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WARD 2 CHELSHE ARCHIE
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WARD 4 CLARENCE SCUTTER
WARD 5 LESLIE CASE
WARD 6 JACQUELINE WATSON



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City of Port Gibson, Mississippi

June 13, 2016

Mississippi Office of State Auditor
c/o Emily McNeil
Technical Assistance
P.O. Box 956
Jackson, MS 39205-0956

To Whom It May Concern:

Please see enclosed a copy of the City's Audited Financial Statements for the fiscal year of September 30, 2015.

If you have any questions please feel free to contact me at the above number.

Thanks


Ethel King
City Clerk

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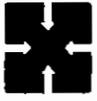
JUN 15 2016

CITY OF PORT GIBSON, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

CITY OF PORT GIBSON, MISSISSIPPI
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**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Fred Reeves
and Honorable Members of the Board of Alderman
City of Port Gibson, Mississippi

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 Port Gibson, 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 Port Gibson, 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 Matters

As explained in Note 10, 16 and 17 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9, 16, and 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Gibson, Mississippi's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 May 20, 2016, on our consideration of the City of Port Gibson, 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 City of Port Gibson, Mississippi's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
May 20, 2016

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

INTRODUCTION

The discussion and analysis of the City of Port Gibson, Mississippi's annual financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the City's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

FINANCIAL HIGHLIGHTS

The assets of the City of Port Gibson, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$5,605,911 (*net positions*). Of this amount, \$3,854,458 (*unrestricted net positions*) is a deficit and no amount is available to meet the City's ongoing obligations to citizens and creditors.

The City's total net positions increased by \$377,050. This decrease is due to the acquisition of capital assets.

As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,471,679, an increase of \$591,000 in comparison with the prior year. Approximately \$866,944 or 35.08% of this total amount is *available for spending* at the City's discretion (*unrestricted fund balance*).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$665,071, or 29.77% of total general fund expenditures.

The City's total debt had a net decrease by \$1,728,006 or 50.52% during the current fiscal year. The key factor in this decrease was due to retirement of debt from the state of Mississippi for water and sewer infrastructure improvements and the forgiveness of debt related to a capital lease with FNBS.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The City reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

The government-wide financial statements are divided into two categories, which are described as follows:

- ◆ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ◆ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- ◆ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ◆ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

GOVERNMENT - WIDE FINANCIAL ANALYSIS

NET POSITION

A condensed version of the government-wide Statement of Net Position is presented as follows:

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Total</u>		
	2015	2014	2015	2014	2015	2014
Assets:						
Current and Other Assets	\$ 789,852	780,109	616,703	452,270	\$ 1,406,555	\$ 1,232,379
Capital Assets	<u>3,341,821</u>	<u>3,567,359</u>	<u>6,324,635</u>	<u>4,433,854</u>	<u>9,666,456</u>	<u>8,001,213</u>
Total Assets	<u>4,131,673</u>	<u>4,347,468</u>	<u>6,941,338</u>	<u>4,886,124</u>	<u>11,073,011</u>	<u>9,233,592</u>
Deferred outflow of resources	<u>393,470</u>	-	<u>71,540</u>	-	<u>465,010</u>	-
Liabilities:						
Current and Other Liabilities	59,001	79,336	446,343	439,938	505,344	519,274
Long-term Liabilities	<u>1,748,610</u>	<u>1,140,162</u>	<u>3,399,562</u>	<u>2,280,004</u>	<u>5,148,172</u>	<u>3,420,166</u>
Total Liabilities	<u>1,807,611</u>	<u>1,219,498</u>	<u>3,845,905</u>	<u>2,719,942</u>	<u>5,653,516</u>	<u>3,939,440</u>
Deferred inflows of resources	<u>245,853</u>	<u>65,291</u>	<u>32,741</u>	-	<u>278,594</u>	<u>65,291</u>
Net Position:						
Invested in Capital Assets (Net)	3,338,623	3,560,671	5,963,822	3,727,106	9,302,445	7,287,777
Restricted	-	-	157,924	150,175	157,924	150,175
Unrestricted	<u>(866,944)</u>	<u>(497,992)</u>	<u>(2,987,514)</u>	<u>(1,711,099)</u>	<u>(3,854,458)</u>	<u>(2,209,091)</u>
Total Net Position	<u>\$ 2,471,679</u>	<u>\$ 3,062,679</u>	<u>3,134,232</u>	<u>2,166,182</u>	<u>\$ 5,605,911</u>	<u>\$ 5,228,861</u>

As the presentation appearing above demonstrates, the largest portion of the City's net positions of \$5,605,911 or 165.94% are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2015 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets 2.82% represent resources that are subject to restrictions that are imposed by agreements with the City's requirements imposed by various revenue sources. The remaining unrestricted net assets deficit (68.76)% is not available to be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- ◆ Increase in total current assets in the amount of \$174,176.
- ◆ Increase in net capital assets in the amount of \$1,665,243.
- ◆ Decrease in current liabilities in the amount of \$13,930.
- ◆ Increase in long-term liabilities in the amount of \$1,728,006.
- ◆ The implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the Town's and the recording of deferred outflows/inflows of resources in the Statement of Net Position.

CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 136,170	\$ 134,460	762,480	785,696	\$ 898,650	\$ 920,156
Operating grants and contributions	18,760	18,017	-	-	18,760	18,017
Capital grants and contributions	22,104	-	-	-	22,104	-
General Revenue:						
Property taxes	965,994	943,622	-	-	965,994	943,622
Sales taxes	234,418	237,984	-	-	234,418	237,984
Franchise taxes	102,367	89,358	-	-	102,367	89,358
Charges for services	141,904	153,452	-	-	141,904	153,452
Licenses and permits	4,238	4,912	-	-	4,238	4,912
Fines and forfeits	15,880	8,818	-	-	15,880	8,818
Other	618,632	9,453	31,816	60,177	650,448	69,630
Total Revenue	2,260,467	1,600,076	794,296	845,873	3,054,783	2,445,949
Program Expenses:						
General Government						
Finance & Administrative	837,478	668,355	-	-	837,478	668,355
Public safety	544,163	564,483	-	-	544,163	564,483
Parks and recreation	(386)	4,072	-	-	(386)	4,072
Sanitation	98,856	82,556	-	-	98,856	82,556
Public works	412,729	415,593	-	-	412,729	415,593
Interest on long-term debt	13,547	(1,067)	-	-	13,547	(1,067)
Water/Sewer	-	-	835,640	918,889	835,640	918,889
Total Expenses	1,906,387	1,743,992	835,640	918,889	2,742,027	2,662,881
Increase (decrease) in Net Assets Before Transfers and Special Items	354,080	(143,916)	(41,344)	(73,016)	312,736	(216,932)
Change in Net Positions	354,080	(143,916)	(41,344)	(73,016)	312,736	(216,932)
Net Position Beginning	3,062,679	3,206,596	2,166,182	1,239,197	5,228,861	4,445,793
Prior period adjustment	(845,080)	-	(171,833)	-	(1,116,913)	-
Net Position Ending	\$ 2,471,679	\$ 3,062,680	1,953,005	1,166,181	\$ 4,424,684	\$ 4,228,861

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

The following are significant current year transactions that have had an impact on the Statement of Activities:

Governmental activities. Governmental activities increased the City's net position by \$591,001, accounting for 19.30% of the increase in the City's net assets. A key element of this increase is detailed as follows:

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

- ◆ The City negotiated a debt forgiveness settlement of \$612,173 related to a capital lease with FNBS.

Business-type activities. Business-type activities increased the City's net position by \$786,824, accounting for 93.615% of the increase in the City's net position. Key elements of this increase are as follows:

- ◆ Operating cost for the business-type activities decreased by \$83,249 or 9.06% during the year primarily due to a decrease in utilities, system repairs and maintenance and management fees.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,471,679, an increase of \$354,080 in comparison to the prior year. In addition, the City's general fund, reported a net position of \$665,071, which is available for spending at the City's discretion,

Proprietary Funds-are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the water and sewer, solid waste and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

CITY OF PORT GIBSON, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as part of the basic financial statements. Significant revisions to the General Fund's budget during the fiscal year are as follows:

- ◆ Actual property tax revenue collected during the fiscal year exceeded budget amounts due primarily to an increase in tax collections.
- ◆ Actual intergovernmental revenues fines reported for the fiscal year exceeded budgeted amounts due to increase in state shared revenues.
- ◆ Actual expenditures for the general fund were more than the budgeted amounts primarily due to a failure to budget for the retirement of long-term debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital asset - As of September 30, 2015, the City's total capital assets were \$16,303,635. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. This amount represents a gross increase, before depreciation, of \$2,216,818 from the previous fiscal year. The majority of this increase is due to improvements made to city sanitary sewer collection system and the drinking water system.

Total accumulated depreciation as of September 30, 2015 was \$6,825,845, including \$551,576, of depreciation expense for the year. The balance in total net capital assets was \$9,666,456 at year end.

Debt Administration - As of September 30, 2015, the City had \$3,680,361 in long term debt outstanding. This includes state revolving loans and obligations under capital leases. Of this debt, \$227,361 is due within one year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Port Gibson at P. O. Box 607, Port Gibson, Mississippi 39150.

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CITY OF PORT GIBSON, MISSISSIPPI
Statement of Net Position
For the Year Ended September 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 490,802	455,576	\$ 946,378
Accounts receivable, net	4,683	3,203	7,886
Intergovernmental receivables	19,860	-	19,860
Due from other funds	274,507	-	274,507
Restricted Assets:			
Cash and cash equivalents	-	157,924	157,924
Capital Assets:			
Land	180,251	-	180,251
Buildings	3,072,361	134,286	3,206,647
Improvements other than buildings	-	3,832,173	3,832,173
Automotive and equipment	55,666	24,905	80,571
Machinery and equipment	25,128	101,520	126,648
Construction in progress	8,415	2,231,751	2,240,166
TOTAL ASSETS	4,131,673	6,941,338	11,073,011
Deferred Outflows of Resources			
Deferred outflows - pensions	393,470	71,540	465,010
Total Deferred Outflows of Resources	393,470	71,540	465,010
LIABILITIES			
Accounts payable, general	\$ 59,001	20,692	\$ 79,693
Customer's deposits	-	151,144	151,144
Due to other funds	-	274,507	274,507
Noncurrent liabilities:			
Due within one year	31,999	195,362	227,361
Due in more than one year	474,363	2,978,637	3,453,000
Net pension liability	1,242,248	225,563	1,467,811
Total Liabilities	1,807,611	3,845,905	5,653,516
Deferred Inflows of Resources			
Lease revenues	65,780	-	65,780
Pensions	180,073	32,741	212,814
Total Deferred Inflows of Resources	245,853	32,741	278,594
Net Position:			
Net investment in capital assets	3,338,623	5,963,822	9,302,445
Restricted	-	157,924	157,924
Unrestricted	(866,944)	(2,987,514)	(3,854,458)
Total Net Position	\$ 2,471,679	3,134,232	\$ 5,605,911

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2015

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 784,498	-	8,730	-	(775,768)	-	\$ (775,768)
Judicial	52,980	-	-	-	(52,980)	-	(52,980)
Public safety	544,163	-	10,030	-	(534,133)	-	(534,133)
Public works	412,729	-	-	22,104	(390,625)	-	(390,625)
Parks and recreation	(386)	-	-	-	386	-	386
Sanitation	98,856	136,170	-	-	37,314	-	37,314
Interest on long-term debt	13,547	-	-	-	(13,547)	-	(13,547)
Total governmental activities	<u>1,906,387</u>	<u>136,170</u>	<u>18,760</u>	<u>22,104</u>	<u>(1,729,353)</u>	<u>-</u>	<u>(1,729,353)</u>
Business-type activities:							
Water/Sewer	802,665	762,480	-	850,319	-	810,134	810,134
Interest on long-term debt	32,975	-	-	-	-	(32,975)	(32,975)
Total Business-type activities	<u>835,640</u>	<u>762,480</u>	<u>-</u>	<u>850,319</u>	<u>-</u>	<u>777,159</u>	<u>777,159</u>
Total Primary Government	<u>\$ 2,742,027</u>	<u>898,650</u>	<u>18,760</u>	<u>872,423</u>	<u>(1,729,353)</u>	<u>777,159</u>	<u>\$ (952,194)</u>
General Revenues:							
Property taxes					\$ 965,994	-	\$ 965,994
Sales taxes					234,418	-	234,418
Franchise taxes					102,367	-	102,367
Charges for services					141,904	-	141,904
Fines and report fees					15,880	-	15,880
License and permits					4,238	-	4,238
Miscellaneous					617,689	31,164	648,853
Forgiveness of debt					-	330,908	330,908
Unrestricted investment earnings					943	652	1,595
Total general revenues, special items, and transfers					<u>2,083,433</u>	<u>362,724</u>	<u>2,446,157</u>
Change in net positions					354,080	1,139,883	1,493,963
Net Positions - Beginning					<u>3,062,679</u>	<u>2,166,182</u>	<u>5,228,861</u>
Prior period adjustments					<u>(945,080)</u>	<u>(171,833)</u>	<u>(1,116,913)</u>
Net Positions - Ending					<u>\$ 2,471,679</u>	<u>3,134,232</u>	<u>\$ 5,605,911</u>

The Accompanying Notes are an intergal part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Position
 For the Year Ended September 30, 2015

Total Fund Balances - Governmental Funds		\$ 665,071
Amounts reported for net position in the Statement of Net Position are different because:		
Amounts reported for net position in the Statement of Net Position are different because:		
Capital Assets	6,913,608	
Less: Accumulated Depreciation	<u>(3,571,787)</u>	3,341,821
Reclassification of principal payment on long term debt reported as an expenditure in the statement of activities		636,658
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(636,660)
Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		
Net pension liability	(1,242,248)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	393,470	
Deferred inflows of resource related to pensions	<u>(180,073)</u>	(1,028,851)
Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:		
Notes payable	(506,362)	
Accrued interest on debt	-	
Other adjustments	<u>2</u>	<u>(506,360)</u>
Net Position of Governmental Activities		\$ <u>2,471,679</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
 Balance Sheet
 Governmental Funds
 For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 490,802	-	\$ 490,802
Accounts receivable, net of allowances	4,683	-	4,683
Intergovernmental receivable	19,860	-	19,860
Due from other funds	<u>274,507</u>	<u>-</u>	<u>274,507</u>
TOTAL ASSETS	<u>\$ 789,852</u>	<u>-</u>	<u>\$ 789,852</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable, general	\$ <u>59,001</u>	<u>-</u>	\$ <u>59,001</u>
Total Liabilities	<u>59,001</u>	<u>-</u>	<u>59,001</u>
Deferred Inflows of Resources			
Lease revenues	<u>65,780</u>	<u>-</u>	<u>65,780</u>
Fund Balance			
Unassigned	<u>665,071</u>	<u>-</u>	<u>665,071</u>
Total Fund Balance	<u>665,071</u>	<u>-</u>	<u>665,071</u>
TOTAL LIABILITIES AND NET FUND BALANCES	<u>\$ 789,852</u>	<u>-</u>	<u>\$ 789,852</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
General property taxes	\$ 308,738	-	\$ 308,738
Privilege licenses and permits	7,388	-	7,388
Intergovernmental revenues	920,861	-	920,861
Franchise taxes	38,167	-	38,167
Charges for services	136,170	-	136,170
Fines and report fees	15,880	-	15,880
Interest income	943	-	943
Rent income	141,904	-	141,904
Miscellaneous	690,411	-	690,411
Total Revenues	<u>2,260,462</u>	<u>-</u>	<u>2,260,462</u>
EXPENDITURES:			
General Government:			
Administration	576,884	-	576,884
Judicial	52,910	-	52,910
Public safety	561,469	-	561,469
Public works	215,093	-	215,093
Parks and recreation	319	-	319
Sanitation	98,856	-	98,856
Debt services:			
Principal	636,658	-	636,658
Interest and service charges	13,547	-	13,547
Capital outlay:			
Public safety	77,997	-	77,997
TOTAL EXPENDITURES	<u>2,233,733</u>	<u>-</u>	<u>2,233,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,729</u>	<u>-</u>	<u>26,729</u>
Other Financing Sources:			
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	26,729	-	26,729
Fund Balance at Beginning of Year	638,342	-	638,342
Fund Balance at End of Year	<u>\$ 665,071</u>	<u>-</u>	<u>\$ 665,071</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
 Reconciliation of the Statement of Revenues
 Expenditures, and Changes in Net Position Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended September 30, 2015

		<u>AMOUNTS</u>
Net change in fund balances	\$	<u>26,729</u>
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays	77,997	
Depreciation expense	<u>(303,536)</u>	(225,539)
The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	183,003	
Contributions made after the measurement date	<u>(266,772)</u>	(83,769)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		<u>(636,658)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>1,273,317</u>
Change in net position of governmental activities	\$	<u><u>354,080</u></u>

The Accompanying Notes are an integral part of these Financial Statements.

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CITY OF PORT GIBSON, MISSISSIPPI
 General Fund
 Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 280,000	280,000	308,738	\$ 28,738
Privilege licenses and permits	5,000	5,000	7,388	2,388
Intergovernmental revenues	924,462	946,566	920,861	(25,705)
Franchise taxes	31,800	31,800	38,167	6,367
Charges for services	137,000	137,000	136,170	(830)
Rent	1,800	1,800	141,904	140,104
Fines and report fees	7,610	7,610	15,880	8,270
Interest	100	100	943	843
Miscellaneous	<u>186,550</u>	<u>186,550</u>	<u>690,411</u>	<u>503,861</u>
TOTAL REVENUES	<u>1,574,322</u>	<u>1,596,426</u>	<u>2,260,462</u>	<u>664,036</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	634,315	642,390	576,884	65,506
Judicial	50,529	54,097	52,910	1,187
Public Safety				
Police and fire protection	551,639	555,163	561,469	(6,306)
Public Works				
Streets improvements	249,483	242,876	215,093	27,783
Sanitation	92,560	98,856	98,856	-
Parks and recreation	450	250	319	(69)
Capital outlays	-	80,961	77,997	2,964
Debt service	-	-	<u>650,205</u>	<u>(650,205)</u>
Total Expenditures	<u>1,578,976</u>	<u>1,674,593</u>	<u>2,233,733</u>	<u>(559,140)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,654)</u>	<u>(78,167)</u>	<u>26,729</u>	<u>104,896</u>
Net change in fund balance	(4,654)	(78,167)	26,729	104,896
Fund Balance at Beginning of Year	<u>638,342</u>	<u>638,342</u>	<u>638,342</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 633,688</u>	<u>560,175</u>	<u>665,071</u>	<u>\$ 104,896</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
Statement of Net Position
Proprietary Fund
For the Year Ended September 30, 2015

	Business - Type Activities
	Water/Sewer Fund
Assets	
Cash and cash equivalents	\$ 455,576
Accounts receivable, net of allowances	<u>3,203</u>
Total Current Assets	<u>458,779</u>
Restricted Assets:	
Cash and cash equivalents	157,924
Property, plant and Equipment, at Cost	
Buildings	134,286
Water plant, distribution system and equipment	7,086,230
Automotive and equipment	24,905
Machinery and equipment	<u>101,520</u>
	7,346,941
Less: accumulated depreciation	<u>(3,254,057)</u>
	4,092,884
Construction in progress	<u>2,231,751</u>
Net property, plant and equipment	<u>6,324,635</u>
Total Assets	<u>6,941,338</u>
Deferred Outflows of Resources	
Deferred outflows of resources	<u>71,540</u>
Total Deferred Outflows of Resources	<u>71,540</u>
Liabilities and Net Assets	
Accounts payable	20,692
Due to other funds	<u>274,507</u>
Total current liabilities	<u>295,199</u>
Current Liabilities Payable from restricted Assets:	
Customer deposits	151,144
Current portion of note	175,627
Obligation under capital lease	<u>19,735</u>
Total Current liabilities payable from restricted assets	<u>346,506</u>
Long-Term Debt (less amounts classified as current)	
Net pension liability	225,563
Note payable	2,637,559
Obligation under capital lease	<u>341,078</u>
Total long-term debt	<u>3,204,200</u>
Total Liabilities	<u>3,845,905</u>
Deferred Inflows of Resources	
Deferred inflows of resources	<u>32,741</u>
Total deferred inflows of resources	<u>32,741</u>
Net Position	
Net Investment in Capital Assets	5,963,822
Restricted for debt service	157,924
Unrestricted	<u>(2,987,514)</u>
Total Net Positions	<u>\$ 3,134,232</u>

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	<u>Business - Type Activities</u>
Operating Revenues:	
Water sales to customers	\$ 565,978
Sewer sales to customers	196,502
Other revenue	<u>4</u>
Total Operating Revenues	<u>762,484</u>
Operating Expenses:	
Personnel services	163,106
Supplies	77,600
Other services and charges	308,258
Provision for bad debt	5,661
Depreciation	<u>248,040</u>
Total Operating Expenses	<u>802,665</u>
Operating Income (Loss)	<u>(40,181)</u>
Nonoperating revenues (expenses)	
Interest income	652
Other income	31,160
Interest and service charges on long-term debt	(32,975)
Forgiveness of debt	330,908
Federal grant contribution	<u>850,319</u>
Total nonoperating revenues	<u>1,180,064</u>
Change in net position	1,139,883
Total net position, beginning	<u>2,166,182</u>
Prior period adjustment	(171,833)
Retained Earnings as restated	<u>1,994,349</u>
Total net position, ending	<u>\$ 3,134,232</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 2015

	<u>Business-Type Activities</u>
	<u>Water/Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from water customers and users	\$ 565,869
Receipts from sewer customers and users	196,506
Payments to employees	(148,186)
Payments to suppliers	<u>(413,481)</u>
Net cash provided by (used for) operating activities	200,708
 (Increase) Decrease in:	
Accounts receivable	5,551
 Increase (Decrease) in:	
Accounts payable	(27,380)
Due to other funds	30,438
Customer's deposits	5,798
Accrued interest payable	<u>(2,440)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>212,675</u>
 CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:	
Provision for bad debt	<u>(5,661)</u>
NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES	<u>(5,661)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of capital assets	(2,138,821)
Other investing activities	<u>27,725</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(2,111,096)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Interest earned on account	652
Interest paid on retirement of long-term debt	(32,975)
Other income	31,160
Proceeds from issuance of debt	1,412,425
Repayment of long-term debt	(518,423)
Forgiveness of debt	<u>330,908</u>
Federal grant contribution	<u>850,319</u>
NET CASH FLOWS USED BY FINANCING ACTIVITIES	<u>2,074,066</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	169,984
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>443,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 613,500</u>
 <u>Supplemental cash flow information:</u>	
Cash paid during the year:	
Interest Expense	<u>\$ 32,975</u>

The Accompanying Notes are an intergral part of these Financial Statements.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Port Gibson, Mississippi (the City) was incorporated under the provisions of Mississippi Law. The City is governed by its Mayor and a Board of Aldermen/Alderwomen consisting of seven members. Services provided to the citizens of Port Gibson include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The City's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the City's more significant accounting policies are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements reflect only the primary government of the City of Port Gibson. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the City.

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncement that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund - The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

MAJOR BUSINESS- TYPE FUNDS

Water System - The water system fund is used to account for the operation of the City's water system, which is supported by user charges.

Sewer System - The sewer system fund is used to account for the operation of the City's sewer system, which is supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Cash and Cash Equivalents

The City's deposits excess funds in the financial institutions selected by the Mayor and governing board. State statute specify how these depositories are to be selected.

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificate of deposits with maturities of 12 months or less. Cash and cash equivalents are valued at costs.

Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

Investments are reported at fair value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

INTERFUND TRANSACTIONS AND BALANCES

Interfund transactions and balances are the result of timing differences between the date expense/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are not offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

INTERNAL ACTIVITY

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Restricted Assets - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Capital Assets - Capital assets, which include property, equipment and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land Improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.

Compensated Absences - the City does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

Use of Estimates - The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance Spending Policy - The City has not adopted a formal spending policy as it relates to the fund balance therefore, excess amounts are expended in the following manner in accordance with GASB 54 default level: committed, assigned and unassigned.

Deferred Outflows/Inflows of Resources - In additions to assets, the statement of financial position 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/expenditures) until then.

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.

NOTE 2 - BUDGETARY CONTROL

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

NOTE 3 - CASH AND CASH EQUIVALENTS

The collateral for public entities, deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (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.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$490,802 and \$613,500, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$946,378 and Restricted Assets - \$157,924. The Restricted Assets represent the cash balance in the enterprise fund deposit account which is legally restricted and may not be used for purposes that support the City's programs.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institutions, 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 Treasury manages the risk on behalf of the City deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of September 30, 2015, none of the City's bank balance of \$1,262,520 was exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The city does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the city. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of September 30, 2015, none of the city's bank balance of \$1,262,520 was exposed to custodial credit risk.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2015, the city had no investments.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer bonds or direct obligations of the:
- United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

NOTE 4 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2015, the City levied and collected 40.00 mills of taxes for general corporate purposes of the City.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Individual fund interfund receivable and payable balances are presented as of September 30, 2015 as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 274,507	\$ -
Water/Sewer System Fund	-	274,507
Total	\$ 274,507	\$ 274,507

NOTE 6 - RECEIVABLES

Receivables at September 30, 2015 consisted of the following:

	General Fund	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for services	\$ -	\$ 51,741	\$ 51,741
Property taxes	4,683	-	4,683
Total accounts receivable	4,683	51,741	56,424
<u>Due From Other Governments</u>			
Sales Taxes	19,860	-	19,860
Total due from other governments	19,860	-	19,860
Less: allowance for uncollectibles	-	(48,538)	(48,538)
Receivables, net of allowance	\$ 24,543	\$ 3,203	\$ 27,746

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS

A summary of capital asset transactions for the year ended September 30, 2015 follows:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Governmental Activities:					
Non Depreciable Capital Assets					
Land	\$ 180,251	-	-	-	\$ 180,251
Construction in process	-	8,415	-	-	8,415
Total non depreciable capital assets	<u>180,251</u>	<u>8,415</u>	<u>-</u>	<u>-</u>	<u>188,666</u>
Depreciable Capital Assets					
Buildings and Improvements	6,007,731	-	-	-	6,007,731
Automotive and equipment	102,568	69,582	-	-	172,150
Machinery and Equipment	545,061	-	-	1	545,062
Total depreciable capital assets	6,655,360	69,582	-	1	6,724,943
Accumulated Depreciation	<u>(3,268,252)</u>	<u>(303,536)</u>	<u>-</u>	<u>-</u>	<u>(3,571,788)</u>
Net depreciable capital assets	<u>3,387,108</u>	<u>(233,954)</u>	<u>-</u>	<u>1</u>	<u>3,153,155</u>
Total Governmental Activities	<u>\$ 3,567,359</u>	<u>(225,539)</u>	<u>-</u>	<u>1</u>	<u>\$ 3,341,821</u>
Business-Type Activities:					
Non Depreciable Capital Assets					
Utility Construction in Process	\$ 92,930	2,138,821	-	-	\$ 2,231,751
Total nondepreciable capital assets	<u>92,930</u>	<u>2,138,821</u>	<u>-</u>	<u>-</u>	<u>2,231,751</u>
Depreciable Capital Assets					
Building	134,286	-	-	-	134,286
Water system & improvements	2,055,696	-	-	-	2,055,696
Sewer system & improvements	5,030,534	-	-	-	5,030,534
Automotive and equipment	24,905	-	-	-	24,905
Machinery and equipment	101,520	-	-	-	101,520
Total depreciable capital assets	7,346,941	-	-	-	7,346,941
Accumulated Depreciation	<u>(3,006,017)</u>	<u>(248,040)</u>	<u>-</u>	<u>-</u>	<u>(3,254,057)</u>
Net depreciable capital assets	<u>4,340,924</u>	<u>(248,040)</u>	<u>-</u>	<u>-</u>	<u>4,092,884</u>
Total Business-Type Activities	<u>\$ 4,433,854</u>	<u>1,890,781</u>	<u>-</u>	<u>-</u>	<u>\$ 6,324,635</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 50,810	-	\$ 50,810
Fire Protection	8,713	-	8,713
Police Protection	37,129	-	37,129
Public Works	206,884	-	206,884
Water/Sewer System	-	157,214	157,214
Sewer System	-	90,826	90,826
Total Depreciation Expense	<u>\$ 303,536</u>	<u>248,040</u>	<u>\$ 551,576</u>

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 8 - LONG-TERM DEBT

Governmental Activities

A summary of long-term debt transactions for the year ended September 30, 2015, were as follows:

Governmental activities:	Beginning Balance at 10/01/14	<u>Additions</u>	<u>Reductions</u>	Debt Forgiveness Adjustments	Ending Balance at 9/30/15	Amount Due Within One Year
Obligation under capital lease	\$ 1,136,333	-	(20,996)	(612,173)	\$ 503,164	\$ 28,801
Obligation under capital lease	<u>6,688</u>	-	<u>(3,490)</u>	-	<u>3,198</u>	<u>3,198</u>
Total	<u>\$ 1,143,021</u>	<u>-</u>	<u>(24,486)</u>	<u>(612,173)</u>	<u>\$ 506,362</u>	<u>\$ 31,999</u>

Obligations Under Capital Leases

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2015.

During January 2015, the City reach a settlement agreement with FNBS Investments, Inc. with respect to a lease-purchase agreement. The new agreement is with Crews and Associates in the amount of \$900,000 of which \$524,160 or 58.24% allocated to the general fund with an interest rate of 3.5%, with 178 monthly installments of \$3,727, which includes principal and interest payable from the General Fund. The agreement has a maturity dated of 2029. The lease-purchase agreement qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of a motor vehicles, equipment and utility system improvements. At the end of the lease, the lessee will have the option to purchase the lessor's interest in the property for the purchase option price of \$1. This debt will be retired from the general fund.

	Amount Outstanding
\$	503,164

On May 29, 2013, the City entered into a lease-purchase agreement with Avaya Financial Services in the amount of \$11,046 with an interest rate of 13.70% maturing in fiscal year 2016. The lease-purchase agreement qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of a telephone system. At the end of the lease, the lessee will have the option to purchase the lessor's interest in the property for the purchase option price of \$1. This debt will be retired from the general fund.

Total

	3,198
\$	506,362

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

Fiscal year ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 31,999	16,111	\$ 48,110
2017	29,751	14,976	44,727
2018	30,733	13,994	44,727
2019	31,747	12,980	44,727
2020	32,794	11,933	44,727
Thereafter	<u>349,338</u>	<u>54,187</u>	<u>403,525</u>
Total minimum lease payments	<u>\$ 506,362</u>	<u>124,181</u>	630,543
Less: amount representing interest			<u>(124,181)</u>
Present value of minimum lease payments			<u>\$ 506,362</u>

Included in capital assets is machinery and equipment and motor vehicle with costs totaling \$259,681 under capital lease. The accumulated amortization for this capital asset is \$163,008 as of September 30, 2015, and is recorded as a component of depreciation expense. Amortization expense was \$25,071 for the year ended September 30, 2015.

Business-Type Activities

Long-term debt activity for the year ended September 30, 2015, is presented as follows:

Business -type activities:	Beginning Balance at 10/01/14	<u>Additions</u>	<u>Reductions</u>	Debt Forgiveness Adjustments	Ending Balance at 9/30/15	Amount Due Within One Year
MDA loan payable	\$ 62,917	-	(13,102)	-	\$ 49,815	\$ 13,205
DWESRF loan	82,005	1,412,425	-	-	1,494,430	-
Obligation under capital lease	706,747	-	(15,027)	(330,907)	360,813	19,735
DWSRF loan	273,890	-	(104,453)	-	169,437	106,388
DEQSRF loan	1,093,674	-	(49,215)	-	1,044,459	50,076
DEQWPE loan	<u>60,770</u>	-	<u>(5,725)</u>	-	<u>55,045</u>	<u>5,958</u>
Totals	<u>\$ 2,280,003</u>	<u>1,412,425</u>	<u>(187,522)</u>	<u>(330,907)</u>	<u>\$ 3,173,999</u>	<u>\$ 195,362</u>

Mississippi Development Authority Loan

In 2002 the City of Port Gibson executed a loan agreement with the Mississippi Development Authority in the amount of \$182,620 dated July 23, 2002, with an interest rate of 2.00%, matures July 23, 2017 and monthly payments of \$1,175.19 which includes principal and interest. The proceeds were used to make improvements to the City's sewer system. The debt is being repaid from the enterprise fund.

\$ 49,815

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

The annual requirement to amortize all debt outstanding as of September 30, 2015 including interest payments of \$14,102 are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 13,205	897	\$ 14,102
2017	13,471	631	14,102
2018	13,743	359	14,102
2019	<u>9,396</u>	<u>101</u>	<u>9,497</u>
	<u>\$ 49,815</u>	<u>1,988</u>	<u>\$ 51,803</u>

Obligations Under Capital Leases

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2015.

	<u>Amount Outstanding</u>
<p>During January 2015, the City reach a settlement agreement with FNBS Investments, Inc. with respect to a lease-purchase agreement. The new agreement is with Crews and Associates in the amount of \$900,000 of which \$375,840 or 41.76% is allocated to the water/sewer fund with an interest rate of 3.5% with 178 monthly installments of \$2,673 which includes principal and interest payable from the City's Utility Fund. The agreement has a maturity dated of 2029. The lease-purchase agreement qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of a motor vehicles, equipment and utility system improvements. At the end of the lease, the lessee will have the option to purchase the Lessor's interest in the property for the Purchase Option Price of \$1. This debt will be retired from the water sewer fund.</p>	<u>\$ 360,813</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 19,735	12,337	\$ 32,072
2017	20,437	11,635	32,072
2018	21,164	10,908	32,072
2019	21,917	10,155	32,072
2020	22,696	9,376	32,072
Thereafter	<u>254,864</u>	<u>44,428</u>	<u>299,292</u>
Total minimum lease payments	<u>\$ 360,813</u>	<u>98,839</u>	459,652
Less: amount representing interest			<u>(98,839)</u>
Present value of minimum lease payments			<u>\$ 360,813</u>

Included in capital assets is heavy equipment, motor vehicle, water meters and office equipment with costs totaling \$5,605,911 under capital lease. The accumulated amortization for this capital asset is \$866,944 as of September 30, 2015, and is recorded as a component of depreciation expense. Amortization expense was \$23,114 for the year ended September 30, 2015.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Mississippi State Department of Health SRF Loan

In 2011 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health in the amount of \$484,397 dated November 14, 2011, with an interest rate of 2.00%, matures April 17, 2017 and monthly payments of \$9,067.09 which includes principal and interest. The proceeds were used to make emergency repairs to the City's water system booster stations. The debt is being repaid from the enterprise fund.

\$ 169,437

Loan No. DWI-L110005-01-0

Drinking Water Improvement Loan

During 2012 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health, Bureau of Public Water Supply in the amount of \$2,746,903 dated October 7, 2012, with an estimated interest rate of 1.95%, and 237 monthly payments of \$13,974.37 which includes principal and interest. The proceeds were used to make improvements to the City's Drinking Water System. As of September 30, 2015, the project is incomplete. The debt will be repaid from the enterprise fund.

1,494,430

Total

\$1,663,867

The annual requirement to amortize all debt outstanding as of September 30, 2015 including interest payments of \$67,954 are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 106,388	2,417	\$ 108,805
2017	63,049	421	63,470
	<u>\$ 169,437</u>	<u>2,838</u>	<u>\$ 172,275</u>

Mississippi Department of Environmental Quality

Loan No. SRF C280768-01

Sanitary Sewer Improvement

In 2011 the City of Port Gibson executed a loan agreement with the Mississippi Department of Environmental Quality in the amount of \$1,130,960 dated November 14, 2011, with an estimated interest rate of 1.75%, and 240 monthly payments of \$5,662.82 which includes principal and interest. The proceeds were used to make improvements to the City's sanitary sewer system. The debt is being repaid from the enterprise fund.

\$ 1,044,459

Loan No. WPE-C280019-01-0

Sewer Repair Loan

During 2013 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health, Bureau of Public Water Supply in the amount of \$64,916 dated October 28, 2013, with an interest rate of 4.00%, and 117 monthly payments of \$670.96 which includes principal and interest. The proceeds were used to make repairs to the City's Waste Water System. The debt is being repaid from the enterprise fund.

55,045

Total

\$ 1,099,504

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Loan No. SRF C280768-01

Year Ended September 30,	Principal	Interest	Total
2016	\$ 50,076	17,878	\$ 67,954
2017	50,960	16,994	67,954
2018	51,959	15,995	67,954
2019	52,773	15,181	67,954
2020	53,704	14,250	67,954
2021 to 2025	283,071	56,698	339,769
2026 to 2030	308,936	30,833	339,769
2031 to 2033	192,980	5,212	198,192
	<u>\$ 1,044,459</u>	<u>\$ 173,041</u>	<u>\$ 1,217,500</u>

The estimated annual requirement to amortize all debt outstanding as of September 30, 2015 including interest payments of \$8,052 are as follows:

Loan No. WPE - C280019-01-0

Year Ended September 30,	Principal	Interest	Total
2016	\$ 5,840	2,212	\$ 8,052
2017	5,958	2,094	8,052
2018	6,454	1,598	8,052
2019	6,716	1,336	8,052
2020	6,990	1,062	8,052
2021 to 2023	23,087	652	23,739
	<u>\$ 55,045</u>	<u>\$ 8,954</u>	<u>\$ 63,999</u>

NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The City has implemented GASB Statement 54, as such, the fund balances of the governmental funds are classified by specific purpose as follows:

Restricted - amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
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Unassigned - amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

Fund Balances:	General Fund	Nonmajor Funds	Total
Unassigned:			
Other purposes	\$ 665,071	-	\$ 665,071
Total Fund Balances	\$ 665,071	-	\$ 665,071

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. General Information

Plan Description and Provisions: The City of Port Gibson, 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the 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.

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the City of Port Gibson, Mississippi is required to contribute at an actuarially determined rate. This rate was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Port Gibson, Mississippi contributions to PERS for the years ended September 30, 2015, and 2014, were \$117,273, and 93,615, respectively, equal to the required contributions for each year.

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	1
Former members entitled to benefits but yet receiving them	-
Former members - not entitled to benefits	-
Active members:	
Vested	34
Non-vested	-
Total Participants	35

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

B. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The Town's 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.

<u>Net Pension Liability</u> Measurement Date	<u>June 30, 2015</u>
Total Pension Liability	\$ 4,476,999
Fiduciary Net Pension	<u>3,009,188</u>
Net Pension Liability	<u>\$ 1,467,811</u>

A schedule of net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2014) and is presented in the Requirement Supplementary Information Section on Page 43-44.

C. Schedule of Changes in Net Pension Liability

The change in Net Pension Liability the municipal pension plan for the fiscal year ended September 30, 2015 is as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Change in Net Pension Liability			
Service cost	\$ 824,610	-	\$ 824,610
Interest on the total pension liability	3,331,656	-	3,331,656
Difference between expected and actual experience	(82,381)	-	(82,381)
Employer contribution	-	115,184	(115,184)
Employees contributions	-	64,109	(64,109)
Pension plan net investment income	-	2,063,808	(2,063,808)
Expenses portion of current period differences between projected and actual earnings on plan investments	-	532,033	(532,033)
Administrative expense	-	(15,526)	15,526
Other	<u>(713,799)</u>	<u>249,580</u>	<u>(963,379)</u>
Net Change	3,360,086	3,009,188	350,898
Net Pension Liability Beginning	<u>1,116,913</u>	<u>-</u>	<u>1,116,913</u>
Net Pension Liability Ending	<u>\$ 4,476,999</u>	<u>3,009,188</u>	<u>\$ 1,467,811</u>

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

D. Pension Expense

For the year ended September 30, 2015, the City recognized total pension expense of \$99,002. Pension expense recognized by the plan is as follows:

<u>Amount Recognized in Pension Expense</u>	<u>Pension Expense</u>
Changes for the Year:	
Service cost	\$ 82,461
Interest	333,166
Difference between expected and actual experience	(8,238)
Differences between projected and actual earnings on plan investments	(53,203)
Members contributions	(66,465)
Net investment income	(206,380)
Administrative expense	(1,553)
Other	19,214
Total Pension Expense	<u>\$ 99,002</u>

E. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2015 for the municipal plan is as follows:

Governmental Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,093	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	186,715
Changes in proportion and differences between City contributions and proportionate share of contributions	284,997	-
Employers contributions subsequent to the measurement date	102,892	-
Total	<u>\$ 407,982</u>	<u>\$ 186,715</u>

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Business Activities

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,809	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	26,099
Changes in proportion and differences between City contributions and proportionate share of contributions	39,837	-
Employers contributions subsequent to the measurement date	<u>14,382</u>	<u>-</u>
Total	<u>\$ 57,028</u>	<u>\$ 26,099</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2015 will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2016	\$ (71,882)
2017	(71,882)
2018	(44,362)
2019	<u>53,203</u>
Total	<u>\$ (134,923)</u>

F. Actuarial assumptions.

Discount rate. The discount rate used to measure the total pension liability was 8.00 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 and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to change in the discount rate. Sensitivity of 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 8 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 (7 percent) or 1-percentage-point higher (9 percent) than current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of net pension liability	<u>\$ 2,001,474</u>	<u>\$ 1,468,112</u>	<u>\$ 1,023,208</u>

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

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

G. Schedule of Assumptions

The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	3.5 percent
Salary changes	4.25 - 19.50 %, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2014
Actual Cost Method	Entry Age Normal Cost
Amortization Method	Level percentage of payroll
Amortization Period	30 Years
Asset Valuation Method	Market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual income
Mortality Assumption	RP-2000 combined Mortality Table Projected with Scale AA to 2015, set forward two years for males.

The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S Broad	34%	5.20%
International Equity	19	5.20
Emerging Markets Equity	8	5.00
Fixed Income	20	5.45
Real Assets	10	0.25
Private Equity	8	4.00
Cash	1	6.15
Total	100%	(0.50)

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in several lawsuits as of September 30, 2015. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. The City's legal counsel believes that the City of Port Gibson will prevail in these lawsuits.

NOTE 12 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. The City has no bond covenants.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderwomen. At fiscal year-end, the receivable represent delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Claiborne County bill and collect the real, personal and ad valorem taxes for the Port Gibson, Mississippi. The taxes are remitted to the City on a monthly basis.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments are received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION (GASB Statement No. 63)

During FY 2014, the City implemented GASB Statement No. 63. The disclosure requirement is described below.

The unrestricted net position amount of \$866,944 includes the effect of deferring the recognition of revenue from the up-front payment in the lease arrangement with Mississippi River Gas. The \$65,780 balance of the deferred inflow of resources at September 30, 2015 will be recognized as revenue and increase unrestricted net position over the remaining years of the agreement which ends May 31, 2022.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 16 - PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made to the government wide beginning Net Position during fiscal year 2015:

	<u>Governmental Activity</u>	<u>Business Activity</u>	<u>Total</u>
Beginning Balance, as previously reported	\$ 3,062,679	2,166,182	\$ 5,228,861
Net adjustment to record net pension liability per GASB 68 and GASB 71 implementation	<u>(945,080)</u>	<u>(171,833)</u>	<u>(1,116,913)</u>
Beginning Balance, as restated	<u>\$ 3,062,679</u>	<u>2,166,182</u>	<u>\$ 5,228,861</u>

Below is a summary of significant Net Pension/Fund Balance adjustments resulting from the implementation of GASB statement number 68 and GASB 71 as follows:

	<u>Municipal Employees' Retirement System</u>
Implementation of GASB 68 and 71	
Net pension liability at September 30, 2014	\$ (1,233,317)
Deferred outflows - contributions made during fiscal year 2014	<u>116,404</u>
Total prior period adjustment related to GASB 68 and 71	<u>\$ (1,116,913)</u>

NOTE 17 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION (GASB Statement No. 68 and 71)

The unrestricted net position amount of \$(3,854,458) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$465,010 balance of deferred outflow of resources, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next three (3) years.

The unrestricted net position amount of \$(3,854,458) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$212,814 balance of deferred inflow of resources at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next four (4) years.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 20, 2016, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 19 - NEW ACCOUNTING STANDARDS

The City will adopt the following new accounting pronouncements in future years:

In June 2012, the GASB issued Statement no. 68, "Accounting and Financial Reporting for Pension". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City has implemented GASB No. 69 in this annual report, however, it does not have an current impact on the City.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement address accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (Other Postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

CITY OF PORT GIBSON, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 19 - NEW ACCOUNTING STANDARDS (Continued)

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORT GIBSON, MISSISSIPPI
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 PERS
 Last 10 Fiscal Years*
 September 30, 2015

	2015
City's proportion of the net pension liability (asset)	\$ 1,467,811
City's proportionate share of the net pension liability (asset)	0.012095%
City's covered-employee payroll	744,594
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.13 %
Plan fiduciary net position as a percentage of the total pension liability	- %

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year 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 are an integral part of these financial statements.

City of Port Gibson, Mississippi
 Required Supplementary Information
 Schedule of the City Contributions
 PERS
 Last 10 Fiscal Years*

	2015	
City's Contribution	117,274	
Contractually required Contribution		<u>2015</u> \$ 117,274
Contribution in relation to the contractually required contribution		<u>117,274</u>
Contribution deficiency (excess)		\$ <u>-</u>
City's covered-employee payroll		\$ 744,594
Contributions as a percentage of covered-employee payroll		15.75

The accompanying notes are an integral part of these financial statements.

CITY OF PORT GIBSON, MISSISSIPPI

REPORTS ON COMPLIANCE AND
INTERNAL CONTROL

SEPTEMBER 30, 2015

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CITY OF PORT GIBSON, MISSISSIPPI
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grant Number	Current Year Federal Expenditures
Direct Funding:			
U. S. Army Corps of Engineers			
Section 592 Drinking Water System Improvement Grant	12.124	W807PM00833210	\$ <u>850,319</u>
Total U. S. Army Corps of Engineers			<u>850,319</u>
U.S. Department of Environmental Protection Agency			
Office of Water:			
Cluster Programs:			
<i>Pass thru Local Governments and Rural Water Systems Improvements Board</i>			
DWSELF Capitalization grants for drinking water state revolving fund	66.468	DWI-L11005-01	<u>1,129,940</u>
Total U. S. Department of Environmental Protection Agency			<u>1,129,940</u>
U. S. Department of Agriculture Rural Housing Service			
<i>Pass through USDA Rural Development, St. Louis MO.</i>			
Community Facilities Grant	10.766	Unknown	<u>20,600</u>
Total U. S. Department of Agriculture Rural Housing Service			<u>20,600</u>
U. S. Department of Department of Health			
<i>Pass through the MS State Department of Health</i>			
Drinking Water System Improvement Project (Matching grant)	12.124	W807PM00833210	<u>330,596</u>
Total U. S. Department of Department of Health			<u>330,596</u>
U. S. Department of Justice			
Bureau of Justice Assistance:			
2014 Bullet Proof Vest Partnership Program	16.607	Unknown	<u>1,504</u>
Total U. S. Department of Department of Justice			<u>1,504</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>2,332,959</u>

CITY OF PORT GIBSON, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

BASIS OF PRESENTATION

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

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

The Honorable Mayor Fred Reeves
and Honorable Members of the Board of Alderman
Port Gibson, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated May 20, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bank, Finley, White & Co.
Ridgeland, Mississippi
May 20, 2016



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

The Honorable Mayor Fred Reeves
and Honorable Members of the Board of Aldermen
Port Gibson, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Port Gibson, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Port Gibson, Mississippi's major federal programs for the year ended September 30, 2015. The City of Port Gibson, 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 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 for each of City of Port Gibson, 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 City of Port Gibson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Port Gibson, 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.

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JUN 15 2016

Report on Internal Control Over Compliance

Management of City of Port Gibson, 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 City of Port Gibson, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Port Gibson, Mississippi's internal control over compliance.

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

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

Purpose of this Report

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.

Banks, Finley, White & Co.

Ridgeland, Mississippi
May 20, 2016

CITY OF PORT GIBSON, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unmodified |
| 2. | Material noncompliance relating to the basic financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by Section .510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |

<u>Federal Agency</u>	<u>Federal CFDA Number</u>
U. S. Department of Environmental Protection Agency	
<i>Cluster Programs:</i>	
DWSRF Capitalization Grants for Drinking Water State Revolving Fund	66.468
U. S. Army Corps of Engineers	
Section 592 Drinking Water System Improvement Grant	12.124

- | | | |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$300,000 |
| 9. | Auditee did not qualify as a low-risk auditee. | |

CITY OF PORT GIBSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2015

Section 2 - Findings Financial Statements Audit

NONE

Section 3 - Finding and Questioned Costs - Major Federal Award Program Audit

NONE



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor Fred Reeves, and
Honorable Members of the Board of Alderman
of the City of Port Gibson, Mississippi

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City) as of and for the year ended September 30, 2015, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated May 20, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations disclosed no instances on noncompliance.

This report is intended solely for the information of the Mayor, Board of Alderman, management 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.

Banks, Finley, White & Co.

Ridgeland, Mississippi
May 20, 2016

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JUN 15 2016

CITY OF PORT GIBSON, MISSISSIPPI
 Schedule of Surety Bonds for Municipal Officials
 September 30, 2015

Official Name	Position	Insured By	Bond Amount
Fred Reeves	Mayor	Western Surety Company	\$ 50,000
Lee Ethel King	City Clerk	Western Surety Company	50,000
Debra Chambliss	Deputy Clerk	Western Surety Company	50,000
Calvin Jackson	Chief of Police	Western Surety Company	50,000
Valarie Townsend	Water Supervisor	Western Surety Company	50,000
Inez White	Water Department Deputy Clerk	Western Surety Company	50,000
Shakema Aikerson	Water Department Office Manager	Western Surety Company	50,000
Lula Buck	Alderwoman	Travelers Casualty	25,000
Jacqueline Robinson	Alderwoman	Travelers Casualty	25,000
Myrtle Hedrick	Alderwoman	Travelers Casualty	25,000
Clarence Scutter	Alderman	Travelers Casualty	25,000
Leslie Case	Alderwoman	Travelers Casualty	25,000
Jacqueline Watson	Alderwoman	Travelers Casualty	25,000

CITY OF PORT GIBSON, MISSISSIPPI
Statement of Legal Debt Limit
September 30, 2015

Authorized Debt Limit Percent Rule

Authorized Debt Limit Percent	<u>10%</u>	<u>15%</u>
2015 Tax Roll Estimation	\$ 7,524,113	\$ 7,524,113
Less: Homestead Exemption	<u>(18,817)</u>	<u>(18,817)</u>
Net 2015 Estimation Tax Roll	<u>\$ 7,505,296</u>	<u>\$ 7,505,296</u>
 Assessed Valuation under respective debt limit	 <u>\$ 750,530</u>	 <u>\$ 1,125,794</u>
Less: All Bonded Indebtness	-	-
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	<u>-</u>	<u>-</u>
Present debt subject to limitation	<u>-</u>	<u>-</u>
Margin for further debt under respective debt limits	<u>\$ 750,530</u>	<u>\$ 1,125,794</u>

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the 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 benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter 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 or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds 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 PORT GIBSON, MISSISSIPPI
 Schedule of Long-Term Debt
 September 30, 2015

	Authorized	Issued	Balance Outstanding 10/01/14	During Fiscal Year			Balance Outstanding 09/30/15
				Issued	Retired	Debt Forgiveness Adjustments	
General Government:							
Obligation under capital lease	\$ 11,046	11,046	6,688	-	3,490	-	\$ 3,198
Obligation under capital lease	1,189,045	1,189,045	1,136,333	-	20,996	612,173	503,164
Total General Government	<u>1,200,091</u>	<u>1,200,091</u>	<u>1,143,021</u>	<u>-</u>	<u>24,486</u>	<u>612,173</u>	<u>506,362</u>
Proprietary:							
Long-term Debt							
MS Development Authority Cap Loan	182,620	182,620	62,917	-	13,102	-	49,815
MS Dept. of Health	-	-	82,005	1,412,425	-	-	1,494,430
Obligation under capital lease	739,532	739,532	706,747	-	15,027	330,907	360,813
DWSRF loan	484,397	484,397	273,890	-	104,453	-	169,437
DEQSRF loan	-	-	1,093,674	-	49,215	-	1,044,459
DEQWPE loan	64,916	64,916	60,770	-	5,725	-	55,045
Total Long-Term Debt	<u>1,471,465</u>	<u>1,471,465</u>	<u>2,280,003</u>	<u>1,412,425</u>	<u>187,522</u>	<u>330,907</u>	<u>3,173,999</u>
Total Long-Term Debt	<u>\$ 2,671,556</u>	<u>2,671,556</u>	<u>3,423,024</u>	<u>1,412,425</u>	<u>212,008</u>	<u>943,080</u>	<u>\$ 3,680,361</u>