

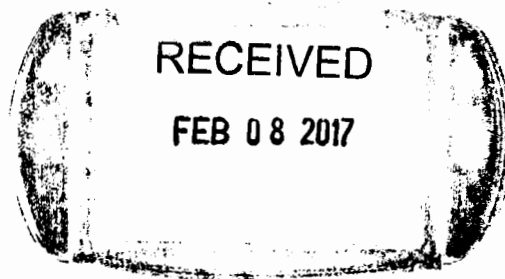


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**TOWN OF TAYLORSVILLE, MISSISSIPPI**

**Audited Financial Statements**

**For Year Ended September 30, 2015**



**CHARLES ROBERT PRINCE  
CERTIFIED PUBLIC ACCOUNTANT**



# TOWN OF TAYLORSVILLE, MISSISSIPPI

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Rosalyn Glenn and  
Honorable Members of the Board of Aldermen  
Town of Taylorsville, Mississippi

### **Report on the Financial Statements**

I 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 Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.



## **Opinions**

In my 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 Town 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.

## **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, the Town's Proportionate Share of the Net Pension Liability schedule, the Town's Contributions schedule and corresponding notes 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 Town of Taylorsville, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplemental and Other Information*

The Schedule of Surety Bonds for Town Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated February 26, 2016, on my consideration of the Town's, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



February 26, 2016  
Magee, Mississippi





**TOWN OF TAYLORSVILLE, MISSISSIPPI**

**BASIC FINANCIAL STATEMENTS**



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Net Position  
September 30, 2015

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Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 699,814	211,928	911,742
Property tax receivable	191,380		191,380
Accounts receivable (Net of allowance for uncollectibles - Note 7)		88,609	88,609
Intergovernmental receivables	31,793	99,721	131,514
Restricted assets:			
Cash and cash equivalents		77,485	77,485
Capital assets:			
Land and construction in progress	404,806	11,125	415,931
Other capital assets (Net of depreciation - Note 8)	2,595,071	2,239,474	4,834,545
Total Assets	3,922,864	2,728,342	6,651,206
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	163,406		163,406
Total Deferred Outflows of Resources	163,406	0	163,406
<b>LIABILITIES</b>			
Accounts payable	28,206	27,762	55,968
Accounts payable - Water	99,721		99,721
Customer deposits		38,988	38,988
Long-term liabilities:			
Due within one year:			
Capital debt	14,799	49,844	64,643
Due in more than one year:			
Capital debt		362,336	362,336
Net pension liability	1,322,899		1,322,899
Total Liabilities	1,465,625	478,930	1,944,555
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	191,380		191,380
Total Deferred Inflows of Resources	191,380	0	191,380
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,985,078	1,838,419	4,823,497
Restricted:			
Expendable:			
Debt service	13,922		13,922
Public safety	10,190		10,190
Public works		410,993	410,993
Unrestricted	(579,925)		(579,925)
Total Net Assets	\$ 2,429,265	2,249,412	4,678,677

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



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2015

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-type Activities	Total
Governmental Activities:							
General government	\$ 377,797	18,553			(359,244)		(359,244)
Public safety	486,058		19,362		(466,696)		(466,696)
Highways and streets	251,412				(251,412)		(251,412)
Sanitation	75,657				(75,657)		(75,657)
Cultural and recreational	65,792				(65,792)		(65,792)
Economic Development	6,267				(6,267)		(6,267)
Interest on long-term debt	1,610				(1,610)		(1,610)
Pension expense	131,375				(131,375)		(131,375)
Total Governmental Activities	1,395,968	18,553	19,362	0	(1,358,053)	0	(1,358,053)
Business-type Activities:							
Water and sewer	635,498	774,113	0	0	0	138,615	138,615
Total Primary Government	\$ 2,031,466	792,666	19,362	0	(1,358,053)	138,615	(1,219,438)
General revenues:							
Property tax				\$ 346,649			346,649
Sales tax				326,190			326,190
Franchise tax				67,292			67,292
Licenses and permits				3,775			3,775
Grants and contributions not restricted to specific programs				37,826			37,826
Unrestricted interest income				928		393	1,321
Miscellaneous revenue				174,939		5,511	180,450
Transfers				356,399		(356,399)	
Total General Revenues and Transfers				1,313,998		(350,495)	963,503
Changes in Net Position					(44,055)	(211,880)	(255,935)
Net Position							
Beginning					3,524,632	2,461,292	5,985,924
Prior period adjustments (Note 3)					(1,051,312)		(1,051,312)
Restated					2,473,320	2,461,292	4,934,612
Net Position - Ending					\$ 2,429,265	2,249,412	4,678,677

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



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Balance Sheet - Governmental Funds  
September 30, 2015

Exhibit C

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>A &amp; B Components Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 685,892	13,922	699,814
Property taxes receivable	191,380		191,380
Intergovernmental receivables	31,793		31,793
 Total Assets	 \$ 909,065	 13,922	 922,987
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 28,206		28,206
Accounts payable - Water Fund	99,721		99,721
Total Liabilities	127,927	0	127,927
Deferred Inflows of Resources			
Property tax for future reporting period	191,380		191,380
Total Deferred Inflows of Resources	191,380	0	191,380
Fund Balances:			
Unassigned	589,758	13,922	603,680
Total Fund Balances	589,758	13,922	603,680
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 909,065	 13,922	 922,987

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





## TOWN OF TAYLORSVILLE, MISSISSIPPI

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2015Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds	\$	603,680
Amounts reported for governmental services in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,550,373.		2,999,877
Pension Obligations:		
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(1,322,899)	
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension obligations	<u>163,406</u>	(1,159,493)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(14,799)</u>
Total Net Assets - Governmental Activities	\$	<u><u>2,429,265</u></u>

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



## TOWN OF TAYLORSVILLE, MISSISSIPPI

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds

For the Year Ended September 30, 2015

	Major Funds		Total
	General	A & B	Governmental
	Fund	Components	Funds
		Fund	
REVENUES			
Property tax	\$ 346,649		346,649
Sales tax	326,190		326,190
Franchise tax	67,292		67,292
Licenses and permits	3,775		3,775
Fines and forfeitures	18,553		18,553
Intergovernmental revenues	57,188		57,188
Interest income	919	9	928
Miscellaneous revenue	152,511	22,428	174,939
Total Revenues	973,077	22,437	995,914
EXPENDITURES			
Current:			
General government	371,229		371,229
Public safety	452,297		452,297
Highway and streets	235,433		235,433
Sanitation	76,817		76,817
Culture and recreation	67,540		67,540
Debt service:			
Principal	20,893	8,864	29,757
Interest	506	1,104	1,610
Total Expenditures	1,224,715	9,968	1,234,683
Excess of Revenues over (under) Expenditures	(251,638)	12,469	(239,169)
OTHER FINANCING SOURCES (USES)			
Transfers in	368,021		368,021
Transfers out	(11,622)		(11,622)
Total Other Financing Sources and Uses	356,399	0	356,399
Net Changes in Fund Balances	104,761	12,469	117,230
Fund Balances - Beginning	484,997	1,453	486,450
Fund Balances - Ending	\$ 589,758	13,922	603,680

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



TOWN OF TAYLORSVILLE, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2015

Exhibit D-1

		<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds		117,230
	\$	
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$107,860 exceeded capital outlay of \$25,000 in the current period.		
		(82,860)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount of debt repayments of \$29,757.		
		29,757
Items reported in the Statement Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:		
Recognition of pension expense for the current year	(131,375)	
Recognition of contributions made subsequent to the measurement date	<u>23,194</u>	<u>(108,181)</u>
Change in Net Assets of Governmental Activities	\$	<u>(44,054)</u>

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



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Net Position - Proprietary Fund  
September 30, 2015

Exhibit E

	Business-type Activities - Enterprise Fund Water and Sewer Fund
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 211,928
Accounts receivable (Net of allowance for uncollectibles - Note 7)	88,609
Intergovernmental receivables	99,721
Total Current Assets	<u>400,258</u>
Noncurrent Assets:	
Restricted assets:	
Cash and cash equivalents	77,485
Capital assets:	
Land	11,125
Other capital assets (Net of depreciation - Note 8)	2,239,474
Total Noncurrent Assets	<u>2,328,084</u>
Total Assets	<u>2,728,342</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	27,762
Payable from restricted assets:	
Customer deposits	38,988
Long-term liabilities:	
Due within one year:	
Capital debt	49,844
Due in more than one year:	
Capital debt	362,336
Total Current Liabilities	<u>478,930</u>
Total Liabilities	<u>478,930</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,838,419
Restricted:	
Expendable for:	
Public works	410,993
Total Net Position	<u>\$ 2,249,412</u>



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





## TOWN OF TAYLORSVILLE, MISSISSIPPI

Exhibit F

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
September 30, 2015

	Business-type Activities - Enterprise Fund Water and Sewer Fund
Operating Revenues:	
Charges for services	\$ 774,113
Miscellaneous revenue	5,511
Total Operating Revenues	<u>779,624</u>
Operating Expenses:	
Utilities	84,568
Contractual services, materials and supplies	161,400
Other services and charges	203,904
Depreciation	<u>178,136</u>
Total Operating Expenses	<u>628,008</u>
Net Income/(Loss) From Operations	<u>151,616</u>
Nonoperating Revenues/(Expenses):	
Interest income	393
Interest expense	<u>(7,490)</u>
Net Nonoperating Revenues/(Expenses)	<u>(7,097)</u>
Net Income/(Loss) Before Transfers	144,519
Transfers in	11,622
Transfers out	<u>(368,021)</u>
Changes in Net Position	(211,880)
Net Position - Beginning	<u>2,461,292</u>
Net Position - Ending	<u>\$ 2,249,412</u>

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



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Cash Flows - Proprietary Fund  
September 30, 2015

Exhibit G

	Business-type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 778,095
Other operating cash receipts	5,411
Cash payments to suppliers for goods and services	(446,844)
Net Cash Provided/(Used) by Operating Activities	<u>336,662</u>
Cash Flows From Noncapital and Related Financing Activities:	
Cash received from other funds:	
Transfers in	11,622
Cash paid to other funds:	
Transfers out	(368,021)
Net Cash Provided/(Used) by Noncapital and Related Financing Activities	<u>(356,399)</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds from long-term capital debt	140,135
Principal paid on long-term debt	(81,970)
Interest paid on debt	(7,490)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>50,675</u>
Cash Flows From Investing Activities:	
Interest income	393
Net Cash Provided/(Used) by Investing Activities	<u>393</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	31,331
Cash and Cash Equivalents at Beginning of Year	<u>258,082</u>
Cash and Cash Equivalents at End of Year	\$ <u>289,413</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating income (loss)	\$ 151,616
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:	
Depreciation expense	178,136
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(593)
Increase (decrease) in accounts payable	7,033
Increase (decrease) in customer deposits	470
Total Adjustments	<u>185,046</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u>336,662</u>

(Continued)

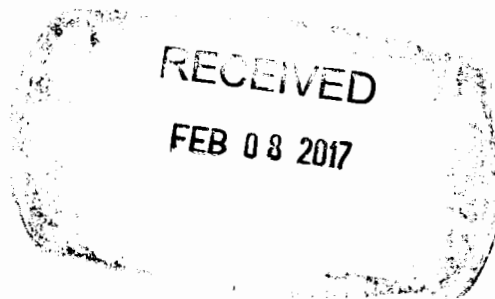


TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Cash Flows - Proprietary Fund  
September 30, 2015

Exhibit G (Continued)

	Business-type Activities - Enterprise Fund Water and Sewer Fund
Cash and Cash Equivalents Reconciliation:	
Current assets - cash and cash equivalents	\$ 211,928
Restricted assets - cash and cash equivalents	<u>77,485</u>
Cash and Cash Equivalents at September 30	\$ <u>289,413</u>

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





TOWN OF TAYLORSVILLE, MISSISSIPPI  
Statement of Fiduciary Assets and Liabilities  
September 30, 2015

Exhibit H

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ <u>59,760</u>
Total Assets	\$ <u><u>59,760</u></u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ <u>59,760</u>
Total Liabilities	\$ <u><u>59,760</u></u>

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





## TOWN OF TAYLORSVILLE, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

#### (1) Summary of Significant Accounting Policies.

##### A. Introduction.

The Town of Taylorsville, Mississippi ("Town") was incorporated in 1900. The Town operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: Public Safety (Police and Volunteer Fire Protection), Highway and Streets, Sanitation, Culture-Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanation, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2015.

##### B. Financial Statements.

###### *Government-wide Statements:*

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

The Statement of Activities reports the expenses of a given function offset by program revenues 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 expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town'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 revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

###### *Fund Financial Statements:*

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.



## TOWN OF TAYLORSVILLE, MISSISSIPPI

### Notes to the Financial Statements For the Year Ended September 30, 2015

The government-wide and proprietary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the Town. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of proprietary funds are classified as operating and nonoperating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to claims and judgments are recognized only when payment is due.

Major revenue sources susceptible to accrual include: sales taxes, property taxes, franchise fee, intergovernmental revenue, charges for garbage and utility services, fines and forfeitures, and investment earnings. In general, other revenues are recognized when cash is received.

The Town reports the following major Governmental Funds:

General Fund - This fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

A and B Components Fund - This fund is used to account for rental income and debt payments related to the A and B Components Building.

The Town reports the following major Proprietary Fund:

Water and Sewer Fund - This fund is used to account for the provisions of water and sewer services to customers within the service area.

Additionally, the Town reports the following fund type:

#### FIDUCIARY FUND TYPE

Agency Funds - Agency Funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

#### D. Account Classifications.

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



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

E. Cash and Investments.

The Town's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit, which are short-term highly liquid investments that are readily convertible to cash. All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

State law authorizes the Town 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.

F. Receivables.

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

G. Capital Assets.

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. The Town's property, plant, equipment and infrastructure purchased or acquired are recorded at historical cost or estimated historical cost. Donated assets are recorded at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Therefore, infrastructure acquired prior to October 1, 2002, has not been recorded, unless the value was already included in the Town's inventory of capital assets.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Interest expenditures are not capitalized on capital assets. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Life
Land	N/A
Infrastructure	20-50 years
Buildings	40 years
Mobile equipment	5-10 years
Furniture and equipment	3-7 years
Leased property under capital leases	*

\* Leased property capitalization policy will correspond with the time for the asset classification, as listed above.



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

H. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Town has a deferred outflow which is related to pension obligations.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet 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 then. The Town has a deferred inflow which is related to property taxes for future reporting periods.

I. Long-term Liabilities.

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

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing resources of the current period.

J. Pensions.

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

K. Equity Classifications.

Government-wide Financial Statements:

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

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

Restricted net position - Consists of net assets 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 assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."





TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

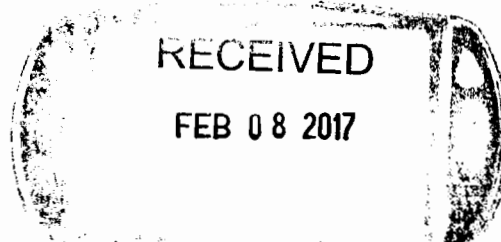
Fund Balance Flow Assumption:

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

L. Property Tax Revenues.

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 Town. 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.





TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

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

Smith County bills and collects the Town's property taxes, including automobile ad valorem. Tax revenue is remitted to the Town monthly.

M. Intergovernmental Revenues in Governmental Funds.

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

(2) Change in Accounting Standard.

In June 2012, the GASB issued Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions*. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses. For defined benefit pensions, note disclosure and required supplementary information requirements about pensions also are addressed. These statements are effective for fiscal years beginning after June 15, 2014.

(3) Prior Year Adjustments.

Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Governmental Activities	
Implementation of GASB 68 and 71:	
Net pension liability (9-30-2014)	\$ (1,139,410)
Deferred outflows - contributions made during fiscal year 2014	<u>88,098</u>
Total prior year adjustments related to GASB 68 and 71	\$ <u>(1,051,312)</u>

(4) Deposits and Investments.

The carrying amount of the Town's total deposits, which include cash accounts and certificates of deposits, with financial institutions at September 30, 2015, was \$1,048,987, and the bank balance was \$1,065,756. 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.



# TOWN OF TAYLORSVILLE, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. 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 Town. As of September 30, 2015, none of the Town's bank balance of \$1,048,987 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 Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**Concentration of Credit Risk - Disclosure** 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 Town had no investments other than certificates of deposits.

### (5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015:

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Water and Sewer	\$ 368,021
Water and Sewer	General	11,622
Total		\$ <u>379,643</u>

The principal purposes of interfund transfers were to reimburse debt payments, and water and sewer employee salaries and fringe benefits.

### (6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Sales tax	\$ 27,699
Smith County Tax Collector	4,094
Total Governmental Activities	\$ <u>31,793</u>
Business-type Activities:	
Water project	\$ 99,721
Total Business-type Activities	\$ <u>99,721</u>



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

(7) Accounts Receivable and Uncollectible Accounts.

Business-type Activities:

Significant receivables include amounts due from customers primarily for utility services. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Related amounts are shown in the following table:

	Water and Sewer Fund
Accounts receivable	\$ 106,757
Less: Allowance for uncollectible accounts	<u>(18,148)</u>
Net accounts receivable	<u>\$ 88,609</u>
Uncollectible amounts netted with revenues	<u>\$ 18,148</u>

(8) Capital Assets.

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
<u>Governmental Activities:</u>					
Non-depreciable capital assets:					
Land	\$ 404,806				404,806
Construction in progress	15,000	25,000		(40,000)	0
Total non-depreciable capital assets	<u>419,806</u>	<u>25,000</u>	<u>0</u>	<u>(40,000)</u>	<u>404,806</u>
Depreciable capital assets:					
Buildings and improvements	2,204,467			40,000	2,244,467
Machinery and equipment	586,876				586,876
Other furniture and equipment	104,731				104,731
Leased property under capital leases	51,973				51,973
Infrastructure	1,157,398				1,157,398
Total depreciable capital assets	<u>4,105,445</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>4,145,445</u>
Less accumulated depreciation for:					
Buildings and improvements	628,248	43,972			672,220
Machinery and equipment	456,866	23,424			480,290
Other furniture and equipment	73,856	8,560			82,416
Leased property under capital leases	11,240	9,355			20,595
Infrastructure	272,303	22,549			294,852
Total accumulated depreciation	<u>1,442,513</u>	<u>107,860</u>	<u>0</u>	<u>0</u>	<u>1,550,373</u>

(Continued)





TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Total depreciable capital assets, net	2,662,932	(107,860)	0	40,000	2,595,072
Governmental activities capital assets, net	\$ 3,082,738	(82,860)	0	0	2,999,878
<b>Business-type Activities:</b>					
Non-depreciable capital assets:					
Land	\$ 11,125				11,125
Total non-depreciable capital assets	11,125	0	0	0	11,125
Depreciable capital assets:					
Water and sewer lines facilities	4,004,095				4,004,095
Machinery and equipment	621,800				621,800
Leased property under capital leases	85,602				85,602
Total depreciable capital assets	4,711,497	0	0	0	4,711,497
Less accumulated depreciation for:					
Water and sewer lines facilities	1,797,557	137,734			1,935,291
Machinery and equipment	488,138	32,402			520,540
Leased property under capital leases	8,192	8,000			16,192
Total accumulated depreciation	2,293,887	178,136	0	0	2,472,023
Total depreciable capital assets, net	2,417,610	(178,136)	0	0	2,239,474
Business-type activities capital assets, net	\$ 2,428,735	(178,136)	0	0	2,250,599



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 13,061
Public safety	44,430
Highway and streets	20,850
Culture and recreation	23,252
Economic development	<u>6,267</u>
Total Governmental Activities depreciation expense	<u>\$ 107,860</u>
<u>Business-type Activities:</u>	
Water and sewer	<u>\$ 178,136</u>

(9) Claims and Judgments.

Risk Management:

The Town 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 Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Mobile equipment	\$ 51,973
Less: Accumulated depreciation	<u>20,595</u>
Leased Property Under Capital Leases	<u>\$ 31,378</u>
<u>Business-type Activities:</u>	
Mobile equipment	\$ 85,602
Less: Accumulated depreciation	<u>16,192</u>
Leased Property Under Capital Leases	<u>\$ 69,410</u>



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 14,799	134	19,088	634
2017			16,724	324
2018			9,888	57
Total	<u>\$ 14,799</u>	<u>134</u>	<u>45,700</u>	<u>1,015</u>

(11) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. Capital Leases:			
2012 Chevrolet Tahoe	\$ 2,306	2.00%	01/17/2016
2014 Dodge Charger	12,493	1.75%	05/01/2016
Total Capital Leases	<u>\$ 14,799</u>		
Business-type Activities:			
A. Loans:			
CAP Loan - sewer improvements	\$ 100,524	3.00%	06/01/2021
CAP Loan - water improvements	19,771	3.00%	08/01/2022
MS Department of Health - water improvements	140,135	1.95%	**
MS Department of Environmental Quality Revolving Loan - sewer improvements	106,050	2.00%	10/27/2025
Total Loans	<u>\$ 366,480</u>		
B. Capital Leases:			
2012 Chevrolet C 2500 truck	\$ 2,647	2.00%	03/21/2016
Tractor	43,053	1.68%	05/01/2016
Total Capital Leases	<u>\$ 45,700</u>		

\*\* Maturity date is to be twenty years from the completion of the project. Funds are to be drawn as expenditures are incurred.



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

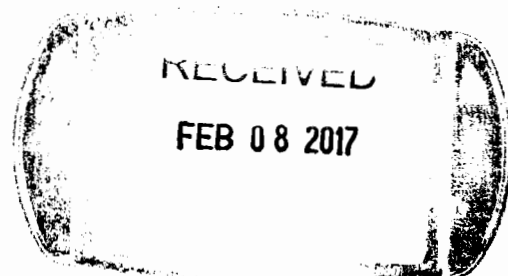
Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year Ending September 30	Business-type Activities	
	Loans	
	Principal	Interest
2016	\$ 30,755	5,713
2017	171,728	4,875
2018	32,454	4,014
2019	33,339	3,129
2020	34,249	2,219
2021-2025	62,987	4,376
2026-2030	968	0
Total	\$ 366,480	24,327

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the Town is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the Town, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a town issues bonds to repair or replace washed out or collapsed bridges on the public roads of the Town. As of September 30, 2015, the amount of outstanding debt was less than one percent of the latest property assessment.

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

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Loans	\$ 8,864		8,864	0	
Capital leases	35,692		20,893	14,799	14,799
Total	\$ 44,556	0	29,757	14,799	14,799
Business-type Activities:					
Loans	\$ 287,117	140,135	60,772	366,480	30,756
Capital leases	66,899		21,199	45,700	19,088
Total	\$ 354,016	140,135	81,971	412,180	49,844







TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

(12) Contingencies.

Federal Grants - The Town 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 Town. Accordingly, no provision for any liability that may result has been recognized in the Town's financial statements.

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

(13) Defined Benefit Pension Plan.

General Information about the Pension Plan.

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

Plan Description. The Town of Taylorsville 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, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, local school districts, counties and municipalities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS's Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years of the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.



TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

Contributions. PERS members are required to contribute 9.00% of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The rate at June/September 30, 2015 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.

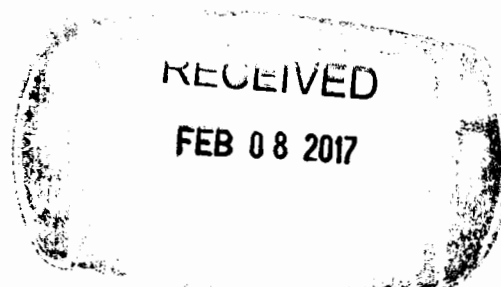
The Town of Taylorsville's employer contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$86,985, \$86,811, and \$85,320, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the Town of Taylorsville reported a liability of \$1,322,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the entity's proportion was .008558 percent, which was a decrease of 0.000829 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Town of Taylorsville recognized pension expense of \$131,375.

At September 30, 2015, the Town of Taylorsville reported as components of pension expense and deferred outflows of resources from the following sources:

		Deferred Outflows of Resources
Difference between expected and actual experience	\$	20,359
Net difference between projected and actual earnings on pension plan investments		77,404
Changes in assumptions		113,963
Changes in proportion and differences between entity contributions and proportionate share of contributions		(71,515)
Entity contributions subsequent to the measurement date		23,194
Total	\$	<u>163,405</u>





TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2015

These amounts will be amortized as follows:

Year Ended June/September, 30:

2016	\$ 42,442
2017	42,442
2018	35,977
2019	<u>19,351</u>
Total	<u>\$ 140,212</u>

\$23,194 reported as deferred outflows of resources related to pensions resulting from entity contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016.

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

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future 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	34.00	%	5.20	%
International Equity	19.00		5.00	
Emerging Markets Equity	8.00		5.45	
Fixed Income	20.00		0.25	
Real Assets	10.00		4.00	
Private Equity	8.00		6.15	
Cash	<u>1.00</u>		(0.50)	
Total	<u>100.00</u>	%		



# TOWN OF TAYLORSVILLE, MISSISSIPPI

## Notes to the Financial Statements For the Year Ended September 30, 2015

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

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

	1% Decrease (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of the net pension liability	\$ <u>1,743,701</u>	\$ <u>1,322,899</u>	\$ <u>973,710</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.

### (14) Effect of Deferred Amounts on Net Position.

The unrestricted net position amount of (\$579,925) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$163,405 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 years.

### (15) 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. The management of the Town of Taylorsville evaluated the activity of the town through February 26, 2016, the date the financial statements were available to be issued, and determined that no event has occurred requiring disclosure in the notes to the financial statements.





## TOWN OF TAYLORSVILLE, MISSISSIPPI

### REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF TAYLORSVILLE, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 311,000	377,210	377,210	
Sales tax	314,033	313,349	313,349	
Licenses, commissions and other revenue	90,325	71,067	71,067	
Intergovernmental revenues	44,523	22,259	22,259	
Fines and forfeitures	19,200	16,000	16,000	
Interest income	293	264	264	
Miscellaneous revenues	274,400	164,445	164,445	
Total Revenues	<u>1,053,774</u>	<u>964,594</u>	<u>964,594</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	589,699	551,308	551,308	
Public safety	434,676	408,285	408,285	
Public works	326,170	275,224	275,224	
Culture and recreation	71,250	37,915	37,915	
Total Expenditures	<u>1,421,795</u>	<u>1,272,732</u>	<u>1,272,732</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(368,021)</u>	<u>(308,138)</u>	<u>(308,138)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	368,021	398,021	398,021	0
Total Other Financing Sources and Uses	<u>368,021</u>	<u>398,021</u>	<u>398,021</u>	<u>0</u>
Net Change in Fund Balance	0	89,883	89,883	0
Fund Balances - Beginning	<u>481,547</u>	<u>481,547</u>	<u>481,547</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 481,547</u>	<u>571,430</u>	<u>571,430</u>	<u>0</u>

The notes to the required supplementary information are an integral part of this schedule.



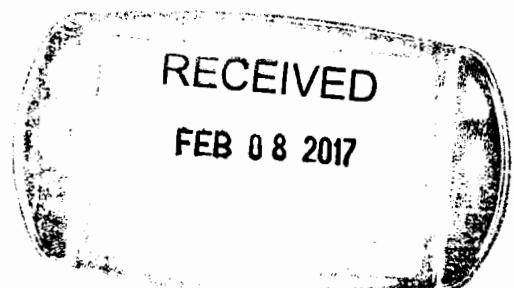
TOWN OF TAYLORSVILLE, MISSISSIPPI  
Schedule of the Town of Taylorsville's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years \*

	<u>2015</u>
Town of Taylorsville's proportion of the net pension liability (asset)	\$ 1,322,899
Town of Taylorsville's proportionate share of the new pension liability (asset)	0.00008558 %
Town of Taylorsville's covered - employee payroll	\$ 551,429
Town of Taylorsville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	239.903777 %
Plan fiduciary net position as a percentage of the total pension liability	61.703983 %

\* 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 FYE 6/30/2015, and until a full 10-year trend is compiled, the entity has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.





TOWN OF TAYLORSVILLE, MISSISSIPPI  
Schedule of the Town of Taylorsville's Contributions  
PERS  
Last 10 Fiscal Years

	<u>2015</u>
Contractually required contribution	\$ 86,985
Contributions in relation to the contractually required contribution	<u>86,985</u>
Contribution deficiency (excess)	\$ <u>0</u>
Town employee covered payroll	\$ 552,262
Contributions as a percentage of covered-employee payroll	15.75%

The notes to the required supplementary information are an integral part of this schedule.





# TOWN OF TAYLORSVILLE, MISSISSIPPI

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

### Budget Comparison Schedules

#### A. Budgetary Information.

The Town Clerk submits an annual budget to the Board of Aldermen on or before the last Tuesday of August in accordance with the State of Mississippi's statutory requirements. The budget is presented to the Board of Aldermen for review, and public hearings are held to address priorities and the allocation of resources. In September, the Board of Aldermen adopts the annual fiscal year budget for Board of Aldermen operating funds.

#### B. Basis of Budgeting.

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

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department within a fund as follows: personal services, contracted services, supplies, other services and charges, and capital outlay. Budget revisions are subject to final review by the Board of Aldermen. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. One revision to the budget was made throughout the year.

#### C. Basis of Presentation.

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

#### D. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the net change in fund balance on the budgetary basis schedules to the net change in fund balance on the GAAP basis financial statements for the General Fund:

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ 89,883
Increase (Decrease)	
Net adjustments for revenue accruals	9,041
Net adjustments for expenditure accruals	48,017
Net adjustment for other financing sources/uses	(42,180)
GAAP Basis	\$ <u>104,761</u>



TOWN OF TAYLORSVILLE, MISSISSIPPI

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

E. Unbudgeted Funds.

The Town does not prepare a budget for the A & B Components Fund, a major special revenue fund, since it mainly accounts for rental income used to pay debt related to the building being rented.

Pension Schedules

A. Changes of Benefit Terms.

None

B. Changes in Assumptions.

Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of County's Contributions.

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



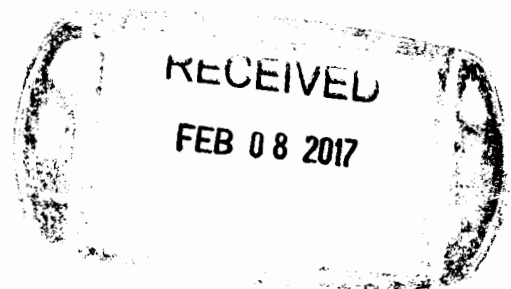
TOWN OF TAYLORSVILLE, MISSISSIPPI

SUPPLEMENTAL INFORMATION



TOWN OF TAYLORSVILLE, MISSISSIPPI  
Schedule of Surety Bonds for Town Officials  
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Ray Lancaster	Alderman	Western Surety Company	\$ 10,000
Arthur Shelby	Alderman	Western Surety Company	\$ 10,000
Larry Moffett	Alderman	Western Surety Company	\$ 10,000
Dennis Robinson	Alderman	Western Surety Company	\$ 10,000
Janette Brewer	Alderman	Western Surety Company	\$ 10,000
Gabe Horn	Police Chief	Western Surety Company	\$ 50,000
Mitzi Ford	Town Clerk	Western Surety Company	\$ 50,000
Arthur Newman	Deputy Clerk	Western Surety Company	\$ 50,000







TOWN OF TAYLORSVILLE, MISSISSIPPI

SPECIAL REPORTS



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Member  
Mississippi Society of  
Certified Public Accountants

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

The Honorable Mayor Rosalyn Glenn and  
Honorable Members of the Board of Aldermen  
Town of Taylorsville, Mississippi

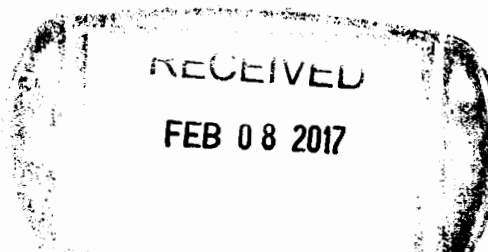
I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2015, which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 26, 2016. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.





### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Honorable Mayor Rosalyn Glenn, Honorable Members of the Board of Aldermen, 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.



February 26, 2016  
Magee, Mississippi



Charles Robert Prince  
Certified Public Accountant  
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Member  
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INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor Rosalyn Glenn and  
Honorable Members of the Board of Aldermen  
Town of Taylorsville, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2015, which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 26, 2016. I conducted my 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.

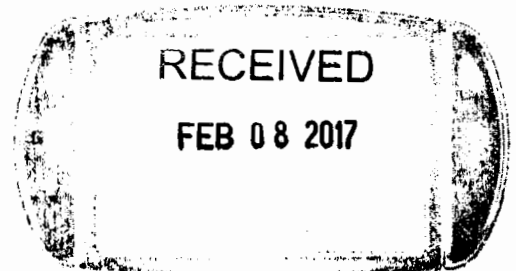
As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit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

This report is intended solely for the information and use of the Honorable Mayor Rosalyn Glenn, Honorable Members of the Board of Aldermen, 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.



February 26, 2016  
Magee, Mississippi

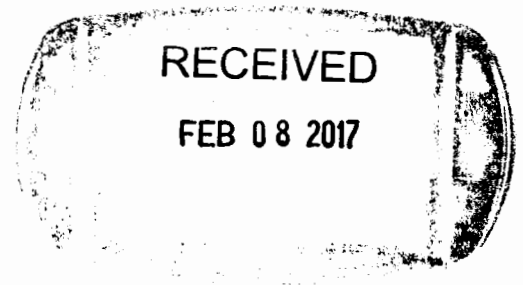






TOWN OF TAYLORSVILLE, MISSISSIPPI

SCHEDULE OF FINDINGS





TOWN OF TAYLORSVILLE, MISSISSIPPI

Schedule of Findings  
For the Year Ended September 30, 2015

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

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

**Section 2: Financial Statement Findings**

The results of my tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

