



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.

**MAYOR**  
FRED D. REEVES

**CITY CLERK**  
LEE ETHEL KING

**DEPUTY CLERK**  
DEBRA CHAMBLISS

**BOARD OF ALDERMEN**

WARD 1 LULA BUCK  
WARD 2 CHELSHE ARCHIE  
WARD 3 MYRTLE HEDRICK  
WARD 4 CLARENCE SCUTTER  
WARD 5 LESLIE CASE  
WARD 6 JACQUELINE WATSON



P.O. BOX 607  
PORT GIBSON, MS 39150  
(601) 437-4234  
FAX (601) 437-8667

## *City of Port Gibson, Mississippi*

August 16, 2017

Office of the State Auditor  
Technical Assistance Division  
P.O. Box 956  
Jackson, MS 39205

To Whom It May Concern:

This is a copy of the City of Port Gibson's 2015-2016 Audit, if you have any questions or comments please feel free to contact us at the above number.

Yours,

Lee Ethel King  
City Clerk

RECEIVED

AUG 28 2017

**CITY OF PORT GIBSON, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

RECEIVED

AUG 28 2017

CITY OF PORT GIBSON, MISSISSIPPI  
 TABLE OF CONTENTS  
 September 30, 2016

	EXHIBIT PAGE(S)
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	10
Statement of Activities	11
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	12
Balance Sheet - Governmental Funds	13
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Net Position Budget and Actual - General Fund	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenditures, and Changes in Net Position Proprietary Fund	18
Statement of Cash Flows - All Proprietary Fund Types	19
Notes to the Financial Statements	20 - 38
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the City's Proportionate Share of the Net Pension Liability	40
Schedule of the City's Contributions	41
 <b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44
 <b>REPORTS ON COMPLIANCE AND INTERNAL CONTROL</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 - 47

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	48 - 49
Schedule of Findings and Questioned Costs	50 - 51
Independent Auditor's Report on Compliance with State Laws and Regulations	52
Schedule of Surety Bonds for Municipal Officials	53
Statement of Legal Debt Limit	54
Schedule of Long-Term Debt	55



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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi, as of September 30, 2016, 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 (pages 4-9), budgetary comparison information (page 16), and pension information (pages 40-41) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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.

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

RECEIVED  
AUG 28 2017

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017, on our consideration of the City of Port Gibson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Gibson, Mississippi's internal control over financial reporting and compliance.

*Banks, Forney, White & Co.*

Jackson, Mississippi  
June 21, 2017

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

**INTRODUCTION**

The discussion and analysis of the City of Port Gibson, Mississippi's annual financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the City's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Port Gibson, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$5,570,802 (*net positions*). Of this amount, \$4,776,725 (*unrestricted net positions*) is a deficit and no amount is available to meet the City's ongoing obligations to citizens and creditors.

The City's total net positions decreased by \$35,109. This decrease is due to an increase in debt.

As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,299,529, a decrease of \$172,150 in comparison with the prior year. Approximately \$973,960 or 42.35% of this total amount, none is *available for spending* at the City's discretion (*unrestricted fund balance*) since .

At the end of the current fiscal year, unassigned fund balance for the general fund was \$667,252, or 36.85% of total general fund expenditures.

The City's total debt had a net increase of \$1,163,860 or 22.61% during the current fiscal year. The key factor in this increase was due to issuance of new debt with the Mississippi Department of Health for water and sewer infrastructure improvements.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

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

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

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

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

#### FUND FINANCIAL STATEMENTS

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

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

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

**NET POSITION**

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets:</b>						
Current and Other Assets	\$ 835,193	789,852	718,658	616,703	\$ 1,553,851	\$ 1,406,555
Capital Assets	<u>3,273,489</u>	<u>3,341,821</u>	<u>7,255,074</u>	<u>6,324,635</u>	<u>10,528,563</u>	<u>9,666,456</u>
Total Assets	<u>4,108,682</u>	<u>4,131,673</u>	<u>7,973,732</u>	<u>6,941,338</u>	<u>12,082,414</u>	<u>11,073,011</u>
Deferred outflow of resources	<u>522,225</u>	<u>393,470</u>	<u>94,950</u>	<u>71,540</u>	<u>617,175</u>	<u>465,010</u>
<b>Liabilities:</b>						
Current and Other Liabilities	101,681	59,001	489,203	446,343	590,884	505,344
Long-term Liabilities	<u>2,028,382</u>	<u>1,748,610</u>	<u>4,283,650</u>	<u>3,399,562</u>	<u>6,312,032</u>	<u>5,148,172</u>
Total Liabilities	<u>2,130,063</u>	<u>1,807,611</u>	<u>4,772,853</u>	<u>3,845,905</u>	<u>6,902,916</u>	<u>5,653,516</u>
Deferred inflows of resources	<u>201,315</u>	<u>245,853</u>	<u>24,556</u>	<u>32,741</u>	<u>225,871</u>	<u>278,594</u>
<b>Net Position:</b>						
Invested in Capital Assets (Net)	3,273,489	3,338,623	6,913,996	5,963,822	10,187,485	9,302,445
Restricted	-	-	160,042	157,924	160,042	157,924
Unrestricted	<u>(973,960)</u>	<u>(866,944)</u>	<u>(3,802,765)</u>	<u>(2,987,514)</u>	<u>(4,776,725)</u>	<u>(3,854,458)</u>
Total Net Position	<u>\$ 2,299,529</u>	<u>\$ 2,471,679</u>	<u>3,271,273</u>	<u>3,134,232</u>	<u>\$ 5,570,802</u>	<u>\$ 5,605,911</u>

As the presentation appearing above demonstrates, the largest portion of the City's net positions of \$5,570,802 or 182.87% are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2016 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets 2.87% represent resources that are subject to restrictions that are imposed by agreements with the City's requirements imposed by various revenue sources. The remaining unrestricted net assets deficit 85.75% is not available to be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

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

- ◆ Increase in total current assets in the amount of \$147,296.
- ◆ Increase in net capital assets in the amount of \$862,107.
- ◆ Increase in current liabilities in the amount of \$85,540.
- ◆ Increase in long-term liabilities in the amount of \$1,163,860.

**CHANGES IN NET POSITION**

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 133,812	\$ 136,170	976,108	762,480	\$ 1,109,920	\$ 898,650
Operating grants and contributions	17,430	18,760	-	-	17,430	18,760
Capital grants and contributions	148,014	22,104	-	-	148,014	22,104
General Revenue:						
Property taxes	970,356	965,994	-	-	970,356	965,994
Sales taxes	265,838	234,418	-	-	265,838	234,418
Franchise taxes	96,030	102,367	-	-	96,030	102,367
Charges for services	127,677	141,904	-	-	127,677	141,904
Licenses and permits	3,310	4,238	-	-	3,310	4,238
Fines and forfeits	20,774	15,880	-	-	20,774	15,880
Other	10,821	618,632	34,188	31,816	45,009	650,448
Total Revenue	<u>1,794,062</u>	<u>2,260,467</u>	<u>1,010,296</u>	<u>794,296</u>	<u>2,804,358</u>	<u>3,054,763</u>
<u>Program Expenses:</u>						
General Government						
Finance & Administrative	712,852	837,478	-	-	712,852	837,478
Public safety	689,935	544,163	-	-	689,935	544,163
Parks and recreation	3,671	(386)	-	-	3,671	(386)
Sanitation	103,356	98,856	-	-	103,356	98,856
Public works	440,472	412,729	-	-	440,472	412,729
Interest on long-term debt	15,926	13,547	-	-	15,926	13,547
Water/Sewer	-	-	873,255	835,640	873,255	835,640
Total Expenses	<u>1,966,212</u>	<u>1,906,387</u>	<u>873,255</u>	<u>835,640</u>	<u>2,839,467</u>	<u>2,742,027</u>
Increase (decrease) in Net Assets						
Before Transfers and Special Items	<u>(172,150)</u>	<u>354,080</u>	<u>137,041</u>	<u>(41,344)</u>	<u>(35,109)</u>	<u>312,736</u>
Change in Net Positions	(172,150)	354,080	137,041	(41,344)	(35,109)	312,736
Net Position Beginning	<u>2,471,679</u>	<u>3,062,679</u>	<u>3,134,232</u>	<u>2,166,182</u>	<u>5,605,911</u>	<u>5,228,861</u>
Prior period adjustment	-	(945,080)	-	(171,833)	-	(1,116,913)
Net Position Ending	<u>\$ 2,299,529</u>	<u>\$ 2,471,679</u>	<u>3,271,273</u>	<u>1,953,005</u>	<u>\$ 5,570,802</u>	<u>\$ 4,424,684</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

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

**Governmental activities.** Governmental activities decreased the City's net position by \$172,150, accounting for 6.96% of the decrease in the City's net assets. A key element of this decrease is detailed as follows:

- ◆ Charges for services and general revenue decreased by \$466,405 or 76.00% during the year.
- ◆ Total governmental expenses increased by \$59,825 or 8.30% during the year.

**Business-type activities.** Business-type activities increased the City's net position by \$1,318,268, accounting for 67.50% of the increase in the City's net position. Key elements of this increase are as follows:

- ◆ Charges for services and revenue for the business-type activities increased by \$216,000 or 27.19%
- ◆ Total business-type expense increased by \$37,615 or 4.50% during the year.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,299,529, a decrease of \$172,150 in comparison to the prior year. In addition, the City's general fund, reported a deficit net position of \$667,252, which is available for spending at the City's discretion.

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

CITY OF PORT GIBSON, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2016

**BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

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

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital asset** - As of September 30, 2016, the City's total capital assets were \$17,849,503. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. This amount represents a gross increase, before depreciation, of \$1,357,203 from the previous fiscal year. The majority of this increase is due to improvements made to city sanitary sewer collection system and the drinking water system.

Total accumulated depreciation as of September 30, 2016 was \$7,320,940, including \$505,173, of depreciation expense for the year. The balance in total net capital assets was \$10,528,563 at year end.

**Debt Administration** - As of September 30, 2016, the City had \$4,475,764 in long term debt outstanding. This includes state revolving loans and obligations under capital leases. Of this debt, \$183,625 is due within one year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Net Position  
For the Year Ended September 30, 2016

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 551,537	486,548	\$ 1,038,085
Accounts receivable, net	5,972	9,514	15,486
Intergovernmental receivables	69,040	62,554	131,594
Due from other funds	208,644	-	208,644
Restricted Assets:			
Cash and cash equivalents	-	160,042	160,042
Capital Assets:			
Land	185,872	-	185,872
Buildings	2,832,052	134,286	2,966,338
Improvements other than buildings	-	3,584,133	3,584,133
Automotive and equipment	24,475	24,905	49,380
Machinery and equipment	44,780	101,520	146,300
Construction in progress	186,310	3,410,230	3,596,540
<b>TOTAL ASSETS</b>	<u>4,108,682</u>	<u>7,973,732</u>	<u>12,082,414</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	522,225	94,950	617,175
<b>Total Deferred Outflows of Resources</b>	<u>522,225</u>	<u>94,950</u>	<u>617,175</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,630,907</u>	<u>8,068,682</u>	<u>12,699,589</u>
<b>LIABILITIES</b>			
Accounts payable, general	\$ 101,681	139,329	\$ 241,010
Customer's deposits	-	141,230	141,230
Due to other funds	-	208,644	208,644
Noncurrent liabilities:			
Due within one year	29,751	153,875	183,626
Due in more than one year	444,612	3,847,526	4,292,138
Net pension liability	1,554,019	282,249	1,836,268
<b>Total Liabilities</b>	<u>2,130,063</u>	<u>4,772,853</u>	<u>6,902,916</u>
Deferred Inflows of Resources			
Lease revenues	66,260	-	66,260
Pensions	135,055	24,556	159,611
<b>Total Deferred Inflows of Resources</b>	<u>201,315</u>	<u>24,556</u>	<u>225,871</u>
Net Position:			
Net investment in capital assets	3,273,489	6,913,996	10,187,485
Restricted	-	160,042	160,042
Unrestricted	(973,960)	(3,802,765)	(4,776,725)
<b>Total Net Position</b>	<u>2,299,529</u>	<u>3,271,273</u>	<u>5,570,802</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,630,907</u>	<u>8,068,682</u>	<u>\$ 12,699,589</u>

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

RECEIVED  
AUG 28 2017

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2016

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
Administration	\$ 658,559	-	7,380	122,407	(528,772)	-	\$ (528,772)
Judicial	54,293	-	-	-	(54,293)	-	(54,293)
Public safety	689,935	-	10,050	-	(679,885)	-	(679,885)
Public works	440,472	-	-	1,259	(439,213)	-	(439,213)
Parks and recreation	3,671	-	-	24,348	20,677	-	20,677
Sanitation	103,356	133,812	-	-	30,456	-	30,456
Interest on long-term debt	15,926	-	-	-	(15,926)	-	(15,926)
<b>Total governmental activities</b>	<b>1,966,212</b>	<b>133,812</b>	<b>17,430</b>	<b>148,014</b>	<b>(1,666,956)</b>	<b>-</b>	<b>(1,666,956)</b>
<b>Business-type activities:</b>							
Water/Sewer	837,654	976,108	-	-	-	138,454	138,454
Interest on long-term debt	35,601	-	-	-	-	(35,601)	(35,601)
<b>Total Business-type activities</b>	<b>873,255</b>	<b>976,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,853</b>	<b>102,853</b>
<b>Total Primary Government</b>	<b>\$ 2,839,467</b>	<b>1,109,920</b>	<b>17,430</b>	<b>148,014</b>	<b>(1,666,956)</b>	<b>102,853</b>	<b>\$(1,564,103)</b>
<b>General Revenues:</b>							
Property taxes					\$ 970,356	-	\$ 970,356
Sales taxes					265,838	-	265,838
Franchise taxes					96,030	-	96,030
Charges for services					127,677	-	127,677
Fines and report fees					20,774	-	20,774
License and permits					3,310	-	3,310
Miscellaneous					9,768	33,059	42,827
Forgiveness of debt					-	-	-
Unrestricted investment earnings					1,053	1,129	2,182
<b>Total general revenues, special items, and transfers</b>					<b>1,494,806</b>	<b>34,188</b>	<b>1,528,994</b>
Change in net positions					(172,150)	137,041	(35,109)
<b>Net Positions - Beginning</b>					<b>2,471,679</b>	<b>3,134,232</b>	<b>5,605,911</b>
Prior period adjustments					-	-	-
<b>Net Positions - Ending</b>					<b>\$ 2,299,529</b>	<b>3,271,273</b>	<b>\$ 5,570,802</b>

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

CITY OF PORT GIBSON, MISSISSIPPI  
 Reconciliation of Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 For the Year Ended September 30, 2016

Amounts reported for net position in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds		\$ 667,252
--	--	------------

Amounts reported for net position in the Statement of Net Position are different because:

Capital Assets	7,092,332	
Less: Accumulated Depreciation	<u>(3,818,843)</u>	3,273,489

Reclassification of principal payment on long term debt reported as an expenditure in the statement of activities		31,989
---	--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(31,989)
---	--	----------

Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		
Net pension liability	(1,554,019)	

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	522,225	
Deferred inflows of resource related to pensions	<u>(135,055)</u>	(1,166,849)

Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:		
Notes payable	<u>(474,363)</u>	

(474,363)

Net Position of Governmental Activities		\$ <u>2,299,529</u>
---	--	---------------------

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

CITY OF PORT GIBSON, MISSISSIPPI  
 Balance Sheet  
 Governmental Funds  
 For the Year Ended September 30, 2016

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash	\$ 551,537	\$ 551,537
Accounts receivable, net of allowances	5,972	5,972
Intergovernmental receivable	69,040	69,040
Due from other funds	<u>208,644</u>	<u>208,644</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 835,193</u></b>	<b><u>\$ 835,193</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable, general	\$ <u>101,681</u>	\$ <u>101,681</u>
<b>Total Liabilities</b>	<b><u>101,681</u></b>	<b><u>101,681</u></b>
Deferred Inflows of Resources		
Lease revenues	<u>66,260</u>	<u>66,260</u>
Fund Balance		
Unassigned	<u>667,252</u>	<u>667,252</u>
<b>Total Fund Balance</b>	<b><u>667,252</u></b>	<b><u>667,252</u></b>
<b>TOTAL LIABILITIES AND NET FUND BALANCES</b>	<b><u>\$ 835,193</u></b>	<b><u>\$ 835,193</u></b>

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

CITY OF PORT GIBSON, MISSISSIPPI  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended September 30, 2016

	General Fund	Total Governmental Funds
<b>REVENUES:</b>		
General property taxes	\$ 312,949	\$ 312,949
Privilege licenses and permits	5,110	5,110
Intergovernmental revenues	1,076,839	1,076,839
Franchise taxes	31,830	31,830
Charges for services	133,812	133,812
Fines and report fees	20,774	20,774
Interest income	1,053	1,053
Rent income	127,677	127,677
Miscellaneous	<u>102,721</u>	<u>102,721</u>
Total Revenues	<u>1,812,765</u>	<u>1,812,765</u>
<b>EXPENDITURES:</b>		
General Government:		
Administration	570,656	570,656
Judicial	54,282	54,282
Public safety	604,952	604,952
Public works	221,233	221,233
Parks and recreation	329	329
Sanitation	103,356	103,356
Debt services:		
Principal	31,989	31,989
Interest and service charges	15,926	15,926
Capital outlay:		
Public safety	<u>207,861</u>	<u>207,861</u>
TOTAL EXPENDITURES	<u>1,810,584</u>	<u>1,810,584</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,181</u>	<u>2,181</u>
Net change in fund balance	2,181	2,181
Fund Balance at Beginning of Year	665,071	665,071
Fund Balance at End of Year	<u>\$ 667,252</u>	<u>\$ 667,252</u>

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

CITY OF PORT GIBSON, 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, 2016

		AMOUNTS
Net change in fund balances	\$	2,181
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays	207,515	
Depreciation expense	(257,133)	(49,618)
The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	258,395	
Contributions made after the measurement date	(189,687)	68,708
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		(31,999)
Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Other adjustments	(161,422)	(161,422)
Change in fund balances of governmental activities	\$	(172,150)

AUG 28 2017

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

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual  
General Fund  
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 285,000	285,000	312,949	\$ 27,949
Privilege licenses and permits	3,000	3,000	5,110	2,110
Intergovernmental revenues	1,157,580	1,181,928	1,076,839	(105,089)
Franchise taxes	37,000	37,000	31,830	(5,170)
Charges for services	136,000	136,000	133,812	(2,188)
Rent	1,800	1,800	127,677	125,877
Fines and report fees	10,000	10,000	20,774	10,774
Interest	100	100	1,053	953
Miscellaneous	<u>178,150</u>	<u>188,150</u>	<u>102,721</u>	<u>(85,429)</u>
<b>TOTAL REVENUES</b>	<u><b>1,808,630</b></u>	<u><b>1,842,978</b></u>	<u><b>1,812,765</b></u>	<u><b>(30,213)</b></u>
<b>OPERATING DISBURSEMENTS:</b>				
General Government				
Administration	544,045	544,045	570,656	(26,611)
Judicial	50,951	50,951	54,282	(3,331)
Public Safety				
Police and fire protection	565,531	565,531	604,952	(39,421)
Public Works				
Streets improvements	256,455	256,455	221,233	35,222
Sanitation	103,356	103,356	103,356	-
Parks and recreation	500	500	329	171
Capital outlays	255,209	279,557	207,861	71,696
Debt service	<u>44,730</u>	<u>44,730</u>	<u>47,915</u>	<u>(3,185)</u>
<b>Total Expenditures</b>	<u><b>1,820,777</b></u>	<u><b>1,845,125</b></u>	<u><b>1,810,584</b></u>	<u><b>34,541</b></u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,147)</u>	<u>(2,147)</u>	<u>2,181</u>	<u>4,328</u>
Net change in fund balance	(12,147)	(2,147)	2,181	4,328
Fund Balance at Beginning of Year	<u>665,071</u>	<u>665,071</u>	<u>665,071</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><b>\$ 652,924</b></u>	<u><b>662,924</b></u>	<u><b>667,252</b></u>	<u><b>\$ 4,328</b></u>

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

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Net Position  
Proprietary Fund  
For the Year Ended September 30, 2016

	Business - Type Activities
	Water/Sewer Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 486,548
Accounts receivable, net of allowances	9,514
Grants funds receivables	62,554
<b>Total Current Assets</b>	<b>558,616</b>
<b>Restricted Assets:</b>	
Cash and cash equivalents	160,042
<b>Property, plant and Equipment, at Cost</b>	
Buildings	134,286
Water plant, distribution system and equipment	7,086,230
Automotive and equipment	24,905
Machinery and equipment	101,520
	7,346,941
Less: accumulated depreciation	(3,502,097)
	3,844,844
<b>Construction in progress</b>	<b>3,410,230</b>
Net property, plant and equipment	7,255,074
<b>Total Assets</b>	<b>7,973,732</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources	94,950
<b>Total Deferred Outflows of Resources</b>	<b>94,950</b>
<b>Liabilities and Net Assets</b>	
Accounts payable	139,329
Due to other funds	208,644
<b>Total current liabilities</b>	<b>347,973</b>
<b>Current Liabilities Payable from restricted Assets:</b>	
Customer deposits	141,230
Current portion of note	133,438
Obligation under capital lease	20,437
<b>Total Current liabilities payable from restricted assets</b>	<b>295,105</b>
<b>Long-Term Debt (less amounts classified as current)</b>	
Net pension liability	282,249
Note payable	3,526,885
Obligation under capital lease	320,641
<b>Total long-term debt</b>	<b>4,129,775</b>
<b>Total Liabilities</b>	<b>4,772,853</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources	24,556
<b>Total deferred inflows of resources</b>	<b>24,556</b>
<b>Net Position</b>	
Net Investment in Capital Assets	6,913,996
Restricted for debt service	160,042
Unrestricted	(3,802,765)
<b>Total Net Positions</b>	<b>\$ 3,271,273</b>

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

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2016

	Business - Type Activities
Operating Revenues:	
Water sales to customers	\$ 604,221
Sewer sales to customers	371,887
Other revenue	<u>2</u>
Total Operating Revenues	<u>976,110</u>
Operating Expenses:	
Personnel services	176,389
Supplies	76,429
Other services and charges	326,050
Provision for bad debt	10,746
Depreciation	<u>248,040</u>
Total Operating Expenses	<u>837,654</u>
Operating Income (Loss)	<u>138,456</u>
Nonoperating revenues (expenses)	
Interest income	1,129
Other income	33,057
Interest and service charges on long-term debt	<u>(35,601)</u>
Total nonoperating revenues	<u>(1,415)</u>
Change in net position	137,041
Total net position, beginning	<u>3,134,232</u>
Total net position, ending	<u>\$ 3,271,273</u>

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

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended September 30, 2016

	Business-Type Activities
	Water/Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from water customers and users	\$ 587,164
Receipts from sewer customers and users	371,889
Payments to employees	(175,741)
Payments to suppliers	<u>(324,993)</u>
Net cash provided by (used for) operating activities	<u>458,319</u>
 (Increase) Decrease in:	
Accounts receivable	(6,311)
Intergovernmental receivable	(62,554)
 Increase (Decrease) in:	
Accounts payable	118,706
Due to other funds	(65,862)
Customer's deposits	<u>(9,914)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>432,384</b></u>
 <b>CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:</b>	
Provision for bad debt	<u>(10,746)</u>
<b>NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES</b>	<u><b>(10,746)</b></u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Acquisition of capital assets	(1,178,479)
Other investing activities	<u>(4,057)</u>
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<u><b>(1,182,536)</b></u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Interest earned on account	1,129
Interest paid on retirement of long-term debt	(35,601)
Other income	33,057
Proceeds from issuance of debt	1,022,786
Repayment of long-term debt	<u>(227,383)</u>
<b>NET CASH FLOWS USED BY FINANCING ACTIVITIES</b>	<u><b>793,988</b></u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>33,090</b>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>613,500</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 646,590</b></u>
 <b><u>Supplemental cash flow information:</u></b>	
Cash paid during the year:	
Interest Expense	<u><b>\$ 35,601</b></u>

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

***FINANCIAL REPORTING ENTITY***

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

***BASIC FINANCIAL STATEMENTS***

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

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

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

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

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

**FUND FINANCIAL STATEMENTS**

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

**MAJOR GOVERNMENTAL FUNDS**

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

**MAJOR BUSINESS- TYPE FUNDS**

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

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

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

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

***Cash and Cash Equivalents***

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

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

***Investments***

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

Investments are reported at fair value.

***Receivables***

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

***INTERFUND TRANSACTIONS AND BALANCES***

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

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

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

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

**INTERNAL ACTIVITY**

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

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

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

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

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

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

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

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

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

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

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

**Deferred Outflows/Inflows of Resources** - In additions to assets, the statement of financial position sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

**NOTE 2 - BUDGETARY CONTROL**

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

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

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The collateral for public entities, deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$551,537 and \$646,590, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$1,038,085 and Restricted Assets - \$160,042. The Restricted Assets represent the cash balance in the enterprise fund deposit account which is legally restricted and may not be used for purposes that support the City's programs.

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institutions, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of September 30, 2016, none of the City's bank balance of \$1,222,846 was exposed to custodial credit risk.

**NOTE 4 - AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2016, the City levied and collected 40.00 mills of taxes for general corporate purposes of the City.

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS**

Individual fund interfund receivable and payable balances are presented as of September 30, 2016 as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 208,644	\$ -
Water/Sewer System Fund	-	208,644
Total	\$ 208,644	\$ 208,644

**NOTE 6 - RECEIVABLES**

Receivables at September 30, 2016 consisted of the following:

	General Fund	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for services	\$ -	\$ 68,799	\$ 68,799
Property taxes	5,972	-	5,972
Total accounts receivable	5,972	68,799	74,771
<u>Due From Other Governments</u>			
Sales Taxes	69,040	-	69,040
Mississippi Department of Health	-	62,554	62,554
Total due from other governments	69,040	62,554	131,594
Less: allowance for uncollectibles	-	(59,285)	(59,285)
Receivables, net of allowance	\$ 75,012	\$ 72,068	\$ 147,080

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**NOTE 7 - CAPITAL ASSETS**

A summary of capital asset transactions for the year ended September 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non Depreciable Capital Assets				
Land	\$ 180,251	5,621	-	\$ 185,872
Construction in process	8,415	177,895	-	186,310
Total non depreciable capital assets	<u>188,666</u>	<u>183,516</u>	<u>-</u>	<u>372,182</u>
Depreciable Capital Assets				
Buildings and Improvements	6,007,731	-	-	6,007,731
Automotive and equipment	172,150	-	(28,791)	143,359
Machinery and Equipment	545,061	23,999	-	569,060
Total depreciable capital assets	6,724,942	23,999	(28,791)	6,720,150
Accumulated Depreciation	<u>(3,571,787)</u>	<u>(257,133)</u>	<u>10,077</u>	<u>(3,818,843)</u>
Net depreciable capital assets	<u>3,153,155</u>	<u>(233,134)</u>	<u>(18,714)</u>	<u>2,901,307</u>
Total Governmental Activities	<u>\$ 3,341,821</u>	<u>(49,618)</u>	<u>(18,714)</u>	<u>\$ 3,273,489</u>
<b>Business-Type Activities:</b>				
Non Depreciable Capital Assets				
Utility Construction in Process	\$ 2,231,751	1,178,479	-	\$ 3,410,230
Total nondepreciable capital assets	<u>2,231,751</u>	<u>1,178,479</u>	<u>-</u>	<u>3,410,230</u>
Depreciable Capital Assets				
Building	134,286	-	-	134,286
Water system & improvements	2,055,696	-	-	2,055,696
Sewer system & improvements	5,030,534	-	-	5,030,534
Automotive and equipment	24,905	-	-	24,905
Machinery and equipment	101,520	-	-	101,520
Total depreciable capital assets	7,346,941	-	-	7,346,941
Accumulated Depreciation	<u>(3,254,057)</u>	<u>(248,040)</u>	<u>-</u>	<u>(3,502,097)</u>
Net depreciable capital assets	<u>4,092,884</u>	<u>(248,040)</u>	<u>-</u>	<u>3,844,844</u>
Total Business-Type Activities	<u>\$ 6,324,635</u>	<u>930,439</u>	<u>-</u>	<u>\$ 7,255,074</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Finance & Administrative	\$ 50,810	-	\$ 50,810
Fire Protection	980	-	980
Public Works	203,183	-	203,183
Parks and Recreation	2,160	-	2,160
Water/Sewer System	-	157,214	157,214
Sewer System	-	90,826	90,826
Total Depreciation Expense	<u>\$ 257,133</u>	<u>248,040</u>	<u>\$ 505,173</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**NOTE 8 - LONG-TERM DEBT**

***Governmental Activities***

A summary of long-term debt transactions for the year ended September 30, 2016, were as follows:

Governmental activities:	Beginning Balance at 10/01/15	Additions	Reductions	Debt Forgiveness Adjustments	Ending Balance at 9/30/15	Amount Due Within One Year
Obligation under capital lease	\$ 503,164	-	(28,801)	-	\$ 474,363	\$ 29,751
Obligation under capital lease	<u>3,198</u>	-	<u>(3,198)</u>	-	<u>-</u>	<u>-</u>
Total	<u>\$ 506,362</u>	<u>-</u>	<u>(31,999)</u>	<u>-</u>	<u>\$ 474,363</u>	<u>\$ 29,751</u>

***Obligations Under Capital Leases***

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2016.

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

Total

<u>Amount Outstanding</u>
\$ <u>474,363</u>
\$ <u>474,363</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

Fiscal year ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 29,751	14,976	\$ 44,727
2018	30,733	13,994	44,727
2019	31,747	12,980	44,727
2020	32,794	11,933	44,727
2021	33,876	10,851	44,727
Thereafter	<u>315,462</u>	<u>38,261</u>	<u>353,723</u>
Total minimum lease payments	<u>\$ 474,363</u>	<u>102,995</u>	577,358
Less: amount representing interest			<u>(102,995)</u>
Present value of minimum lease payments			<u>\$ 474,363</u>

Included in capital assets is machinery and equipment and motor vehicle with costs totaling \$259,681 under capital lease. The accumulated amortization for this capital asset is \$163,008 as of September 30, 2016, and is recorded as a component of depreciation expense. Amortization expense was \$25,071 for the year ended September 30, 2016.

***Business-Type Activities***

Long-term debt activity for the year ended September 30, 2016, is presented as follows:

Business -type activities:	Beginning Balance at 10/01/15	<u>Additions</u>	<u>Reductions</u>	Debt Forgiveness Adjustments	Ending Balance at 9/30/16	Amount Due Within One Year
MDA loan payable	\$ 49,815	-	(13,227)	-	\$ 36,588	\$ 13,471
DWESRF loan	1,494,430	1,022,786	-	-	2,517,216	33,691
Obligation under capital lease	360,813	-	(19,735)	-	341,078	20,437
DWSRF loan	169,437	-	(106,388)	-	63,049	63,049
DEQSRF loan	1,044,459	-	(50,076)	-	994,383	50,959
DEQWPE loan	<u>55,045</u>	-	<u>(5,958)</u>	-	<u>49,087</u>	<u>5,958</u>
Totals	<u>\$ 3,173,999</u>	<u>1,022,786</u>	<u>(195,384)</u>	<u>-</u>	<u>\$ 4,001,401</u>	<u>\$ 187,565</u>

***Mississippi Development Authority Loan***

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

\$ 36,588

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

The annual requirement to amortize all debt outstanding as of September 30, 2016 including interest payments of \$14,102 are as follows:

Year Ended September 30,	Principal	Interest	Total
2017	\$ 13,471	631	\$ 14,102
2018	13,743	359	14,102
2019	9,374	101	9,475
	<u>\$ 36,588</u>	<u>1,091</u>	<u>\$ 37,679</u>

**Obligations Under Capital Leases**

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2016.

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

Amount  
Outstanding

\$ 341,078

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

Fiscal year ending September 30	Principal	Interest	Total
2017	\$ 20,437	11,635	\$ 32,072
2018	21,164	10,908	32,072
2019	21,917	10,155	32,072
2020	22,696	9,376	32,072
2021	23,503	8,569	32,072
Thereafter	<u>231,361</u>	<u>32,091</u>	<u>263,452</u>
Total minimum lease payments	<u>\$ 341,078</u>	<u>82,734</u>	423,812
Less: amount representing interest			<u>(82,734)</u>
Present value of minimum lease payments			<u>\$ 341,078</u>

Included in capital assets is heavy equipment, motor vehicle, water meters, and office equipment with costs totaling \$5,570,802 under capital lease. The accumulated amortization for this capital asset is \$973,960 as of September 30, 2016, and is recorded as a component of depreciation expense. Amortization expense was \$23,114 for the year ended September 30, 2016.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**Mississippi State Department of Health SRF Loan**

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

\$ 63,049

**Loan No. DWI-L110005-01-0**  
*Drinking Water Improvement Loan*

During 2012 the City of Port Gibson executed a loan agreement with the Mississippi State Department of Health, Bureau of Public Water Supply in the amount of \$2,746,903 dated October 7, 2012, with an estimated interest rate of 1.95%, and 237 monthly payments of \$13,974.37 which includes principal and interest. The proceeds were used to make improvements to the City's Drinking Water System. As of September 30, 2016, the project is incomplete. The debt will be repaid from the enterprise fund.

2,517,216

Total

\$ 2,580,265

The annual requirement to amortize all debt outstanding as of September 30, 2016 including interest payments of \$67,954 are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 63,049	421	\$ 63,470
	<u>\$ 63,049</u>	<u>421</u>	<u>\$ 63,470</u>

The estimated annual requirement to amortize all debt outstanding as of September 30, 2016 including interest payments of \$144,428 are as follows:

**Loan No. DWI-L110005-01**

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 33,691	15,452	\$ 49,143
2018	102,395	42,033	144,428
2019	104,410	40,018	144,428
2020	106,464	37,964	144,428
2021	108,559	35,869	144,428
2022 to 2026	575,686	146,454	722,140
2027 to 2031	634,593	87,547	722,140
2032 to 2036	851,418	43,529	894,947
	<u>\$ 2,517,216</u>	<u>\$ 448,866</u>	<u>\$ 2,966,082</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**Mississippi Department of Environmental Quality**

**Loan No. SRF C280768-01**

*Sanitary Sewer Improvement*

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

\$ 994,383

**Loan No. WPE-C280019-01-0**

*Sewer Repair Loan*

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

49,087

Total

\$ 1,043,470

**Loan No. SRF C280768-01**

Year Ended September 30,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 50,960	16,994	\$ 67,954
2018	51,959	15,995	67,954
2019	52,773	15,181	67,954
2020	53,704	14,250	67,954
2021	54,652	13,302	67,954
2022 to 2026	288,065	51,705	339,770
2027 to 2031	314,386	25,384	339,770
2032 to 2033	<u>127,884</u>	<u>2,353</u>	<u>130,237</u>
	<u>\$ 994,383</u>	<u>155,164</u>	<u>\$ 1,149,547</u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

The estimated annual requirement to amortize all debt outstanding as of September 30, 2016 including interest payments of \$8,052 are as follows:

**Loan No. WPE - C280019-01-0**

Year Ended September 30,	Principal	Interest	Total
2017	5,958	2,094	8,052
2018	6,454	1,598	8,052
2019	6,716	1,336	8,052
2020	6,990	1,062	8,052
2021	7,348	704	8,052
2022 to 2023	15,621	504	16,125
	<u>\$ 49,087</u>	<u>7,298</u>	<u>\$ 56,385</u>

**NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL**

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

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

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

Fund Balances:	General Fund	Nonmajor Funds	Total
Unassigned:			
Other purposes	\$ 667,252	-	\$ 667,252
Total Fund Balances	<u>\$ 667,252</u>	<u>-</u>	<u>\$ 667,252</u>

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. General Information**

*Plan Description and Provisions:* The City of Port Gibson, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Cods Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS.

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Plan Funding Policy:* PERS members are required to contribute 9.00% of their annual covered salary and the City of Port Gibson, Mississippi is required to contribute at an actuarially determined rate. This rate was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Port Gibson, Mississippi contributions to PERS for the years ended September 30, 2016, and 2015, were \$120,317, and \$117,274, respectively, equal to the required contributions for each year.

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

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	2
Active members:	
Vested	<u>34</u>
Total Participants	<u><u>36</u></u>

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

At September 30, 2016, The City reported a liability of \$612,173 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contribution of all participating entities, actuarially determined. At September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, The City's proportion was 0.0118881 percent.

City's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u> Measurement Date	<u>June 30, 2015</u>
Total Pension Liability	\$ 4,795,716
Fiduciary Net Pension	<u>2,959,448</u>
Net Pension Liability	<u><u>\$ 1,836,268</u></u>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

For the year ended September 30, 2016, the City recognized pension expense of \$283,486. At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

**A. Governmental Activities:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,916	\$ -
Net Difference between projected and actual earnings on pension plan investments	90,927	135,055
Changes of assumptions	133,873	-
Changes in proportion and differences between City contributions and proportionate share of contributions	171,635	-
Employers contributions subsequent to the measurement date	101,874	-
Total	\$ 522,225	\$ 135,055

**B. Business Activities**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,348	\$ -
Net Difference between projected and actual earnings on pension plan investments	16,532	24,568
Changes of assumptions	24,341	-
Changes in proportion and differences between City contributions and proportionate share of contributions	31,206	-
Employers contributions subsequent to the measurement date	18,523	-
Total	\$ 94,950	\$ 24,568

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

At September 30, 2016, \$617,175 was reported as deferred outflows of resources and \$159,611 as deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deterred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2017	\$ 160,022
2018	132,502
2019	17,780
2020	26,865
2021	26,865
Thereafter	<u>93,531</u>
Total	<u>\$ 457,565</u>

**Collective Deferred Outflows of Resources and Deferred Inflows of Resources.** Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographics factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. 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 RP-2000 Mortality Table, which was used prior to 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 morality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience, In 2015, assumed rates of salary increases 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. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

**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	3.00%
Salary increases	3.75 - 19.00%, average, including inflation
Investment rate of return	7.75%, 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, with males rates set forward one year.

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

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

**Discount rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be at the current 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 net pension liability to change in the discount rate.* Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City'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 City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension liability	\$ 2,420,765	\$ 1,836,568	\$ 1,352

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

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2016

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The City has been named as a defendant in several lawsuits as of September 30, 2016. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. The City's legal counsel believes that the City of Port Gibson will prevail in these lawsuits.

**NOTE 12 - RESERVED FUND BALANCES AND RETAINED EARNINGS**

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

**NOTE 13 - RISK MANAGEMENT**

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

**NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR**

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

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

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

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 21, 2017, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

RECEIVED  
AUG 28 2017

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**NOTE 16 - NEW ACCOUNTING STANDARDS**

In fiscal year 2016, the City implemented the following GASB Statements:

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosure". GASB 77 requires certain disclosure related to tax abatement agreements. The requirements of this statement are effective for financial statement for the fiscal years beginning after December 15, 2015.

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF PORT GIBSON, MISSISSIPPI  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 PERS  
 Last 10 Fiscal Years\*  
 September 30, 2016

	2016
City's proportion of the net pension liability (asset)	\$ 1,836,268
City's proportionate share of the net pension liability (asset)	0.011881%
City's covered-employee payroll	764,425
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	240.22 %
Plan fiduciary net position as a percentage of the total pension liability	(61.71)%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2016 , and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

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

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

	<u>2016</u>	<u>2015</u>
City's Contribution	\$120,397	\$117,274
Contractually required Contribution	<u>\$ 120,397</u>	
Contribution in relation to the contractually required contribution	<u>120,397</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
City's covered-employee payroll	\$ 764,425	
Contributions as a percentage of covered-employee payroll	15.75	

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

CITY OF PORT GIBSON, MISSISSIPPI

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016

CITY OF PORT GIBSON, MISSISSIPPI  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grant Number	Current Year Federal Expenditures
<b>U.S. Department of Environmental Protection Agency</b>			
<b>Office of Water:</b>			
<b>Cluster Programs:</b>			
<i>Pass thru Local Governments and Rural Water Systems Improvements Board</i>			
DWSELF Capitalization grants for drinking water state revolving fund	66.468	DWI-L11005-01	\$ <u>818,228</u>
<b>Total U. S. Department of Environmental Protection Agency</b>			<u>818,228</u>
<b>Centers for Disease Control and Prevention</b>			
<i>Pass through My Brother's Keeper</i>			
Prevention's Partnership to Improve Community Health (PICH)	93.331	42USC241A	<u>23,999</u>
<b>Total Centers for Disease Control and Prevention</b>			<u>23,999</u>
<b>U. S. Department of Department of the Interior</b>			
<i>Pass through the MS State Department of Archives and History</i>			
Certified Local Government Grant Program (Matching grant)	15.904	Unknown	<u>873</u>
<b>Total U. S. Department of Department of the Interior</b>			<u>873</u>
<b>U. S. Department of Justice</b>			
<b>Bureau of Justice Assistance:</b>			
2014 Bullet Proof Vest Partnership Program	16.607	Unknown	<u>1,760</u>
<b>Total U. S. Department of Department of Justice</b>			<u>1,760</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>844,860</u></b>

CITY OF PORT GIBSON, MISSISSIPPI  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2016

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of City of Port Gibson, Mississippi under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Port Gibson, Mississippi, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Port Gibson, Mississippi.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

RECEIVED  
MAY 28 2017

CITY OF PORT GIBSON, MISSISSIPPI

REPORTS ON COMPLIANCE AND  
INTERNAL CONTROL

SEPTEMBER 30, 2016



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated June 21, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

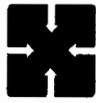
As part of obtaining reasonable assurance about whether the City of Port Gibson, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

## Purpose of this Report

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

*Banks, Finley, White & Co.*

Jackson, Mississippi  
June 21, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Port Gibson, Mississippi's compliance with the types of compliance requirements described in the *OMB* Compliance Supplement that could have a direct and material effect on each of the City of Port Gibson, Mississippi's major federal programs for the year ended September 30, 2016. The City of Port Gibson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Port Gibson, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Port Gibson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, City of Port Gibson, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

**Report on Internal Control Over Compliance**

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

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

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

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Banks, Finley, White & Co.*

Jackson, Mississippi  
June 21, 2017

RECEIVED  
AUG 28 2017

CITY OF PORT GIBSON, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

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

Federal Awards:

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

<u>Federal Agency</u>	<u>Federal CFDA Number</u>
<b>U. S. Department of Environmental Protection Agency</b>	
<i>Cluster Programs:</i>	
DWSRF Capitalization Grants for Drinking Water State Revolving Fund	66.468

- |    |  |           |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$750,000 |
| 9. | Auditee did not qualify as a low-risk auditee.                               |           |

CITY OF PORT GIBSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2016

Section 2 - Findings Financial Statements Audit

NONE

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

NONE



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

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

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

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Gibson, Mississippi (the City) as of and for the year ended September 30, 2016, which collectively comprise the City of Port Gibson, Mississippi's basic financial statements and have issued our report thereon dated June 21, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

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

This report is intended solely for the information of the Mayor, Board of Alderman, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Banks Finley White & Co.*

Jackson, Mississippi  
June 21, 2017

CITY OF PORT GIBSON, MISSISSIPPI  
 Schedule of Surety Bonds for Municipal Officials  
 September 30, 2016

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

RECEIVED  
 AUG 28 2017

CITY OF PORT GIBSON, MISSISSIPPI  
Statement of Legal Debt Limit  
September 30, 2016

Authorized Debt Limit Percent Rule

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

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

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

CITY OF PORT GIBSON, MISSISSIPPI  
 Schedule of Long-Term Debt  
 September 30, 2016

	Authorized	Issued	During Fiscal Year			Debt Forgiveness Adjustments	Balance Outstanding 09/30/16
			Balance Outstanding 10/01/15	Issued	Retired		
<b>General Government:</b>							
Obligation under capital lease	\$ 11,046	11,046	3,198	-	3,198	-	\$ -
Obligation under capital lease	<u>1,189,045</u>	<u>1,189,045</u>	<u>503,164</u>	-	<u>28,801</u>	-	<u>474,363</u>
Total General Government	<u>1,200,091</u>	<u>1,200,091</u>	<u>506,362</u>	-	<u>31,999</u>	-	<u>474,363</u>
<b>Proprietary:</b>							
Long-term Debt							
Ms Development Authority Cap Loan	182,620	182,620	49,815	-	13,227	-	36,588
MS Dept. of Health	-	-	1,494,430	1,022,786	-	-	2,517,216
Obligation under capital lease	739,532	739,532	360,813	-	19,735	-	341,078
DWSRF loan	484,397	484,397	169,437	-	106,388	-	63,049
DEQSRF loan	-	-	1,044,459	-	50,076	-	994,383
DEQWPE loan	<u>64,916</u>	<u>64,916</u>	<u>55,045</u>	-	<u>5,958</u>	-	<u>49,087</u>
Total Long-Term Debt	<u>1,471,465</u>	<u>1,471,465</u>	<u>3,173,999</u>	<u>1,022,786</u>	<u>195,384</u>	-	<u>4,001,401</u>
Total Long-Term Debt	\$ <u>2,671,556</u>	<u>2,671,556</u>	<u>3,680,361</u>	<u>1,022,786</u>	<u>227,383</u>	-	\$ <u>4,475,764</u>