuation performed bi-annually, in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$179,179 is 2.26 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

		2013	2014	2015
Annual required contribution	\$	173,001	179,179	179,179
Interest on net OPEB obligation		-0-	5,980	5,980
Adjustment to annual required contribution		-0-	(6,294)	(6,294)
Annual OPEB cost		173,001	178,865	178,865
Contributions made		(40,113)	(46,243)	(46,243)
Increase in the net OPEB obligation		132,888	132,622	132,889
Net OPEB obligation – beginning of year		-0-	132,888	265,510
Net OPEB obligation – end of year	\$	132,888	265,510	398,399

The following table provides the city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2015:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB obligation
2013	\$173,001	23.19%	\$132,888
2014	\$178,865	25.85%	\$132,622
2015	\$178,865	25.85%	\$132,889

Funding Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation date:

Actuarial Valuation Date	October 1, 2015
Actuarial Value of Plan Assets (a)	\$-0-
Actuarial Accrued Liability (AAL) Entry Age (b)	\$1,585,809
Unfunded AAL (UAAL) (b-a)	\$1,585,809
Funded Ratio (a/b)	-0-%
Annual Covered Payroll (c)	\$7,942,130
UAAL as a Percentage of Annual Covered Payroll ((b-a)/c)	19.97%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of

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funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	October 1, 2013
Actuarial cost method	Entry Age
Amortization method	30 Year Level Percentage of Pay
Remaining amortization period	Twenty-nine Years
Asset valuation method	Entry Age Normal Method
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	2 % per annum
Healthcare cost trend rate	10% graded down to 5% over 10 years
Ultimate trend rate	5%
Year of ultimate trend rate	2024

NOTE 11: DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. The City of Greenville, 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the

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four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$1,779,564, \$1,770,708 and \$1,631,355, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the City reported a liability of \$27,979,031 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2015, the City's proportion was 0.181 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$3,229,510. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 430,583	
Net difference between projected and actual earnings on investments	1,637,073	
Changes of assumptions	2,410,298	
Changes in the proportion and differences between City contributions and proportionate share contributions	-	\$ 285,891
City Contributions subsequent to the measurement date	417,725	
	\$ 4,895,679	\$ 285,891

\$417,725 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Deferred Outflows/Deferred Inflow Aging:	
Year ending September 30:	Amount
2016	\$ 1,348,603
2017	1,348,603
2018	1,085,589
2019	409,268
2020	-
Total	<u>\$ 4,192,063</u>

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2016, with males' rates set forward one year.

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

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

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

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

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Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Entity's Pension Liability	\$ 36,878,926	27,979,031	\$ 20,593,782

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 12: LONG-TERM DEBT

The City's long-term debt is made up of general obligation bonds, notes payable, capital leases and compensated absences. General obligation bonds are direct obligations, and are backed by the full faith and credit of the City. The City also incurs debt in the form of various notes payable and capital leases which are to be repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation bonded indebtedness in the amount which will exceed 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water, and sewerage systems, gas and light and power purposes and for construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Section 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

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The margin for additional debt under the above debt limits as of September 30, 2015 is approximately:

<u>15% Limit</u>	<u>20% Limit</u>
\$23,002,845	\$33,214,538

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
<u>A. General Obligation Bonds:</u>			
Series 2007-Street Bond	185,000	5.00	04-2017
Series 2008-Street Bond	275,000	3.750 to 5.125	10-2018
Series 2010-Street Bond	1,255,000	3.000 to 4.150	05-2022
Series 2015-Refunding Bond	2,919,000	1.538 to 2.634	04-2028
Total General Obligation Bonds	4,634,000		
<u>B. Other Loans</u>			
GO Note-Breathing Apparatus	28,485	1.94	07-2016
GO Note-Equipment & Expenses	610,301	1.51	09-2018
GO Note-E One Fire Pumper Truck	319,993	1.77	04-2019
Total Other Loans	958,779		
<u>C. Capital Leases:</u>			
Energy Project-Siemens	1,012,666	3.83	10-2028
Total Capital Leases	1,012,666		
Business-Type Activities:			
<u>A. Other Loans</u>			
State Revolving-C280767-07	370,326	1.75	03-2030
GO Note-SRF Refunding	2,067,940	1.51	06-2018
Total Other Loans	2,438,266		
<u>C. Capital Leases:</u>			
Energy Project-Siemens	6,467,796	3.83	10-2028
Total Capital Leases	\$ 6,467,796		

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The annual debt service requirements of long-term debt of September 30, 2015 are as follows:

Governmental Activities:

Year Ending September 30.	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	410,000	117,018	306,355	15,169
2017	397,000	125,390	282,560	9,927
2018	412,000	110,073	287,331	5,156
2019	431,000	95,503	82,533	1,750
2020	440,000	82,923		
2021-2025	1,781,000	227,785		
2026-2030	763,000	36,091		
Totals	<u>\$ 4,634,000</u>	<u>\$ 794,784</u>	<u>\$ 958,779</u>	<u>\$ 32,002</u>

Business-Type Activities:

Year Ending September 30,	Other Loans	
	Principal	Interest
2016	764,704	32,404
2017	776,386	20,721
2018	595,962	9,102
2019	23,855	5,081
2020	24,276	4,660
2021-2025	127,956	16,722
2026-2030	125,127	12,365
Totals	<u>\$ 2,438,266</u>	<u>\$ 101,054</u>

Advance Refunding - On August 3, 2015, the City issued \$2,919,000 in general obligation refunding bonds with an average interest rate of 2.454% to advance refund \$2,555,000 of the following outstanding bond issue(s):

Issue	Average Interest Rate	Outstanding Amount Refunded
Series 2007-Street Bond	5.000%	\$ 1,275,000
Series 2008-Street Bond	5.256%	\$ 1,280,000

The City advance refunded the above bonds to reduce its total debt service payments over the next 13 years by almost \$200,667 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$162,906.

The Series 2007 and 2008 Street Bonds had an outstanding balance of \$3,015,000 at the time of refunding, but only \$2,555,000 of the bond was refunded, leaving a remaining principal balance of \$460,000, of which \$0 was redeemed during fiscal year 2015.

The net proceeds of \$2,919,000 (after payment of \$78,817 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for \$2,555,000 future debt service payments on the bonds with the City responsible for the remaining \$460,000. As a result, \$2,555,000 of those bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 754,106		\$ 37,488	\$ 716,618	
General obligation bonds	4,600,000	\$ 2,919,000	2,885,000	4,634,000	\$ 410,000
Other Loans	864,100	400,000	305,321	958,779	306,356
Capital leases	1,076,308		63,642	1,012,666	66,115
Total	7,294,514	3,319,000	3,291,451	7,322,063	782,471
Business-Type Activities:					
Compensated absences	214,333	8,663		222,996	
Other Loans	3,191,462		753,196	2,438,266	764,704
Capital leases	6,874,273		406,477	6,467,796	422,270
Total	\$ 10,280,068	\$ 8,663	\$ 1,159,673	\$ 9,129,058	\$ 1,186,974

Compensated absences will be paid from the fund in which the employees' salaries were paid, which are generally the General Fund, Major Fund Parks & Recreation, Non-Major Governmental Funds, Water & Sewer Funds, Sanitation Fund, and Internal Service Fund.

NOTE 13: DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

Fund	Deficit Amount
2010 Street Bond Fund	\$ (637,401)
STIP Fund	(487,134)
Major Fund Parks & Recreation	(186,327)
Municipal Improvement	(132,949)
Library	(36,539)
Solid Waste Assistance Grant	(8,371)
Drug Fund	\$ (2,063)

NOTE 14: CONTINGENCIES

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. The following contingency warranted additional disclosure:

On March 29, 2013, the City received notice from the United States Environmental Protection Agency (EPA) and the Mississippi Department of Environmental Quality (MDEQ). The notice advised the City of an investigation of alleged instances of unauthorized discharges of sanitary sewer wastewater and other shortcomings regarding its wastewater treatment plant and collection system.

**CITY OF GREENVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2015**

From that date, and until December 30, 2015, the City, with the aid of engineering and legal professionals, engaged with the EPA, United States Department of Justice (DOJ) and MDEQ in extensive discussions, document generation and production, preliminary planning, development and tentative remediation programs to address the alleged deficiencies in the wastewater collection and treatment systems.

On December 30, 2015, the parties having successfully negotiated an agreement that covers most of the work/remediation that will be undertaken by the City, the Greenville City Council executed a "Partial Consent Decree." That Decree was subsequently executed by the EPA, DOJ, and MDEQ. It was filed in the U. S. District Court for the Northern District of Mississippi in Greenville, and was subsequently signed and entered by U.S. District Court Judge Debra Brown on May 4, 2016. Under this Consent Decree, the City will perform evaluation, planning and construction/repair projects to the sanitary sewer system over a period of six years estimated to cost approximately \$21,500,000. At the mid-point of this process, the parties will review studies that will have been performed on additional portions of the City's sewer system, and determine whether additional work will be required. The question whether the EPA/DOJ will attempt to assess penalties against the City has been deferred, and will not rise again until approximately 2019-2020. We feel no financial provision should be entered in the financial statements at this time.

Regarding other legal proceedings, it is not possible at the present time to estimate the ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

NOTE 15: SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Greenville evaluated the activity of the City through June 22, 2016, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
12-02-2015	1.73%	\$	1,500,000	Promissory Note	Ad valorem Taxes
01-06-2016	1.77%		415,000	Promissory Note	Ad valorem Taxes
10-03-2014	1.75%		4,072,125	WPCRLF Loan	Sales Taxes
07-22-2015	1.75%	\$	490,236	WPCRLF Loan	Sales Taxes

CITY OF GREENVILLE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

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City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 9,583,543	\$ 9,284,382	\$ 9,284,382	\$ -
Licenses, Permits & Franchise Fees	1,350,000	1,468,681	1,468,681	-
Grants & Intergovernmental	7,547,810	8,003,648	8,003,648	-
Fines and Forfeits	436,100	493,419	493,419	-
Rental	435,000	438,869	438,869	-
Miscellaneous Revenues	712,727	905,981	905,981	-
Charges for Services	37,000	50,589	50,589	-
Total Revenues	20,102,180	20,645,569	20,645,569	-
EXPENDITURES:				
General Government				
Personal services	1,285,191	1,278,979	1,278,979	-
Other services and charges	930,047	903,275	903,275	-
Supplies	118,969	173,222	173,222	-
Capital outlay	131,000	129,555	129,555	-
Total general government	2,465,207	2,485,031	2,485,031	-
Public Safety				
Police Department				
Personal services	5,540,261	5,670,642	5,670,642	-
Other services and charges	1,939,286	1,998,781	1,998,781	-
Supplies	67,296	65,137	65,137	-
Capital outlay	92,650	98,709	98,709	-
Total Police Department	7,639,493	7,833,269	7,833,269	-
Fire Department				
Personal services	4,164,325	4,059,256	4,059,256	-
Other services and charges	323,409	319,458	319,458	-
Supplies	44,500	44,755	44,755	-
Capital Outlay	27,145	26,220	26,220	-
Total Fire Department	4,559,379	4,449,689	4,449,689	-
Total Public Safety	12,198,872	12,282,958	12,282,958	-
Public Works				
Personal services	709,055	654,949	654,949	-
Other services and charges	311,714	269,388	269,388	-
Supplies	37,012	64,886	64,886	-
Capital outlay	13,573	13,110	13,110	-
Total Public Works	1,071,354	1,002,333	1,002,333	-
Highways and Streets				
Personal services	1,005,865	921,932	921,932	-
Other services and charges	1,355,235	1,416,562	1,416,562	-
Supplies	456,850	442,015	442,015	-
Capital outlay	-	2,700	2,700	-
Total Highways and Streets	2,817,950	2,783,209	2,783,209	-

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<u>EXPENDITURES CONTINUED:</u>				
Health & Welfare				
Other services and charges	372,700	369,768	369,768	-
Supplies	750	1,111	1,111	-
Capital outlay	-	235	235	-
Total Health & Welfare	373,450	371,114	371,114	-
Economic Development				
Personal services	249,204	250,970	250,970	-
Other services and charges	260,246	251,720	251,720	-
Supplies	5,470	5,029	5,029	-
Total Economic Development	514,920	507,719	507,719	-
Debt Service				
Principal paid	63,642	63,629	63,629	-
Interest paid	40,316	40,329	40,329	-
	103,958	103,958	103,958	-
Total Expenditures	19,545,711	19,536,322	19,536,322	-
Excess of Revenues over (under) Expenditures	556,469	1,109,247	1,109,247	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in (out)				
transfers in	637,674	637,674	637,674	-
transfers (out)	(1,460,258)	(1,688,076)	(1,688,076)	-
Total other financing sources (uses)	(822,584)	(1,050,402)	(1,050,402)	-
Net Change in Fund Balance	(266,115)	58,845	58,845	-
Fund Balances - Beginning	(1,460,624)	4,777,979	4,777,979	-
Fund Balances - Ending	\$ (1,726,739)	\$ 4,836,824	\$ 4,836,824	\$ -

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Major Fund Parks & Recreation
For the Fiscal Year Ended September 30, 2015

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 390,266	\$ 383,026	\$ 383,026	\$ -
Grants & Intergovernmental	15,000	17,304	17,304	-
Rental	14,000	14,583	14,583	-
Miscellaneous Revenues	70,004	70,674	70,674	-
Charges for Services	253,685	183,807	183,807	-
Total Revenues	742,955	669,394	669,394	-
EXPENDITURES:				
Parks & Recreation				
Personal services	520,330	541,430	541,430	-
Other services and charges	153,668	172,857	172,857	-
Supplies	179,213	157,693	157,693	-
Capital outlay	158,979	197,579	197,579	-
Total Expenditures	1,012,190	1,069,559	1,069,559	-
Excess of Revenues over (under) Expenditures	(269,235)	(400,165)	(400,165)	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
transfers in	150,000	220,404	220,404	-
transfers (out)	-	-	-	-
Total other financing sources (uses)	150,000	220,404	220,404	-
Net Change in Fund Balance	(119,235)	(179,761)	(179,761)	-
Fund Balances - Beginning	(59,997)	(43,003)	(43,003)	-
Fund Balances - Ending	\$ (179,232)	\$ (222,764)	\$ (222,764)	\$ -

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of Funding Progress – Other Postemployment Benefits
For the Fiscal Year Ended September 30, 2015

City of Greenville - Schedule of Funding Progress – Other Postemployment Benefits - September 30, 2015

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)
2013-2014	0%	\$1,471,379	\$1,471,379
2014-2015	0%	\$1,585,809	\$1,585,809

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The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Fiscal Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.181%	0.184%
City's proportionate share of the net pension liability (asset)	\$ 27,979,031	\$ 22,334,231
City's covered-employee payroll	\$ 11,281,090	\$ 11,205,833
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	248.02%	199.31%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of City Contributions - Pension
Last 10 Fiscal Years*
For the Fiscal Year Ended September 30, 2015

	2015
Contractually required contribution	\$ 1,776,772
Contributions in relation to the contractually required contribution	1,776,772
Contribution deficiency (excess)	-
 City's covered-employee payroll	\$ 11,281,090
 Contributions as a percentage of covered-employee payroll	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2015
UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and the Parks & Recreation Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

Governmental Fund Type	General Fund
Budget (Cash Basis)	\$ 58,845
Increase (Decrease)	
Net adjustments for revenue accruals	(13,812)
Net adjustments for expense accruals	(579,891)
Net Change in Fund Balance - GAAP Basis	<u>\$ (534,858)</u>

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CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2015
UNAUDITED

Governmental Fund Type	Major Fund Parks and Recreation
Budget (Cash Basis)	\$ (179,761)
Increase (Decrease)	
Net adjustments for revenue accruals	-
Net adjustments for expense accruals	-
Net Change in Fund Balance - GAAP Basis	<u>\$ (179,761)</u>

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

Pension Schedules

A. Changes in benefit terms

No none changes were noted.

B. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

CITY OF GREENVILLE, MISSISSIPPI

SUPPLEMENTAL INFORMATION

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2015

Federal Agency/ Pass-Through Entity/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-Through Programs:			
Passed-through Mississippi Development Authority			
Community Development Block Grants/States Program			
Canal #9 Project	14.228	GV-350-199-01	282,548
Broadway - Phelps to Nelson Project	14.228	1127-10-198-PF-01	327,884
Total Community Development Block Grants/States Program			<u>610,432</u>
Home Investment Partnership Program	14.239	M12-SG-280-10977	157,379
Total Department of Housing and Urban Development			<u>767,811</u>
U.S. Department of Justice			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	2009-RKWX0515	11,042
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0901	6,343
Total Department of Justice			<u>17,385</u>
U.S. Department of Transportation			
Direct Programs:			
Airport Improvement Program	* 20.106	3-28-0027-032-2014	2,829,502
Payments for Small Community Air Service Development	20.930	FAIN 2013-0120-0041	18,057
Pass-Through Programs:			
Passed-through the Mississippi Department of Public Safety			
State and Community Highway Safety	20.600	15-OP-212-1	3,909
Passed-through the Mississippi Department of Transportation			
Highway Planning and Construction			
Bowman Blvd.	20.205	LPA-106724-701000	484,281
Sidewalks-Armstrong	20.205	LPA-106410-401000	239,209
Total Highway Planning and Construction			<u>723,490</u>
Surface Transportation-Discretionary Grants for Capital Investment.	20.932	LPA-106845-304000	35,000
Total Department of Transportation			<u>3,609,958</u>
U.S. Environmental Protection Agency			
Direct Programs			
ARRA-Brownfields Assessment and Cleanup			
Cooperative Agreements	* 66.818	OOD11113	312,177
Congressionally Mandated Projects	66.202		23,577
Total Environmental Protection Agency			<u>335,754</u>
U.S. Department of Homeland Security			
Direct Programs			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS01-04-A-LEF-295	25,127
Pass-Through Programs:			
Passed-through the Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	HMGP-1604-76	300,324
Total Department of Homeland Security			<u>325,451</u>
Total Expenditures of Federal Awards			<u>\$ 5,056,359</u>

* Denotes Major Federal Award Program

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CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2015

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of the City of Greenville, Mississippi and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the governmental fund financial statements.

CITY OF GREENVILLE, MISSISSIPPI

OTHER INFORMATION

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
September 30, 2015

Name	Position	Bond Amount	Expiration Date	Surety Company
John H. Cox, III	Mayor	100,000	1/1/2016	C N A Surety
Tommy L. Benson, III	Council Member	100,000	1/1/2016	C N A Surety
Lois Hawkins	Council Member	100,000	1/1/2016	C N A Surety
Carolyn Weathers	Council Member	100,000	1/1/2016	C N A Surety
Betty Watkins	Council Member	100,000	1/1/2016	C N A Surety
Ann Hollowell	Council Member	100,000	1/1/2016	C N A Surety
Errick Simmons	Council Member	100,000	1/1/2016	C N A Surety
Amelia D. Wicks	City Clerk	100,000	Indefinite	C N A Surety
Lisa Cain	Accounting Clerk	50,000	Indefinite	C N A Surety
Janice Caswell	Deputy Court Clerk	50,000	Indefinite	C N A Surety
Celestine Humes	Accounting Clerk	50,000	Indefinite	C N A Surety
Shakaria Davis	Legal Secretary	50,000	Indefinite	C N A Surety
Martha Harris	Privilege License Clerk	50,000	Indefinite	C N A Surety
Jessie Whitley	Utility Manager	50,000	Indefinite	C N A Surety
Mary Ann Taylor	Utility Clerk	50,000	Indefinite	C N A Surety
Brenda Marsalis	Utility Clerk	50,000	Indefinite	C N A Surety
Ella Jean Reynolds	Utility Clerk	50,000	Indefinite	C N A Surety
Rita Milton	Utility Clerk	50,000	Indefinite	C N A Surety
Jacqueline Brown	Utility Clerk	50,000	Indefinite	C N A Surety
Keandra Anderson	Utility Clerk	50,000	Indefinite	C N A Surety
Gwanda Suber	Municipal Court Clerk	50,000	Indefinite	C N A Surety
Cynthia Stevens	Deputy Court Clerk	50,000	Indefinite	C N A Surety
Lenora Morey	Adm. Asst./Deputy Ct. Clk	50,000	Indefinite	C N A Surety
Priscilla Bush	Deputy Court Clerk	50,000	Indefinite	C N A Surety
Kenyotta Lee	Deputy Court Clerk	50,000	Indefinite	C N A Surety
Ennissica Hibler	Court Clerk II	50,000	Indefinite	C N A Surety
Freddie Cannon	Police Chief	50,000	Indefinite	C N A Surety
Delando Wilson	Asst. Police Chief	50,000	Indefinite	C N A Surety
Danny Graise	Police Captain	50,000	Indefinite	C N A Surety
Dycia Ayers	Adm. Assistant	50,000	Indefinite	C N A Surety
Cynthia Willis	Adm. Assistant	50,000	Indefinite	C N A Surety
Nakia Williams-Hunter	Police Data Processing Clerk	50,000	Indefinite	C N A Surety
Asley D. Smith	Police Records Clerk	50,000	Indefinite	C N A Surety
Joanna Gardner	Police Records Clerk	50,000	Indefinite	C N A Surety
Rosa F. Matthews	Police Records Clerk	50,000	Indefinite	C N A Surety
Veronica Johnson	Police Records Clerk	50,000	Indefinite	C N A Surety
Khirya Page	Police Records Clerk	50,000	Indefinite	C N A Surety
Jessica Bailey	Police Records Clerk	50,000	Indefinite	C N A Surety
Carolyn Sheperd	Police Records Clerk	50,000	Indefinite	C N A Surety
Katrina Ingram	Police Records Clerk	50,000	Indefinite	C N A Surety
Alexis Harris	Police Records Clerk	50,000	Indefinite	C N A Surety
Cathy Drayton	Police Records Manager	50,000	Indefinite	C N A Surety
Christopher S. Ace	Police Special Operations	50,000	Indefinite	C N A Surety
Kenneth Redfield	Police Special Operations	50,000	Indefinite	C N A Surety
Jerome Jackson	Police Special Operations	50,000	Indefinite	C N A Surety
Cassandra McMiller	Airport Executive Assistant	50,000	Indefinite	C N A Surety
Corey Holmes	Parks Director	50,000	Indefinite	C N A Surety
Ervin Thomas	Parks/Recr. Supervisor	50,000	Indefinite	C N A Surety
Nathaniel Watkins, Jr.	Parks/Recr. Supervisor	50,000	Indefinite	C N A Surety
Jake Perry	Parks/Recr. Supervisor	50,000	Indefinite	C N A Surety
Eugene Palmer	Parks/Recr. Supervisor	50,000	Indefinite	C N A Surety
Sidney Lee Sipes	Golf Course Supervisor	50,000	Indefinite	C N A Surety
Chontina Jarmon	Administrative Assistant	50,000	Indefinite	C N A Surety
Milton Davenport	Fleet Vehicle Manager	50,000	Indefinite	C N A Surety
Brad Jones	Public Works Director	50,000	Indefinite	C N A Surety
Bridgett Winters	Adm. Assistant	50,000	Indefinite	C N A Surety
Teresa Kingdom	Human Resources Dir.	50,000	Indefinite	C N A Surety
LaToya Holmes	Adm. Assistant	50,000	Indefinite	C N A Surety
Thomas Haynes	Adm. Assistant	50,000	Indefinite	C N A Surety
Ruben Brown	Fire Chief	50,000	Indefinite	C N A Surety
Tawanna Haynes	Adm. Assistant	50,000	Indefinite	C N A Surety
Carlton Williams	Planning/Zoning Dir.	50,000	Indefinite	C N A Surety
Eric Jackson	Planning Clerk II	50,000	Indefinite	C N A Surety
William Coppage	Executive Assit. to the Mayor	50,000	Indefinite	C N A Surety

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2014 TAX ROLLS
For the Fiscal Year Ended September 30, 2015

	Tax		
Assessments - 2014 Tax Rolls	Assessed Valuation	Ad Valorem	
Real Property	\$122,773,564		
Personal Property	31,660,916		
Auto and Mobile Home	25,346,698		
Public Utility	24,452,682		
Total Assessed Valuation	204,233,860		
Total Ad Valorem Tax @ 59.41 Mills	12,133,534		
Less: Homestead Exemption Credit	\$ 872,794		
Net Ad Valorem Taxes		\$ 11,260,740	
Other Collections:			
Actual Homestead Reimbursements		514,027	
Prior Year Tax Collections		64,106	
Penalties and Interest on Delinquent Taxes		63,248	
Deductions:			
Washington County Tax Collector's Commission		(118,292)	
Total Ad Valorem Taxes to be Accounted For		\$ 11,783,828	
Collections:			
Allocated to: Fund #	Taxes	Homestead	Total
General Fund 001	8,809,944	406,653	9,216,597
Parks 100	380,583	17,304	397,887
Library 103	311,633	14,709	326,342
Debt Service 200	1,054,699	48,885	1,103,584
Fire & Police Pension 600	572,483	26,476	598,959
	11,129,342	514,027	11,643,369
Balance Represented by:			
Unpaid realty & unaccounted for under (over) collections			140,459
Total Ad Valorem Taxes Accounted for			\$ 11,783,828

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CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2014 TAX ROLLS (Cont'd)
For the Fiscal Year Ended September 30, 2015

Tax millage levies for the current fiscal year (tax year 2014) were as follows:

<u>Fund</u>	<u>Millage</u>	<u>Purpose</u>
General	47.00	General Current Expenditures & Maintenance
Parks	2.00	Park Current Expenditures & Maintenance
Library	1.70	Library Current Expenditures & Maintenance
Bond & Interest	5.65	General City Obligation Bonds & Interest
Fire & Police Disability	3.06	Fire & Police Disability Fund
Total Tax Levy	<u>59.41</u>	

Ad Valorem tax collections were found to be under the limitations of Sections 27-39-320 to 27-39-329, Miss. Code annotated (1972), as follows:

\$ 11,202,677 Base 2013-2014	\$ 11,129,342 Taxes collected 2014 - 2015
1,011,757 Less: Applicable to Debt Service	1,054,699 Less: Applicable to Debt Service
10,190,920	10,074,643
1,019,092 10 % Increase	514,027 Homestead Exemption
	48,885 Less: Applicable to Debt Service
	465,142
	670,227 Under (Over) Limitation
<u>\$ 11,210,012</u>	<u>\$ 11,210,012</u>

**CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2015**

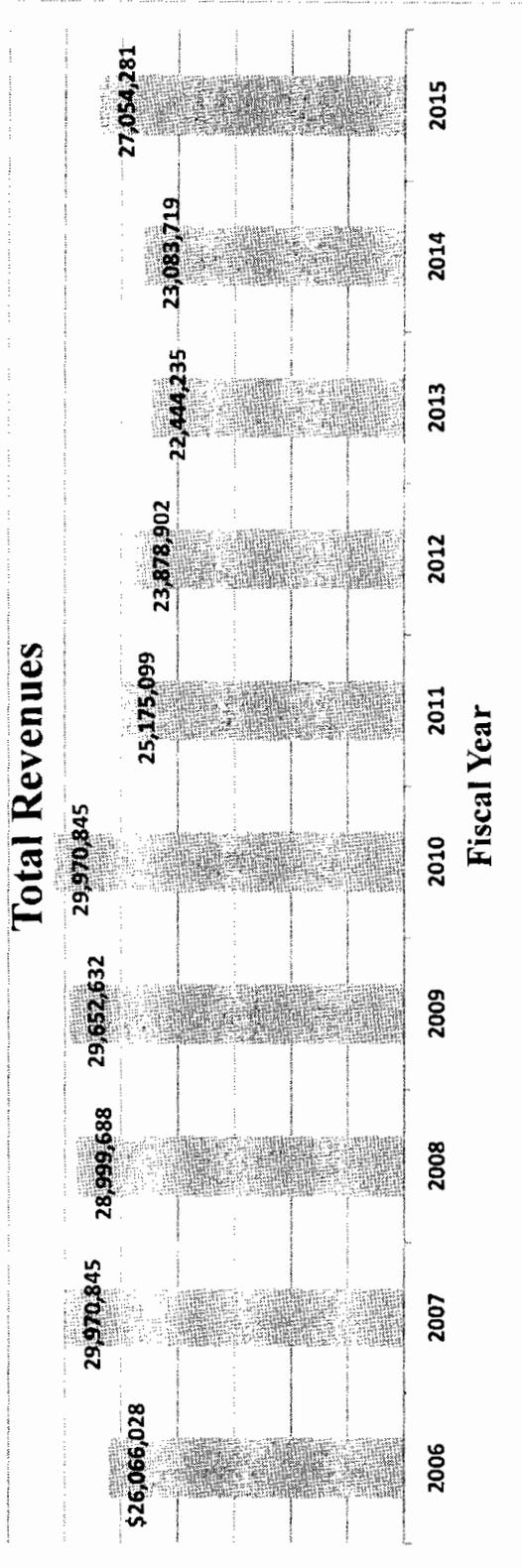
Description	Issue Date	Balance 09/30/14	Issued	Paid	Balance 09/30/15	Amount Due	
						2016	Remaining Years
General Obligation Bonds							
Series 2007-Street Bond	05/10/07	1,550,000		1,365,000	\$ 185,000	\$ 90,000	\$ 95,000
Series 2008-Street Bond	08/22/08	1,640,000		1,365,000	275,000	90,000	185,000
Series 2010-Street Bond	05/18/10	1,410,000		155,000	1,255,000	160,000	1,095,000
Series 2015-Refunding Bond	07/29/15		2,919,000		2,919,000	70,000	2,849,000
		4,600,000	2,919,000	2,885,000	4,634,000	410,000	4,224,000
Other Loans							
E One Fire Pumper Truck	10/13/14		400,000	80,007	319,993	77,499	242,494
Breathing Apparatus	11/17/11	56,428		27,943	28,485	28,485	
State Revolving-C280767-07	09/01/10	392,568		22,242	370,326	22,636	347,690
GO Note - Parks, Equipment & Expenses	07/26/13	807,672		197,371	610,301	200,372	409,929
SRF Refunding Note	07/01/13	2,798,894		730,954	2,067,940	742,068	1,325,872
		4,055,562	400,000	1,058,517	3,397,045	1,071,060	2,325,985
Capital Leases							
Energy Project - Siemens	09/28/11	7,950,581		470,119	7,480,462	488,385	6,992,077
		7,950,581	-	470,119	7,480,462	488,385	6,992,077
Other							
Compensated Absences		968,439	-	28,825	939,614		
Total Long Term Debt		\$17,574,582	\$ 3,319,000	\$ 4,442,461	\$16,451,121	\$ 1,969,445	\$ 13,542,062

CITY OF GREENVILLE, MISSISSIPPI

STATISTICAL INFORMATION

CITY OF GREENVILLE, MISSISSIPPI
GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Fines, Fees, Licenses & Permits					Charges for Services	Rental Income	Miscellaneous		Total Revenues
	Taxes	Licenses & Permits		Intergovernmental	Operating					
2006	\$ 19,594,891	\$ 987,644	\$ 3,748,990	\$ 119,420	\$ 989,999	\$ 625,084	\$ 26,066,028			
2007	20,002,165	1,058,395	7,092,662	214,207	991,248	612,168	29,970,845			
2008	20,456,307	819,561	4,313,548	1,800,169	975,112	634,991	28,999,688			
2009	20,353,656	1,229,088	5,349,737	1,628,402	755,341	336,408	29,652,632			
2010	21,150,238	904,484	6,500,612	1,444,171	792,144	253,358	31,045,007			
2011	18,787,050	613,631	4,166,620	428,614	1,122,068	57,116	25,175,099			
2012	19,084,941	578,489	2,516,825	370,793	1,163,941	163,913	23,878,902			
2013	19,174,001	511,212	1,110,746	396,869	1,077,206	174,201	22,444,235			
2014	19,870,163	647,199	1,062,572	387,913	968,035	147,837	23,083,719			
2015	19,978,481	681,930	4,547,107	421,573	726,066	699,124	27,054,281			
Total	198,451,893	8,031,633	40,409,419	7,212,131	9,561,160	3,704,200	\$194,788,201			

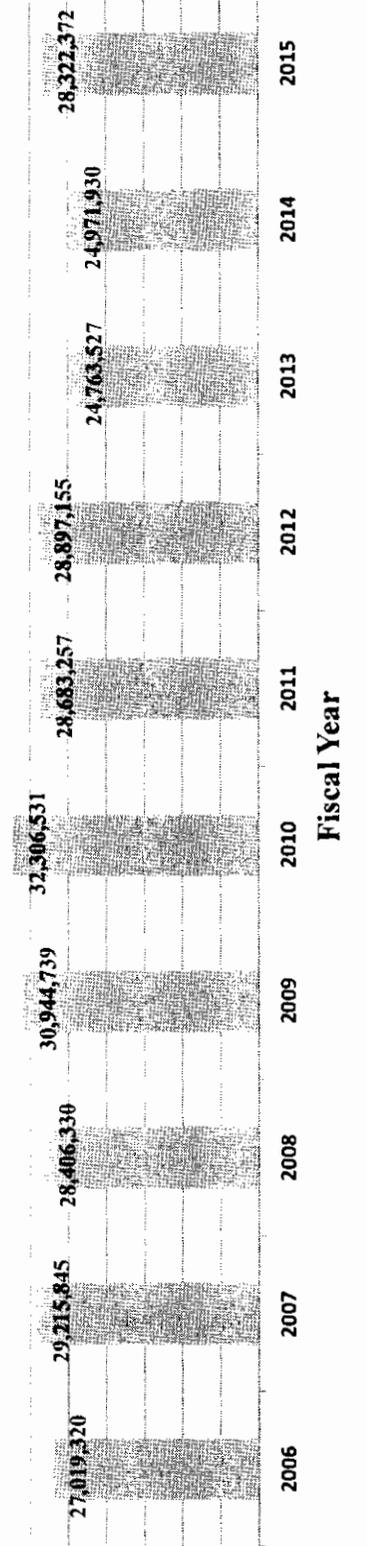


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**CITY OF GREENVILLE, MISSISSIPPI
GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Works	Health and Sanitation	Culture & Recreation		Debt Service	Capital Projects	Total Expenditures
					Economic Dev.	Airport			
2006	3,638,460	10,988,887	2,783,994	230,372	1,412,519	918,383	4,778,508	2,268,197	27,019,320
2007	4,214,847	9,330,734	2,766,475	294,000	976,621	845,796	8,369,502	2,217,870	29,215,845
2008	4,611,672	11,485,695	3,217,079	294,000	853,053	932,049	4,978,769	2,034,013	28,406,330
2009	3,859,020	12,788,587	2,067,676	294,000	863,524	999,319	6,447,273	3,625,340	30,944,739
2010	3,992,895	12,475,008	2,179,984	294,000	797,337	886,164	8,073,127	3,608,016	32,306,531
2011	2,149,415	11,366,152	5,913,414	471,404	1,147,114	4,361,606	-	3,274,152	28,683,257
2012	3,721,217	12,080,985	6,199,009	356,578	1,379,192	1,441,853	-	3,718,321	28,897,155
2013	2,203,438	11,737,899	4,366,970	365,428	1,198,444	1,285,770	-	3,605,578	24,763,527
2014	2,615,769	12,437,763	5,229,729	378,964	1,481,318	1,081,980	-	1,746,407	24,971,930
2015	2,574,904	12,854,951	5,944,357	371,114	1,724,533	3,871,560	-	980,953	28,322,372
Total	\$33,581,637	\$117,546,661	\$40,668,687	\$3,349,860	\$11,833,655	\$16,624,480	\$32,847,179	\$27,078,847	\$205,473,177

Total Expenditures



**CITY OF GREENVILLE, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Date of Issue	Description	Total Outstanding G/O Debt	Bonds/Notes Subject To 15% Limitation	Bonds/Notes Subject To 20% Limitation
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>				
05/10/07	Series 2007-Street Bond	\$ 185,000	\$ 185,000	\$ 185,000
08/22/08	Series 2008-Street Bond	275,000	275,000	275,000
05/18/10	Series 2010-Street Bond	1,255,000	1,255,000	1,255,000
07/29/15	Series 2015-Refunding Bond	2,919,000	2,919,000	2,919,000
07/03/13	SRF Refunding-GO Note	2,067,940	2,067,940	2,067,940
07/26/13	Parks & Equipment-GO Note	610,301	610,301	610,301
10/13/14	E One Fire Pumper Truck-GO Note	319,993	319,993	319,993
	Total Outstanding General Obligation Debt	<u>7,632,234</u>	<u>7,632,234</u>	<u>7,632,234</u>
<u>AUTHORIZED DEBT LIMIT:</u>				
	Assessed Value for the fiscal year ended September 30, 2015	204,233,860	30,635,079	40,846,772
	Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>7,632,234</u>	<u>7,632,234</u>
	Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 23,002,845</u>	<u>\$ 33,214,538</u>

LIMITATION OF INDEBTEDNESS - SECTION 21-33-303 AS AMENDED

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

CITY OF GREENVILLE, MISSISSIPPI

SPECIAL REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Greenville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2015-001 and 2015-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Also, we noted certain matters that we reported to the management of the City of Greenville, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 22, 2016, included within this document.

The City of Greenville's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016



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

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Greenville, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Greenville, Mississippi's major federal programs for the year ended September 30, 2015. The City of Greenville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the City of Greenville, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenville, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Federal Program

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

In our opinion, Greenville, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Greenville, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Greenville, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 22, 2016



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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Mississippi, as of and for the fiscal year ended September 30, 2015, which collectively comprise the City of Greenville, Mississippi's basic financial statements and have issued our report thereon dated June 22, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of procedures performed were to test compliance with certain state laws and regulations. Our audit of the financial statements disclosed an instance of noncompliance with other state laws and regulations as described in the Schedule of Findings and Questioned Cost as Finding 2015-001.

This report is intended solely for the information and use of management, City Council, State Auditor's Office and federal awarding agencies and pass-through entities 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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

In planning and performing our audit of the financial statements of the City of Greenville, Mississippi for the year ended September 30, 2015, we considered the City of Greenville, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Greenville, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 22, 2016 on the financial statements of the City of Greenville, Mississippi.

The results of our review procedures and compliance tests identified certain immaterial instances that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Finding

The general ledger cash accounts are being used as clearing accounts for general journal entries when cash receipts or disbursements are not involved with the transaction. In reviewing the general ledgers, we noted numerous general journal entries recording and correcting transactions using the general ledger cash account as a clearing account.

Recommendation:

The general ledger cash account should only record transactions that involve the receipt or disbursement of cash. The City should revise its procedures for recording transactions that have no effect on the general ledger cash account.

Response:

The City will review its current process concerning general journal entries and initiate or revise policies and procedures it uses regarding these type entries.

The City of Greenville, Mississippi's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016

**CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the primary governments financial statements. | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the primary government financial statements? | Yes |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings reported as required by Section ____,510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | CFDA #20.106, Airport Improvement Program | |
| b. | CFDA #66.818, ARRA-Brownfields Assessment and Cleanup Cooperative Agreements | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____,315(b) of OMB Circular A-133? | No |

**CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section 2: Financial Statement Findings

Material Weakness

Finding - 2015-001

The City is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to Public Purchasing Laws: Titles 31 and 37. A well designed purchasing system which would comply with the provisions of Titles 31 and 37 would include the use of purchase requisitions, purchase orders and receiving reports. During our test work, we selected 45 items and noted several instances where purchase orders were not signed, date sequence was illogical, and receiving reports were not signed and being properly used.

Recommendation

The City should review its system of internal control relating to purchasing and receiving and determine which areas should be strengthened to insure that all items have been properly received by the using department. It would be helpful if the City would appoint certain individuals in each department to serve as receiving clerks. Then the City would be able to provide training to these appointed individuals in relation to the receiving function. Additionally, accounts payable should review all invoices to insure that a purchase requisition, purchase order and receiving report are attached to each invoice prior to payment.

City of Greenville's Response

We will review our system of internal control relating to purchasing and receiving to determine what changes should be made to strengthen our receiving function.

Material Weakness

Finding - 2015-002

The City is responsible for reconciling general ledger cash account balances to bank balances each month on a timely basis to ascertain the completeness that all transactions have been recorded. The City is performing reconciliations on a pooled cash basis instead of an individual fund general ledger cash account basis. During our review of the general ledger cash accounts and bank balance reconciliation, we found that those fund's general ledger cash account balances making up the City's primary bank account (Trust Operating) did not reconcile to the pooled cash reconciliation.

Recommendation:

The City should take steps necessary to allow reconciliations to be performed at the individual fund level so that the cash available by fund can be reconciled to the appropriate bank account.

City of Greenville's Response

The City is taking the necessary steps to allow reconciliations to be performed at the fund level.

**CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any finding and questioned costs related to federal awards.