

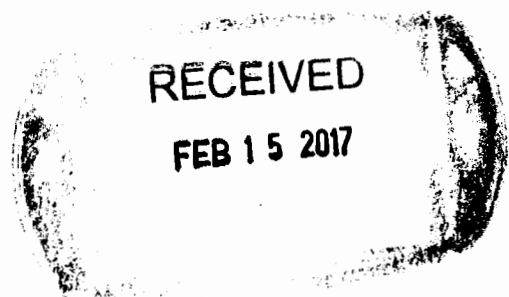


The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content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

CITY OF MENDENHALL, MISSISSIPPI

Audited Financial Statements

For the Year Ended September 30, 2015



CITY OF MENDENHALL, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Position – Cash Basis.....	5-6
Statement of Cash Basis Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds	7-10
Statement of Cash Basis Net Position and Cash Receipts, Disbursements and Changes in Cash Basis Net Position – Business-type Funds	11-12
Notes to Financial Statements	13-17
REQUIRED SUPPLEMENTARY INFORMATION	18
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	19
Municipal Fire Fund	20
Notes to the Required Supplementary Information	21
SUPPLEMENTARY INFORMATION	22
Schedule of Changes in Long-term Debt	23
Schedule of Investments – All Funds	24
Schedule of Surety Bonds for Municipal Officials and Employees	25
Schedule of Capital Assets	26
SPECIAL REPORTS	27
Independent Auditor's Report on Compliance with State Laws and Regulations	28



CITY OF MENDENHALL, MISSISSIPPI

FINANCIAL SECTION



PRINCE CPA FIRM, PLLC

**CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS**

Telephone: (601) 849-2544
Fax: (601) 849-5147
Website: www.charlesprincecpa.com

1109 Laurel Drive SE
Post Office Box 353
Magee, Mississippi 39111

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
City of Mendenhall, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mendenhall, Mississippi, ("City") 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

RECEIVED

FEB 15 2017

Members of
AICPA[®]

Members of
MSCPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes on pages 19 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The City has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mendenhall, Mississippi's financial statements as a whole. The other supplemental section, which includes the Schedule of Changes in Long-term Debt, Schedule of Investments-All Funds, Schedule of Surety Bonds for Municipal Officials and Employees, and Schedule of Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pratt CPA Firm, PLLC

December 15, 2016
Magee, Mississippi

CITY OF MENDENHALL, MISSISSIPPI

FINANCIAL STATEMENTS

City of Mendenhall, Mississippi
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2015

	Program cash receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 581,151	\$ 184,109	\$	\$	\$ (397,042)	\$	\$ (397,042)
Culture and recreation	131,603				(131,603)		(131,603)
Economic development	19,200				(19,200)		(19,200)
Public safety	609,737	37,326			(572,411)		(572,411)
Public works	243,335				(243,335)		(243,335)
Interest on long-term debt	15,994				(15,994)		(15,994)
Total Governmental Activities	\$ 1,601,020	\$ 221,435	\$ 0	\$ 0	\$ (1,379,585)	\$ 0	\$ (1,379,585)
Business-type activities:							
Water/Sewer	\$ 758,641	\$ 567,068	\$	\$	\$	\$ (191,573)	\$ (191,573)
Garbage	203,119	163,037				(40,082)	(40,082)
Interest on long-term debt	8,704					(8,704)	(8,704)
Total Business-type Activities	\$ 970,464	\$ 730,105	\$ 0	\$ 0	\$ 0	\$ (240,359)	\$ (240,359)
Total Government	\$ 2,571,484	\$ 951,540	\$ 0	\$ 0	\$ (1,379,585)	\$ (240,359)	\$ (1,619,944)
General Receipts							
Taxes:							
Property taxes					\$ 379,390	\$ 44,100	\$ 423,490
Road and Bridge					42,351		42,351
Rail Car taxes					6,030		6,030
Sales tax					636,259		636,259
Gasoline Taxes					7,669		7,669
Franchise taxes					77,361		77,361
Homestead Reimbursement					37,817	4,394	42,211
Grants and contributions not restricted to specific programs					84,971		84,971
Loan Proceeds						247,442	247,442
Unrestricted investment income					477	650	1,127
Miscellaneous					83,350	100	83,450
Transfers					78,288	(78,288)	0
Total General Receipts					1,433,963	218,398	1,652,361
Change in net position					\$ 54,378	\$ (21,961)	\$ 32,417
Net Position - Beginning					246,628	344,929	591,557
Net Position - Ending					\$ 301,006	\$ 322,968	\$ 623,974

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

100

101

102

103

104

105

106

107

108

109

110

111

112

113

114

115

116

117

118

City of Mendenhall, Mississippi
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2015

(Continued)

	<u>Cash</u> <u>Disbursements</u>	<u>Program cash receipts</u>			<u>Net (Disbursements) Receipts and Changes</u> <u>in Net Position</u>		
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents					\$ 301,006	\$ 322,968	\$ 623,974
Total Assets					<u>301,006</u>	<u>322,968</u>	<u>623,974</u>
NET POSITION AND FUND BALANCE							
Nonspendable					\$	\$	\$ 0
Restricted					68,000		68,000
Committed					24,661		24,661
Assigned					9,038		9,038
Unassigned					199,307		199,307
Unrestricted - Business-type						322,968	322,968
Total Net Position					<u>\$ 301,006</u>	<u>\$ 322,968</u>	<u>\$ 623,974</u>

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



City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2015

	Governmental Activities			
	Major Funds			Total
	General Fund	Municipal Fire Fund	Other Governmental Funds	
RECEIPTS				
Ad valorem taxes	\$ 377,444	\$ 1,946	\$	\$ 379,390
Penalties and interest	3,899			3,899
Rail Car taxes	6,030			6,030
License and permits	11,934			11,934
Franchise taxes on utilities	77,361			77,361
Grand Gulf payments in lieu of tax	26,053			26,053
Intergovernmental revenues:				
Federal revenues:				
DUI Grant	40,444			40,444
State shared revenues:				
Sales taxes	636,259			636,259
General municipal aid	1,249			1,249
Fire insurance rebate		13,625		13,625
Police Reimbursement	3,600			3,600
Homestead Reimbursement	37,623	194		37,817
Gasoline Taxes	7,669			7,669
Local shared revenues:				
Fire allocation		37,326		37,326
1/2 Road and bridge taxes	42,351			42,351

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

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2015

(Continued)

	Governmental Activities			
	Major Funds			Total
	General Fund	Municipal Fire Fund	Other Governmental Funds	
Charges for services				
Garbage	\$	\$	\$	\$
Fines and forfeits	173,357			173,357
Rent	6,730			6,730
Donations	23,000			23,000
Recovered Funds			10,752	10,752
Interest income	239	102	136	477
Miscellaneous revenue	36,754	465	568	37,787
Total Receipts	\$ 1,511,996	\$ 53,658	\$ 11,456	\$ 1,577,110

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

RECEIVED
FEB 15 2017



City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2015

(Continued)

	Governmental Activities			
	Major Funds			Total
	General Fund	Municipal Fire Fund	Other Governmental Funds	
DISBURSEMENTS				
General government	\$ 504,265	\$ -	\$ 325	\$ 504,590
Public safety	573,493	30,901	5,343	609,737
Culture and recreation	131,603			131,603
Economic development	19,200			19,200
Public works	243,335			243,335
Total Disbursements	<u>\$ 1,471,896</u>	<u>\$ 30,901</u>	<u>\$ 5,668</u>	<u>\$ 1,508,465</u>
Excess of Receipts over (under) Disbursements	<u>\$ 40,100</u>	<u>\$ 22,757</u>	<u>\$ 5,788</u>	<u>\$ 68,645</u>
OTHER CASH SOURCES (USES)				
Purchase of capital assets	\$ (24,551)	\$ -	\$ -	\$ (24,551)
Transfers	50,000		28,288	78,288
Principal paid on loans	(18,314)	(13,696)	(20,000)	(52,010)
Interest paid on loans	(7,173)	(533)	(8,288)	(15,994)
Total Other Cash Sources and (Uses)	<u>\$ (38)</u>	<u>\$ (14,229)</u>	<u>\$ -</u>	<u>\$ (14,267)</u>
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	<u>\$ 40,062</u>	<u>\$ 8,528</u>	<u>\$ 5,788</u>	<u>\$ 54,378</u>

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

City of Mendenhall, Mississippi
Statement of Cash Basis Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
As of and For the Year Ended September 30, 2015

(Continued)

	Governmental Activities			
	Major Funds			Total
	General Fund	Municipal Fire Fund	Other Governmental Funds	
CASH BASIS FUND BALANCE-Beginning of Year	\$ 159,245	\$ 59,472	\$ 27,911	\$ 246,628
CASH BASIS FUND BALANCE-End of Year	\$ 199,307	\$ 68,000	\$ 33,699	\$ 301,006
CASH BASIS FUND BALANCES - End of Year				
Nonspendable	\$	\$	\$	\$ -
Restricted		68,000		68,000
Committed			24,661	24,661
Assigned			9,038	9,038
Unassigned	199,307			199,307
Total Cash Basis Fund Balances	\$ 199,307	\$ 68,000	\$ 33,699	\$ 301,006

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



City of Mendenhall, Mississippi
Statement of Cash Basis Net Position and
Cash Receipts, Disbursements and Changes in Cash Basis Net Position
Business-type Funds
As of and For the Year Ended September 30, 2015

	Business-type Activities		
	Major Funds		
	Water & Sewer Fund	Solid Waste Fund	Total
RECEIPTS			
Ad valorem taxes	\$	\$ 44,100	\$ 44,100
State shared revenues:			
Homestead Reimbursement		4,394	4,394
Charges for services			
Garbage		163,037	163,037
Water and sewer	567,068		567,068
Interest income	588	62	650
Other income		100	100
Total Receipts	\$ 567,656	\$ 211,693	\$ 779,349
DISBURSEMENTS			
Water and sewer utility	\$ 608,356	\$	\$ 608,356
Garbage		199,233	199,233
Total Disbursements	\$ 608,356	\$ 199,233	\$ 807,589
OTHER CASH SOURCES (USES)			
Purchase of capital assets	\$ (105,156)	\$	\$ (105,156)
Transfers	(78,288)		(78,288)
Loan Proceeds	247,442		247,442
Principal paid on loans	(45,129)	(3,886)	(49,015)
Interest paid on loans	(8,322)	(382)	(8,704)
Total Other Cash Sources and (Uses)	\$ 10,547	\$ (4,268)	\$ 6,279
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	\$ (30,153)	\$ 8,192	\$ (21,961)

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

City of Mendenhall, Mississippi
Statement of Cash Basis Net Position and
Cash Receipts, Disbursements and Changes in Cash Basis Net Position
Business-type Funds
As of and For the Year Ended September 30, 2015

(Continued)

	Business-type Activities			
	Major Funds			
	Water & Sewer Fund		Solid Waste Fund	Total
CASH BASIS NET POSITION-Beginning of Year	\$ 311,145	\$	33,784	\$ 344,929
CASH BASIS NET POSITION-End of Year	\$ 280,992	\$	41,976	\$ 322,968
CASH BASIS NET POSITION - End of Year				
Cash and cash equivalents	\$ 280,992	\$	41,976	\$ 322,968
Total Cash Basis Net Position	\$ 280,992	\$	41,976	\$ 322,968

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

RECEIVED

FEB 15 2017

CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2015**

Note 1. Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Mendenhall, Mississippi, (the City) was incorporated in 1905. The City operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

Government-wide Statements:

Government-wide financial statements is the Statement of Activities and Net Position- Cash Basis. These statements report information for the City as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the City's general receipts, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the disbursements of a given function offset by program receipts directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the disbursements and program receipts associated with a distinct functional activity. Program receipts include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These receipts are subject to externally imposed restrictions to these program uses. Taxes and other receipts sources not properly included with program receipts are reported as general receipts.

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Disbursements generally are recorded when cash is spent.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

RECEIVED

FEB 15 2017

CITY OF MENDENHALL, MISSISSIPPI

Notes to Financial Statements September 30, 2015

Note 1. Summary of Significant Accounting Policies. (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The city reports the following major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Fire Fund* is used to account for the all financial resources of the fire department.

The city reports the following major Business-type Funds:

The *Water and Sewer Fund* is used to account for all financial resources of the water and sewer department.

The *Solid Waste Fund* is used to account for the all financial resources of the solid waste department.

GOVERNMENTAL FUND TYPE

Special Revenue Funds - These funds are used to account for the proceeds of specific receipts sources (other than for major capital projects) that are legally restricted to disbursements for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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

PROPRIETARY FUND TYPE

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

D. Cash and Investments.

The City maintains and controls cash in each of the funds or fund type types operated. Investments are separately held and reflected in respective funds as investments, some of which are restricted funds.

State law authorizes the City to invest in interest bearing time certificates of deposit with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2015**

Note 1. Summary of Significant Accounting Policies. (Continued)

E. Restricted Assets

Certain resources are classified as Restricted because they are set aside for the repayment of deposits for water meters.

F. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Equity Classifications.

Government-wide Financial Statements:

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

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

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

Governmental fund balance is classified as restricted, assigned or unassigned. The following are descriptions of fund classifications used by the City.

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

Assigned fund balance includes amounts that are constrained by the city's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

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

CITY OF MENDENHALL, MISSISSIPPI

Notes to Financial Statements September 30, 2015

Note 1. Summary of Significant Accounting Policies. (Continued)

H. Property Tax Receipts.

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

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Note 2. Defined Benefit Pension Plan.

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

Funding Policy: PERS members are required to contribute 9% of their annual covered salary and the City of Mendenhall, Mississippi is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The City of Mendenhall, Mississippi's contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$176,100, \$169,600, and \$157,319, respectively, which is equal to the required contributions for each year.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).

Note 3. Contingencies.

Litigation - The City of Mendenhall, Mississippi is not a defendant in any lawsuits at this time.

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City.



CITY OF MENDENHALL, MISSISSIPPI

**Notes to Financial Statements
September 30, 2015**

Note 4. Deposits and Investments.

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2015, was \$623,974, and the bank balance was \$648,222. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2015, none of the City's bank balance of \$648,222 was exposed to custodial credit risk.

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.

Concentration of Credit Risk - Disclosures of investments by amount and issuer for any issuer that represents five percent or more of the 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 other than Certificates of Deposits.

Note 5. Claims and Judgments.

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. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

Note 6. Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes.

RECEIVED

FEB 15 2017

CITY OF MENDENHALL, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

City of Mendenhall, Mississippi
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2015

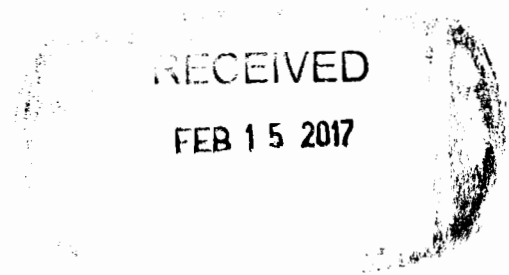
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 372,043	\$ 377,444	\$ 377,444	\$ 0
Rail car tax	6,342	6,030	6,030	0
Road and Bridge	45,000	42,351	42,351	0
Franchise taxes	75,000	77,361	77,361	0
License and permits	11,750	11,934	11,934	0
Intergovernmental receipts	715,250	726,844	726,844	0
In lieu of taxes	25,000	26,053	26,053	0
Fines and forfeits	150,000	173,357	173,357	0
Miscellaneous	46,227	70,622	70,622	0
Total Receipts	<u>\$ 1,446,612</u>	<u>\$ 1,511,996</u>	<u>\$ 1,511,996</u>	<u>\$ 0</u>
EXPENDITURES				
General government	\$ 483,088	\$ 504,265	\$ 504,265	\$ 0
Public safety	590,465	573,493	573,493	0
Culture and recreation	110,492	131,603	131,603	0
Economic development	29,000	19,200	19,200	0
Public works	225,077	243,335	243,335	0
Debt service:				
Principal	7,278	18,314	18,314	0
Interest	1,212	7,173	7,173	0
Total Expenditures	<u>\$ 1,446,612</u>	<u>\$ 1,497,383</u>	<u>\$ 1,497,383</u>	<u>\$ 0</u>
Excess of Receipts over (under) Expenditures	<u>0</u>	<u>14,613</u>	<u>14,613</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital expenditure	\$ 0	\$ (24,551)	\$ (24,551)	\$ 0
Transfer		50,000	50,000	0
Total Other Cash Sources and Uses	<u>0</u>	<u>25,449</u>	<u>25,449</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	40,062	40,062	0
Cash Basis Fund Balances - Beginning	<u>159,245</u>	<u>159,245</u>	<u>159,245</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 159,245</u>	<u>\$ 199,307</u>	<u>\$ 199,307</u>	<u>\$ 0</u>

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

City of Mendenhall, Mississippi
Budgetary Comparison Schedule -
Budget and Actual
Municipal Fire Fund
For the Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 1,900	\$ 1,946	\$ 1,946	\$ 0
Intergovernmental receipts	53,150	51,145	51,145	0
Miscellaneous		567	567	0
Total Receipts	<u>\$ 55,050</u>	<u>\$ 53,658</u>	<u>\$ 53,658</u>	<u>\$ 0</u>
EXPENDITURES				
Public safety	\$ 29,900	\$ 30,901	\$ 30,901	\$ 0
Debt service:				
Principal	13,685	13,696	13,696	0
Interest	547	533	533	0
Total Expenditures	<u>\$ 44,132</u>	<u>\$ 45,130</u>	<u>\$ 45,130</u>	<u>\$ 0</u>
Excess of Receipts over (under) Expenditures	<u>10,918</u>	<u>8,528</u>	<u>8,528</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital expenditure	<u>\$ (10,918)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Other Cash Sources and Uses	<u>(10,918)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	8,528	8,528	0
Cash Basis Fund Balances - Beginning	<u>59,472</u>	<u>59,472</u>	<u>59,472</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u><u>\$ 59,472</u></u>	<u><u>\$ 68,000</u></u>	<u><u>\$ 68,000</u></u>	<u><u>\$ 0</u></u>

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



CITY OF MENDENHALL, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

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

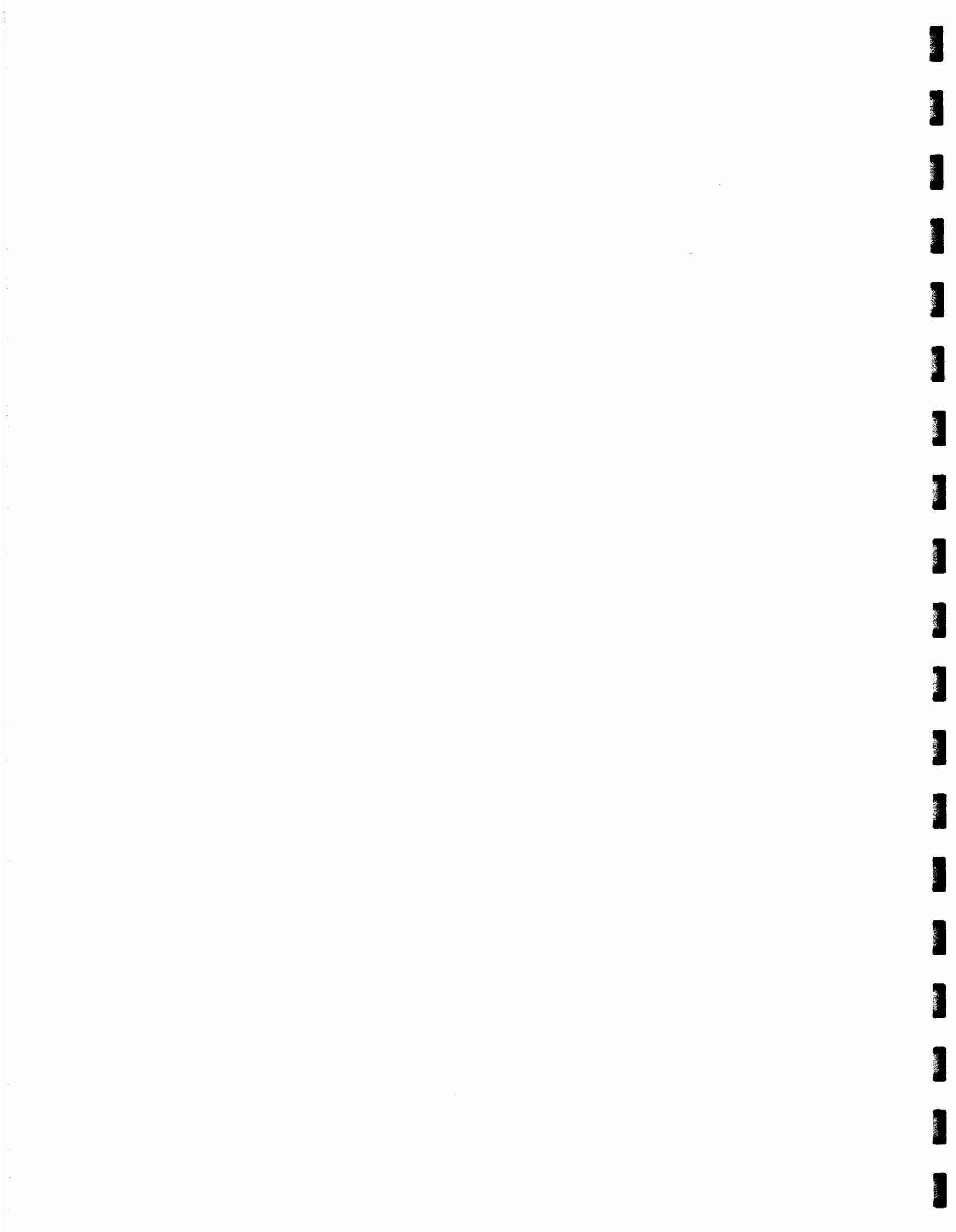
B. Basis of Presentation.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.



CITY OF MENDENHALL, MISSISSIPPI

SUPPLEMENTARY INFORMATION

City of Mendenhall, Mississippi
Schedule of Changes in Long-term Debt
For the year Ended September 30, 2015

<u>Description</u>	<u>Outstanding Balance October 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2015</u>
Bond issued				
General obligation bond issue-Peoples Bank	\$ <u>205,000</u>	\$ <u> </u>	\$ <u>20,000</u>	\$ <u>185,000</u>
Total general obligation bonds	205,000		20,000	185,000
Other long-term debt				
Note payable-Peoples Bank	50,479	150,000	11,669	188,810
Note payable-Hancock Bank		97,442	8,290	89,152
State of Mississippi - CAP Loan	579,582		61,066	518,516
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	\$ <u><u>835,061</u></u>	\$ <u><u>247,442</u></u>	\$ <u><u>101,025</u></u>	\$ <u><u>981,478</u></u>



City of Mendenhall, Mississippi
Schedule of Investments - All Funds
September 30, 2015

Special Revenue Fund

Unemployment Fund:

.30% Certificate of Deposit, Dated March 28, 2015
Due March 28, 2016

\$ 9,038

Total Investments

\$ 9,038

City of Mendenhall, Mississippi
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2015

<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Alderman	Travelers	\$ 50,000
Mayor	RLI Insurance	50,000
City Clerk	RLI Insurance	50,000
Deputy City Clerk	RLI Insurance/Western Surety	50,000
Notary	RLI Insurance	5,000
Police Chief	RLI Insurance	50,000
Court Clerk	RLI Insurance	50,000
Dispatcher/Deputy Court Clerk	RLI Insurance	50,000

RECEIVED
FEB 15 2017

City of Mendenhall, Mississippi
Schedule of Capital Assets
For the year Ended September 30, 2015

Description	Beginning Balance October 1, 2014	Increases	Decreases	Ending Balance Sept. 30, 2015
Governmental activities:				
Capital Assets:				
Land	\$ 121,888	\$ 5,000	\$ -	\$ 126,888
Buildings	1,023,910	-	-	1,023,910
Equipment	1,873,924	19,551	-	1,893,475
Infrastructure	235,715	-	-	235,715
Total Governmental activities capital assets	\$ 3,255,437	\$ 24,551	\$ -	\$ 3,279,988
Business-type activities:				
Capital Assets:				
Land	\$ 28,143	\$ -	\$ -	\$ 28,143
Equipment	6,552,619	105,156	-	6,657,775
Total Business-type activities capital assets	\$ 6,580,762	\$ 105,156	\$ -	\$ 6,685,918

CITY OF MENDENHALL, MISSISSIPPI

SPECIAL REPORTS



PRINCE CPA FIRM, PLLC

**CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS**

Telephone: (601) 849-2544
Fax: (601) 849-5147
Website: www.charlesprincecpa.com

1109 Laurel Drive SE
Post Office Box 353
Magee, Mississippi 39111

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

Honorable Mayor and
Members of the Board of Aldermen
City of Mendenhall, Mississippi

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mendenhall, Mississippi, ("City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Prince CPA Firm, PLLC

December 15, 2016
Magee, Mississippi

