

CITY OF SOUTHAVEN
Top of Mississippi



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Prepared by:
City of Southaven
Department of Finance and Administration

CITY OF SOUTHAVEN, MISSISSIPPI

**Comprehensive Annual Financial Report
For Year Ended September 30, 2015**

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INTRODUCTORY SECTION

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CITY OF SOUTHAVEN

Top of Mississippi

8710 Northwest Drive
Southaven, MS 368671



Phone: 662.393.6939
Fax: 662.393.7294

April 26, 2016

To the Honorable Mayor,
Board of Aldermen and
Citizens of the City of Southaven, MS

The Department of Finance and Administration is pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Southaven, Mississippi, for the fiscal year ended September 30, 2015. The accompanying financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These financial statements are also prepared and presented in conformity with Governmental Accounting Standards Board ("GASB") Statement #34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Management. Management believes that the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. Note disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included (see pages 37 through 56).

Pursuant to Section 21-35-31 of the Mississippi Code of 1972, an audit of the financial statements has been completed by the City's independent Certified Public Accountant, Fortenberry and Ballard, PC. Their report is included on page 11. The independent auditors' report is presented in the financial section of this report. The audit was designed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015 are free of material misstatement. The independent auditors have concluded based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Southaven's financial statements for the year ended September 30, 2015 are fairly presented and conform to GAAP.

Management's Discussion and Analysis ("MD&A") is included on pages 15 through 24. The MD&A is a narrative that introduces the basic financial statements and provides an analytical overview of the City's financial activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the auditors' report in the financial section of the report.

CITY PROFILE

The City of Southaven is a Mississippi municipal corporation located in DeSoto County, in the extreme northwest corner of Mississippi. Southaven is a suburban county in the Greater Memphis area and a member of the Memphis Metropolitan Statistical Area. Southaven was incorporated on April 15, 1980, and has an estimated population of over 50,000 living within an area of approximately 41.25 square miles. Southaven is the largest municipality in DeSoto County accounting for roughly 30% of the population and is the 3rd largest municipality in Mississippi.

The City operates under a code charter form of government featuring a Mayor and a seven member Board of Alderman serving as the elected, governing authority. The policy-making and legislative authority as well as budgetary responsibilities are vested with the seven member Board of Aldermen. The Mayor is responsible for the day to day operations of the city government. All officials are elected to a four year term. Terms of office begin on July 1, following the date of election into office.

The City provides a variety of services including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; wastewater sanitation, storm water management; and solid waste collection.

ECONOMIC CONDITION

The City is home to roughly 2,500 businesses. The leading employers in Southaven include the DeSoto County School system, Baptist Memorial Hospital, Future Electronics, and Associated Wholesale Grocers. Southaven has seen healthy growth in the retail sales job market.

With the improvement of the economy nationwide, the City's unemployment rate (3.5%) improved over the last fiscal year and is below the national average (4.9%) and the state average (5.9%) as of September 2015. Over the last 10 years the City has seen a population increase of 41%.

The City has seen consistent increases in sales tax revenues since 2009. The distribution, warehousing and shipping industry is a growing sector of the City's economy. The industry benefits from close proximity to Memphis and ease of access to the Memphis International Airport as well as to the Mississippi River. Retail also continues to grow at a rapid pace. The City anticipates continued growth in sales tax revenues in the years to come.

Property value assessments for 2016 are approximately \$16 million higher than in 2015. This is due to an increase in new construction coupled with a very modest increase in property value assessments. New housing permits and business permits have seen a significant increase in 2015. The City of Southaven maintained its property tax rate of 43.73 for the fiscal year 2015.

The City of Southaven has seen explosive population growth over the past two decades. Between 1990 and 2010, the number of people living in the area increased by 173 percent. The 2013 Census estimate puts the City's population at 51,824, a 5.8 percent growth since 2010. Southaven is a relatively young city with approximately 36% of the population being under 25 and approximately 32% of the City's population being between the ages of 25-44.

According to the 2010 US Census, the median household income was \$54,751. The median value of owner-occupied homes from 2009-2013 was \$138,500.

FINANCIAL INFORMATION

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

Internal Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City maintains specific budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Board of Aldermen. Activities of the General Fund, Special Revenue Funds, Capital Project Fund, Debt Service Fund, and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the department level. Any amendments to the total budgeted expenditures of a department require Council approval. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

ENTERPRISE FUNDS

The City's enterprise operations consist of the Utility Fund and Sanitation Fund. The Utility fund accounts for traditional water and sewer revenues and expenditures to construct and maintain the water and sewer system. The Sanitation fund accounts are for rubbish and recycling services, of which both are outsourced to a third party.

DEBT

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Southaven's total assessed valuation is \$476,170,302; therefore, the 15% limitation equals \$71,425,545. After reduction for GO Bonds outstanding of \$47,610,000, the City's remaining margin for further debt issuance is \$23,815,545.

Southaven has a very solid bond rating of AA-, as rated by Standard & Poor. This rating, which is the equivalent of Aa3, indicates the strong capacity the City has to meet its financial commitments and a stable financial outlook.

Southaven intends to take advantage of the favorable bond rating by looking into the possibility of restructuring some of the debt in order to reduce future debt service.

For more detailed information on the City's debt refer to Note 7 on page 48 of this report.

FUTURE INITIATIVES

In the next year the City plans to continue several infrastructure projects including but not limited to the widening of Getwell Road between Stateline Road and the Tennessee State line, the extension of Swinnea Road between Nail Road and Church Road, and the widening of Elmore Road between Goodman Road and Church Road. Bids on all of these projects were received and approved in early spring of 2015 and construction is underway.

Construction was complete on the Outlet Mall of the Mid-South in late fall 2015. This project consists of approximately 330,000 square feet of retail space that houses 90+ stores. The site was awarded resort status which will allow the City to participate in a sales tax rebate program approved by the Mississippi Development Authority. The City anticipates further growth on the outparcels surrounding the mall in fiscal year 2016 and 2017.

A "Penny for Your Parks" tourism tax was passed in October 2011 which implemented a 1% tax on the gross proceeds of Southaven's restaurants. Revenues from this tax are allocated to municipal park improvements. The renovations of a section of the Bank Plus Sports Complex to convert it into a senior center is underway. The conversion of one of the baseball fields into a stadium in each quadrant at Snowden Grove is also in the beginning phase of construction. Due to arson, the Greenbrook Softball Complex main concession and office are in the process of being rebuilt using money received via insurance.

The City has also begun an \$850,000 project to make a walk/bike trail connecting Central Park and Snowden Grove Park. The monies are from a federal grant from Mississippi Department of Transportation. This project will improve the walkability in our city and promote healthy lifestyles.

ACKNOWLEDGEMENTS

We are pleased to present the City's Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe our CAFR meets the program's requirements.

The preparation of this report was made possible by the dedicated service of the entire staff of the Department of Finance and Administration. I also wish to express my appreciation to all other City departments for their cooperation in providing information for this report.

Respectfully submitted,



Edi McIlwain, CPA
Finance Director

CITY OF SOUTHAVEN, MISSISSIPPI ELECTED OFFICIALS

Mayor

Darren Musselwhite



City Council

William Brooks, At Large



Kristian Kelly, Ward 1



Shirley Beshears, Ward 2



George Payne, Ward 3



Joel Gallagher, Ward 4



Scott Ferguson, Ward 5



Raymond Flores, Ward 6



CITY OF SOUTHAVEN, MISSISSIPPI

Chief Administrative Officer

Chris Wilson

City Clerk

Sheila Heath

Tom Long, Police Chief

Whitney Choat-Cook, Planning Director

Chris Shelton, IT Director

Bradley Wallace, Operations Director

Ronnie White, Fire Chief

Ray Humphreys, Utilities Director

Wes Brown, Parks and Recreational Director

Edi McIlwain, Finance Director

City Attorney

Butler Snow, LLC

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FINANCIAL SECTION

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FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Mayor and Board of Aldermen
City of Southaven, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Southaven, Mississippi as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Southaven, Mississippi'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 Southaven, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the city adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of October 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, the Schedule of the City’s Proportionate Share of the Net Pension Liability and of the City’s Contributions on pages 15-24 and 58-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

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

The budgetary schedules, the other schedule, and the schedule of expenditures of federal awards 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of the City of Southaven, 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 Southaven, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 26, 2016

Certified Public Accountants

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year End September 30, 2015

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CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2015

As management of the City of Southaven (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$50,971,765 (total net position).
- The government's total net position decreased by \$34,054,768, including the prior period adjustment of (\$33,963,695), primarily due to the recording of the prior year net pension liability.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending net position of \$20,019,457 a decrease of \$33,890,711, including a prior period adjustment in the amount of (\$33,049,717), in comparison with the prior year.
- At the end of the current fiscal year, **unassigned fund balance** for the General Fund was \$5,914,779, or 14.8 percent of total general fund expenditures for the fiscal year.
- The City's total debt decreased by \$5,095,311 (5.3%) during the current fiscal year. The key factor in this increase was a \$2,200,000 payoff of a lease in the current year and refunding of bonds subsequent to current year principal payments being made.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.

Basic Financial Statements

The first two statements (Pages 26 and 27) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Pages 28 through 34) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Required Supplementary Information

After the notes, required supplementary information is provided to show budgetary information required by Governmental Accounting Standards Board for the General Fund. Additionally, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of the City's Contributions are included in this section.

Supplementary Information

Additionally, a Schedule of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis – Budget and Actual are presented for the Bond Funded Capital Project Fund, the Debt Service Fund, the Special Revenue Fund, and the Enterprise Funds can be found in this report.

CITY OF SOUTHAVEN, MISSISSIPPI

Management's Discussion and Analysis

For the Year Ended September 30, 2015

Other Schedules

Additionally, a Schedule of Surety Bonds for Municipal Officials and a Schedule of Expenditure of Federal Awards can be found in this report.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property tax and sales tax finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and sanitation services offered by the City.

The government-wide financial statements are on pages 26 and 27 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Mississippi, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Proprietary Funds – The City has one type of proprietary fund.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and for its sanitation operations.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 37 of this report.

Government-Wide Financial Analysis

The City of Southaven's Net Position

Figure 1

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
ASSETS						
Current and other assets	\$ 37,650,313	\$ 37,513,930	\$ 27,705,812	\$ 25,920,619	\$ 65,356,125	\$ 63,434,549
Capital assets, net	98,912,637	100,685,110	47,365,182	45,565,562	146,277,819	146,250,672
Total assets	136,562,950	138,199,040	75,070,994	71,486,181	211,633,944	209,685,221
DEFERRED OUTFLOW OF RESOURCES	8,355,095	-	457,779	-	8,812,874	-
LIABILITIES						
Current liabilities	6,029,011	5,979,147	2,266,110	1,914,543	8,295,121	7,893,690
Long-term debt outstanding	45,960,467	52,844,436	37,278,962	35,905,976	83,239,429	88,750,412
Net pension liability	44,500,465	-	2,577,115	-	47,077,580	-
Other liabilities	4,266,112	2,708,081	2,412,989	2,549,297	6,679,101	5,257,378
Total liabilities	100,756,055	61,531,664	44,535,176	40,369,816	145,291,231	101,901,480
DEFERRED INFLOW OF RESOURCES	24,142,533	22,757,208	41,289	-	24,183,822	22,757,208
NET POSITION						
Net investment in capital assets	50,729,849	42,258,077	7,880,084	7,765,721	58,609,933	50,023,798
Restricted	2,877,403	7,610,482	2,320,594	2,008,323	5,197,997	9,618,805
Unrestricted	(33,587,795)	4,041,609	20,751,630	21,342,321	(12,836,165)	25,383,930
Total net position	\$ 20,019,457	53,910,168	30,952,308	31,116,365	50,971,765	85,026,533

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Southaven exceeded liabilities and deferred inflows of resources by \$50,971,765, as of September 30, 2015.

The largest portion of net position, \$58,609,933 is reflected in the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position (10%) represents resources that are subject to external restrictions on how they may be used. There is a deficit of \$12,836,165 in unrestricted net position due to recording of unfunded pension liabilities under GASB 68 and 71. Please refer to note 9.

CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Several particular aspects of the City's financial operations influenced the total unrestricted governmental net position:

- Decreased property tax collections of approximately \$200,000
- Increased sales tax revenues of approximately \$656,000 which is in line with the annual trend
- Decreased franchise fee revenues of approximately \$400,000 caused by an agreement for a payment in lieu of taxes that changed the classification of the revenue.
- Street overlay expenses increased approximately \$3,000,000 due to funding of a street overlay project by the board of aldermen.
- Additional expense for city beautification of approximately \$300,000 funded through the general fund by the board of aldermen
- Continued low cost of debt due to the City's high bond rating.

City of Southaven's Changes in Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 10,752,112	\$ 10,526,679	\$ 13,632,810	\$ 11,833,977	\$ 24,384,922	\$ 22,360,656
Capital grants	3,421,839	91,428	-	-	3,421,839	91,428
Total program revenues	14,173,951	10,618,107	13,632,810	11,833,977	27,806,761	22,452,084
General Revenues						
Property taxes	24,205,563	21,311,336	-	3,122,952	24,205,563	24,434,288
Sales tax	13,773,583	13,117,679	-	-	13,773,583	13,117,679
Other general revenues	2,559,535	2,422,980	28,451	80,454	2,587,986	2,503,434
Total general revenues	40,538,681	36,851,995	28,451	3,203,406	40,567,132	40,055,401
Total Revenues	54,712,632	47,470,102	13,661,261	15,037,383	68,373,893	62,507,485
PROGRAM EXPENSES						
General government	17,921,504	8,911,832	-	-	17,921,504	8,911,832
Public safety	21,618,917	21,315,040	-	-	21,618,917	21,315,040
Public works	6,340,767	6,059,971	-	-	6,340,767	6,059,971
Culture and recreation	7,187,714	6,045,661	-	-	7,187,714	6,045,661
Economic development	327,249	329,337	-	-	327,249	329,337
Health and welfare	269,460	389,959	-	-	269,460	389,959
Interest on long term debt	1,888,015	2,333,401	-	-	1,888,015	2,333,401
Water and Sewer	-	-	10,303,539	7,895,772	10,303,539	7,895,772
Sanitation	-	-	2,607,801	2,941,467	2,607,801	2,941,467
Total expenses	55,553,626	45,385,201	12,911,340	10,837,239	68,464,966	56,222,440
Change in net position	(840,994)	2,084,901	749,921	4,200,144	(91,073)	6,285,045
Net Position-Beginning of Year, as previously reported	53,910,168	51,825,267	31,116,365	26,916,221	85,026,533	78,741,488
Prior period adjustments	(33,049,717)	-	(913,978)	-	(33,963,695)	-
Net Position-Beginning, as restated	20,860,451	51,825,267	30,202,387	26,916,221	51,062,838	78,741,488
Net Position-End of Year	\$ 20,019,457	\$ 53,910,168	\$ 30,952,308	\$ 31,116,365	\$ 50,971,765	\$ 85,026,533

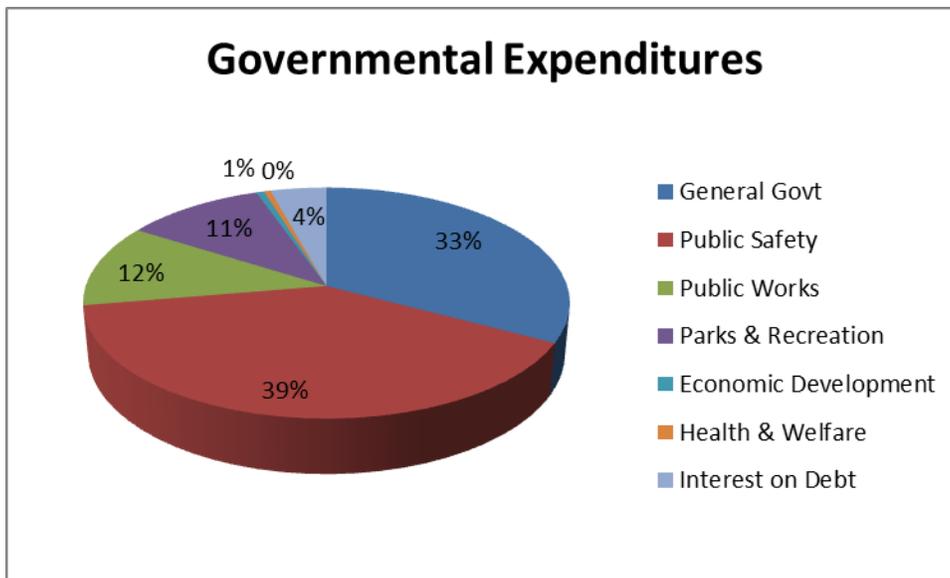
**CITY OF SOUTHAVEN, MISSISSIPPI
Management’s Discussion and Analysis
For the Year Ended September 30, 2015**

Governmental activities. Governmental activities’ expenses decreased the City’s net position by \$33,890,711, including a prior period adjustment of (\$33,049,717). Key elements of this decrease are as follows:

- Public safety and economic development expenses remained relatively static.
- The recognition of net pension liability in the amount of \$44,500,465 as a result of GASB 68 and 71 implementation.
- Franchise taxes increased by approximately \$400,000
- Property and sales taxes were up by approximately \$3,500,000.

Governmental Expenditures are broken out by department as follows:

Chart 1



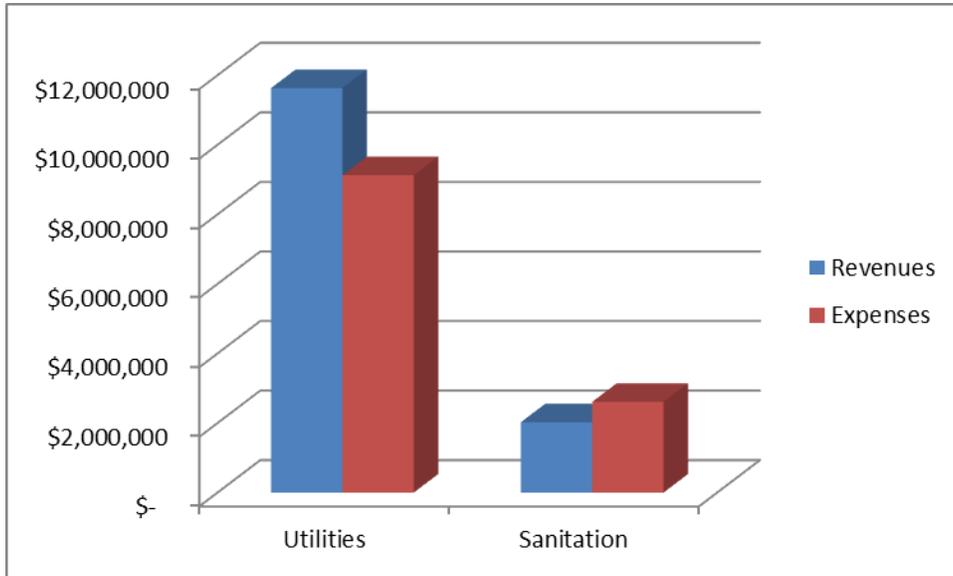
Business-type activities: Business-type activities’ expenses decreased the City’s net position by \$164,057, including a prior period adjustment of \$913,978. Key elements of this decrease are as follows:

- The recognition of net pension liability in the amount of \$2,577,115, pension expense of \$291,967, and deferred outflows if resources and deferred inflows of resources of \$457,779 and \$41,289, respectively, as a result of GASB 68 and 71 implementation.
- Charges for services increased by approximately \$1,700,000 in the Sanitation fund due to a change revenue collections in the current year. Property tax revenue decreased approximately \$3,100,000 in the Sanitation fund. The City eliminated the property tax allocated to sanitation and began collecting a monthly fee.
- Maintenance and servicing expenses increased approximately \$2,000,000 in the Utility fund with only a \$200,000 increase in revenues.
- Revenues decreased significantly and expenses increased approximately \$2,000,000.

**CITY OF SOUTHAVEN, MISSISSIPPI
Management’s Discussion and Analysis
For the Year Ended September 30, 2015**

Business-type revenues compared to expenses are as follows:

Chart 2



Financial Analysis of the City of Southaven’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 near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,914,779, while total fund balance reached \$6,964,065. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.8 percent of total General Fund expenditures.

At September 30, 2015, the governmental funds of the City reported a combined fund balance of \$10,565,953, a 14.5 percent decrease over last year. Included in this change in fund balance are increases in fund balance in the General Fund and a pan in place and started but money not yet spent. Additionally, the decrease in the Bond Funded Capital Project Fund was caused by the City used of bond money on infrastructure. The decrease in the Debt Service Fund was mainly due to paid off debt and a lease of \$2.2 million from the proceeds of the Performing Arts Center sale.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015**

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year is \$18,619,253, and for the Sanitation Fund is \$2,132,377. The total growth in net position for the Utility fund was \$634,839, including a prior period adjustment of (\$699,158) and total decrease in net position in the Sanitation fund was \$798,896, including a prior period adjustment of (\$214,820). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, totals \$146,277,819 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Vehicles purchased in current fiscal year: \$251,751 for new police cars, \$164,808 for a new ambulance, \$67,065 for code enforcement, \$56,044 for parks, \$217,245 for utility.
- Emergency services radios for both police, \$120,424 and radios for utility employees, \$68,500
- Sale of the PAC building and related assets, approximately \$2,424,000.
- Purchase and renovations of a building to house the Narcotics division, approximately \$252,000.
- Construction in progress of \$7,919,151 in government activities and \$730,029 in business-type activities for roads/drainage and sewer infrastructure was capitalized in the current year. There was an additional \$5,566,065 and \$3,546,182 added to CIP in governmental and business type activities, respectively, for similar roads and sewer projects. One large business type activities project was complete and began capitalization in the current year.
- Additional assets that were added were a message board, a utility trailer, new signs at Snowden Park area, and new computers and servers.

The City of Southaven's Capital Assets

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 9,376,445	9,376,445	579,036	579,036	9,955,481	9,955,481
Construction in progress	7,919,151	2,715,340	730,029	9,934,536	8,649,180	12,649,876
Infrastructure	92,557,859	91,674,842	63,278,635	50,928,589	155,836,494	142,603,431
Buildings and improvements	53,482,274	55,730,784	381,573	381,573	53,863,847	56,112,357
Leased equipment	1,220,405	1,348,536	744,057	744,057	1,964,462	2,092,593
Equipment and vehicles	18,352,026	17,296,904	2,568,166	2,123,792	20,920,192	19,420,696
Accumulated depreciation	(83,995,523)	(77,457,741)	(20,916,314)	(19,126,021)	(104,911,837)	(96,583,762)
Total, net of accumulated depreciation	\$ 98,912,637	100,685,110	47,365,182	45,565,562	146,277,819	146,250,672

**CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015**

Additional information on the City's capital assets can be found in note 4 of the Basic Financial Statements.

Long-term Debt. As of September 30, 2015, the City had total bonded debt outstanding of \$54,675,000. All of this debt is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), notes payable, and leases payable.

City of Southaven's Outstanding Debt

Figure 4

	<u>2015</u>	<u>2014</u>
Governmental activities debt		
General obligation bonds	\$ 44,840,000	\$ 48,460,000
Tax increment bonds	4,835,000	5,520,000
Notes payable	716,446	1,604,674
Leases payable	72,508	2,336,812
Compensated absences	878,235	396,550
Bond premiums	665,258	510,207
Bond discounts	<u>(3,727)</u>	<u>(4,660)</u>
Governmental activities debt	<u>\$ 52,003,720</u>	<u>\$ 58,823,583</u>
 Business -type activities debt		
General obligation bonds	\$ 9,835,000	\$ 10,430,000
Revenue bonds payable	10,725,000	11,235,000
Notes payable	18,596,940	15,746,180
Leases payable	317,548	373,367
Compensated absences	59,974	20,678
Bond premiums	58,673	67,053
Bond discounts	<u>(48,063)</u>	<u>(51,759)</u>
Business-type activities debt	<u>\$ 39,545,072</u>	<u>\$ 37,820,519</u>
 Total Long-Term Obligations	 <u>\$ 91,548,792</u>	 <u>\$ 96,644,102</u>

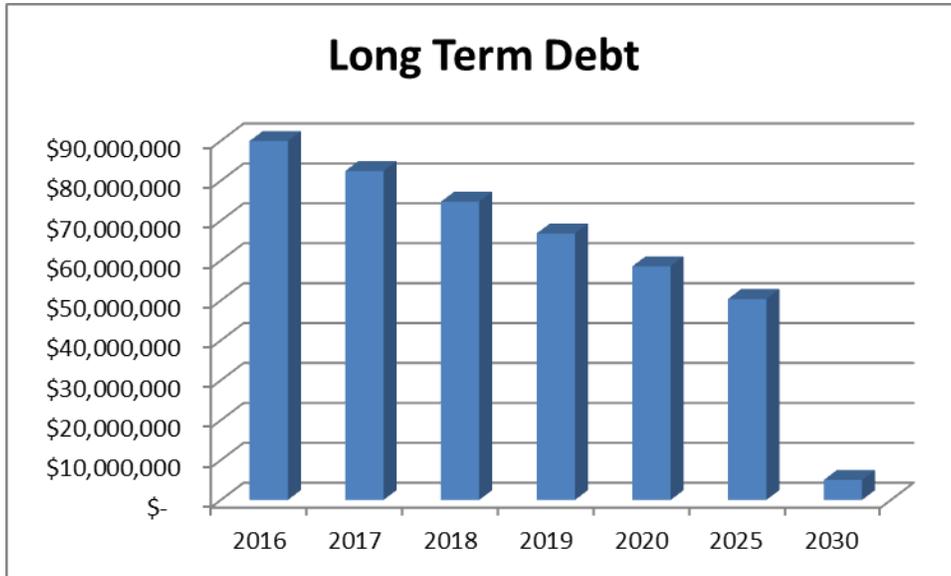
The City's total debt decreased by \$5,095,310 (5.3%) throughout the fiscal year. The 2005 and 2007 GO bonds were refunded in the current year. The principal balance of the Siemens lease, \$2,087,598 was paid in full in 2015. New debt was also issued through loans in the amount of \$3,583,806 for water and sanitation infrastructure.

Mississippi general statutes limit the amount of general obligation debt that a unit of government can issue to 15 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for additional debt for the City is \$23,815,545.

**CITY OF SOUTHAVEN, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015**

See the Chart 3 for the pay down of the current debt.

Chart 3



Additional information regarding the City's long-term debt can be found in note 7 beginning on page 48 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- Low unemployment. The City's unemployment rate of 3.5%, as of September 30, 2015, is well below the National and State averages of 4.9% and 5.9%, respectively.
- In 2014, Southaven's population was calculated, according to the United States Census most recent numbers, to be 51,824. This equates to roughly 30% of the total DeSoto County population and makes Southaven the 3rd largest city in Mississippi.
- Leading employers in Southaven include the DeSoto County School system, Baptist Memorial Hospital, Future Electronics and Associated Wholesale Grocers. Southaven has seen rapid growth in the retail sales job market and tourism related jobs are continuing to come on line with the growth of Southaven's competitive baseball and softball tournaments held annually.

Budget Highlights for the Fiscal Year Ending September 30, 2016

Governmental Activities: Property taxes (benefiting from the economic growth) are expected to lead the increase in budgeted revenue by approximately 8 percent. Sales tax is budgeted at a zero percent increase in fiscal year 2016 due to Tanger Outlet Mall sales tax monies going towards a state program once the project is certified. The City will use the increases in revenues to hire new police officers, improve infrastructure, including but not limited to roads, and improve city owned drainage systems.

The City has budgeted, through the bond issuance funds from the previous fiscal year, to complete work on 3 major roads in the City.

**City of Southaven, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015**

The Tourism tax is budgeted approximately \$500,000 less than actual income in 2015 as a conservative estimate. This tax money is budgeted to be expended on items from the master park plan, including the completion of the senior center, the completion of the championship stadiums at the Snowden Grove baseball complex, and tennis courts.

Budgeted expenditures in the General Fund are expected to be relatively similar to the current year. Most of the projects in process for fiscal year 2016 are being funded through tourism tax dollars and previous year bond issuances. The City doesn't anticipate any increase in expenditures through the general fund.

Business – type Activities: The water and sewer rates in the City will remain static. General operating expenses will increase due to the budgeting for the purchase of automatic meter readers for the Utility fund as well as increased debt payments related to drainage projects.

The City began billing for sanitation in January 2015 which was previously included in property taxes. Sanitation fund income is budgeted at a 20 percent increase to account for a full year of billings compared to three quarters of a year of billings in fiscal year 2015.

Requests for Information

This report is designed to provide an overview of the City of Southaven's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chris Wilson, Chief Administrative Officer/City Administrator or Edi McIlwain, Finance Director at 662-280-2489.

Basic Financial Statements

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CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position
September 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,407,902	\$ 16,381,912	\$ 22,789,814
Accounts receivable, net of allowance for doubtful accounts of \$194,967	521,547	1,905,231	2,426,778
Intergovernmental receivable	1,283,758	-	1,283,758
Franchise tax receivable	510,876	-	510,876
Loan Receivable	-	103,062	103,062
Property tax receivable	23,429,561	-	23,429,561
Other receivable	-	3,710	3,710
Prepaid items	549,286	-	549,286
Restricted assets:			
Cash in bank	4,947,383	-	4,947,383
Bean patch receivable	-	8,311,897	8,311,897
Note receivable - Hernando	-	1,000,000	1,000,000
Land and other nondepreciable assets	17,295,596	1,309,064	18,604,660
Other capital assets, net of accumulated depreciation	81,617,041	46,056,118	127,673,159
Total Assets	136,562,950	75,070,994	211,633,944
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows on refunding	450,371	-	450,371
Deferred outflows - pension	7,904,724	457,779	8,362,503
Total deferred outflows of resources	8,355,095	457,779	8,812,874
<u>LIABILITIES</u>			
Accounts payable	2,847,914	1,307,580	4,155,494
Accrued payroll	806,885	34,219	841,104
Customer deposits	-	956,732	956,732
Accrued interest	611,313	114,458	725,771
Long-term liabilities			
Due within one year:			
Capital debt	5,150,776	2,206,136	7,356,912
Non-capital debt	878,235	59,974	938,209
Due in more than one year:			
Capital debt	45,960,467	37,278,962	83,239,429
Net pension liability	44,500,465	2,577,115	47,077,580
Total Liabilities	100,756,055	44,535,176	145,291,231
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property tax for future reporting periods	23,429,561	-	23,429,561
Deferred inflows - pension	712,972	41,289	754,261
Total deferred inflows of resources	24,142,533	41,289	24,183,822
<u>NET POSITION</u>			
Net investment in capital assets	50,729,849	7,880,084	58,609,933
Restricted for:			
Debt services	375,162	2,320,594	2,695,756
Parks and recreation	1,952,955	-	1,952,955
General fund	549,286	-	549,286
Unrestricted	(33,587,795)	20,751,630	(12,836,165)
Total Net Position	\$ 20,019,457	\$ 30,952,308	\$ 50,971,765

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Activities
September 30, 2015

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>						
General government	\$ 17,921,504	\$ 4,596,486	\$ 3,017,657	\$ (10,307,361)	\$ -	\$ (10,307,361)
Public safety	21,618,917	1,744,440	154,182	(19,720,295)	-	(19,720,295)
Public works	6,340,767	-	-	(6,340,767)	-	(6,340,767)
Culture and recreation	7,187,714	4,261,062	250,000	(2,676,652)	-	(2,676,652)
Economic development	327,249	135,732	-	(191,517)	-	(191,517)
Health and welfare	269,460	14,392	-	(255,068)	-	(255,068)
Interest on long-term debt	1,888,015	-	-	(1,888,015)	-	(1,888,015)
Total governmental activities	<u>55,553,626</u>	<u>10,752,112</u>	<u>3,421,839</u>	<u>(41,379,675)</u>	<u>-</u>	<u>(41,379,675)</u>
<u>Business-Type Activities</u>						
Water and sewer	10,303,539	11,615,213	-	-	1,311,674	1,311,674
Sanitation	2,607,801	2,017,597	-	-	(590,204)	(590,204)
Total business-type activities	<u>12,911,340</u>	<u>13,632,810</u>	<u>-</u>	<u>-</u>	<u>721,470</u>	<u>721,470</u>
Total government	<u>\$ 68,464,966</u>	<u>\$ 24,384,922</u>	<u>\$ 3,421,839</u>	<u>(41,379,675)</u>	<u>721,470</u>	<u>(40,658,205)</u>
<u>General Revenue</u>						
Property taxes				24,205,563	-	24,205,563
Sales tax				13,773,583	-	13,773,583
Franchise tax				1,913,744	-	1,913,744
Interest				21,510	7,078	28,588
Miscellaneous				624,281	21,373	645,654
Total General Revenues				<u>40,538,681</u>	<u>28,451</u>	<u>40,567,132</u>
Change in Net Position				(840,994)	749,921	(91,073)
Net Position-Beginning of Year, as previously report				53,910,168	31,116,365	85,026,533
Prior period adjustment				<u>(33,049,717)</u>	<u>(913,978)</u>	<u>(33,963,695)</u>
Net Position-Beginning of Year, as restated				20,860,451	30,202,387	51,062,838
Net Position-End of Year				<u>\$ 20,019,457</u>	<u>\$ 30,952,308</u>	<u>\$ 50,971,765</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2015

	General Fund	Bond Funded Capital Project Fund	Debt Service Fund	Tourism and Convention Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,032,740	\$ -	\$ 375,162	\$ -	\$ 6,407,902
Accounts receivable, net of allowance for doubtful accounts of \$1,874,022	521,547	-	-	-	521,547
Intergovernmental receivable	1,140,693	-	-	143,065	1,283,758
Franchise tax receivable	510,876	-	-	-	510,876
Property tax receivable	15,794,728	-	7,634,833	-	23,429,561
Prepaid items	549,286	-	-	-	549,286
Restricted cash	423,757	2,478,084	-	2,045,542	4,947,383
Total Assets	<u>\$ 24,973,627</u>	<u>\$ 2,478,084</u>	<u>\$ 8,009,995</u>	<u>\$ 2,188,607</u>	<u>\$ 37,650,313</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 1,407,949	\$ 1,204,313	\$ -	\$ 235,652	\$ 2,847,914
Accrued payroll	806,885	-	-	-	806,885
Total Liabilities	<u>2,214,834</u>	<u>1,204,313</u>	<u>-</u>	<u>235,652</u>	<u>3,654,799</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	15,794,728	-	7,634,833	-	23,429,561
Total deferred inflows of resources	<u>15,794,728</u>	<u>-</u>	<u>7,634,833</u>	<u>-</u>	<u>23,429,561</u>
<u>FUND BALANCES</u>					
Nonspendable for prepaid	549,286	-	-	-	549,286
Restricted for:					
Debt service	-	-	375,162	-	375,162
Parks and recreation projects	-	-	-	1,952,955	1,952,955
Capital projects	500,000	1,273,771	-	-	1,773,771
Unassigned	5,914,779	-	-	-	5,914,779
Total Fund Balances	<u>6,964,065</u>	<u>1,273,771</u>	<u>375,162</u>	<u>1,952,955</u>	<u>10,565,953</u>
Total Liabilities and Fund Balances	<u>\$ 24,973,627</u>	<u>\$ 2,478,084</u>	<u>\$ 8,009,995</u>	<u>\$ 2,188,607</u>	<u>\$ 37,650,313</u>

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

CITY OF SOUTHAVEN, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2015

Total Fund Balance - Governmental Funds \$ 10,565,953

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets consist of:

Land	9,376,445	
Buildings and improvements	53,482,274	
Equipment and vehicles	18,352,026	
Infrastructure	92,557,859	
Construction in progress	7,919,151	
Leased equipment	1,220,405	
Accumulated depreciation	<u>(83,995,523)</u>	98,912,637

Deferred outflows of resources are not available to pay for current period
expenditures and therefore are deferred in the funds 8,355,095

Net pension liabilities are not due and payable in the current period and not report in
the funds:

General pension	(44,500,465)
-----------------	--------------

Deferred inflows of resources related to pension that are not available
to pay for current period expenditures and therefore are excluded from
the governmental funds (712,972)

Some liabilities are not due and payable in the current period and therefore
are not reported in the funds. Those liabilities consist of:

Notes payable	(716,446)	
Leases payable	(72,508)	
General obligation and revenue bonds	(49,675,000)	
Accrued interest	(611,313)	
Bond discount	3,727	
Bond premium	(651,016)	
Compensated absences	<u>(878,235)</u>	(52,600,791)

Net Position of Governmental Activities \$ 20,019,457

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

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

	<u>General Fund</u>	<u>Bond Funded Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Tourism and Convention Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
General property taxes	\$ 16,265,563	\$ -	\$ 7,940,000	\$ -	\$ 24,205,563
Sales tax	13,773,583	-	-	-	13,773,583
Licenses and permits	762,822	-	-	-	762,822
Intergovernmental	931,333	-	-	2,468,169	3,399,502
Charges for services	4,028,625	-	-	135,732	4,164,357
Fines	2,605,182	-	-	-	2,605,182
Franchise taxes	1,913,744	-	-	-	1,913,744
Rents	591,742	-	-	-	591,742
Grant proceeds	485,319	-	-	-	485,319
Interest	21,510	-	-	-	21,510
Miscellaneous	613,559	-	-	155	613,714
	<u>41,992,982</u>	<u>-</u>	<u>7,940,000</u>	<u>2,604,056</u>	<u>52,537,038</u>
Total Revenues	<u>41,992,982</u>	<u>-</u>	<u>7,940,000</u>	<u>2,604,056</u>	<u>52,537,038</u>
<u>EXPENDITURES</u>					
General government	9,455,797	-	-	-	9,455,797
Public safety	19,966,943	-	-	-	19,966,943
Public works	1,947,379	-	-	-	1,947,379
Culture and recreation	4,607,539	-	-	-	4,607,539
Health and welfare	272,910	-	-	-	272,910
Tourism and convention	-	-	-	327,248	327,248
Capital outlay	3,636,759	5,583,546	251,752	1,833,744	11,305,801
Debt service:					
Principal	-	-	7,927,532	-	7,927,532
Interest	-	-	2,361,820	-	2,361,820
Bond issue cost	-	-	206,786	-	206,786
Agent Fees	-	-	1,250	-	1,250
	<u>39,887,327</u>	<u>5,583,546</u>	<u>10,749,140</u>	<u>2,160,992</u>	<u>58,381,005</u>
Total Expenditures	<u>39,887,327</u>	<u>5,583,546</u>	<u>10,749,140</u>	<u>2,160,992</u>	<u>58,381,005</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,105,655</u>	<u>(5,583,546)</u>	<u>(2,809,140)</u>	<u>443,064</u>	<u>(5,843,967)</u>
<u>OTHER FINANCIAL SOURCES (USES)</u>					
Sale of assets	694,333	-	-	-	694,333
Grant proceeds	-	2,677,520	-	-	2,677,520
Refunding bonds issued	-	-	6,870,000	-	6,870,000
Premiums on bonds issued	-	-	202,586	-	202,586
Payment to bond refunding escrow agent	-	-	(6,400,000)	-	(6,400,000)
Transfers in	-	-	449,150	223,086	672,236
Transfers out	(672,236)	-	-	-	(672,236)
Total Other Financing Sources	<u>22,097</u>	<u>2,677,520</u>	<u>1,121,736</u>	<u>223,086</u>	<u>4,044,439</u>
Net Change in Fund Balances	2,127,752	(2,906,026)	(1,687,404)	666,150	(1,799,528)
Fund Balances - Beginning of Year	4,836,313	4,179,797	2,062,566	1,286,805	12,365,481
Fund Balances - End of Year	<u>\$ 6,964,065</u>	<u>\$ 1,273,771</u>	<u>\$ 375,162</u>	<u>\$ 1,952,955</u>	<u>\$ 10,565,953</u>

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

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,799,528)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$7,806,057 was exceeded by depreciation of \$7,523,765 in the current period and was affected by the capital assets' disposals of \$109,939. 282,292

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Sales tax receivable (521,492)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds of \$6,870,000 and amortization expense of \$60,845 in the current period exceeded repayments of \$14,327,532. 7,518,377

Bond Premiums are reported as an other financing source on the governmental funds' operating statement, but are capitalizaed and amortized on the government-wide statement of net position. (202,586)

Payments of contributions to the City's pension plans are recorded as expenditures in the governmental funds. Pension expense is recorded on an actuarially determined basis in the statement of activities. This amount represents the difference between actual contributions and the actuarially determined pension expense. 6,487,900

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the increase/(decrease) is

Net pension liability (10,746,896)
 Compensated absences payable (481,685)
 Sale and adjustment of capital assets (2,054,766)
 Deferred outflow on refunding 450,371
 Accrued interest payable 227,019

Change in Net Position of Governmental Activities \$ (840,994)

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Net Position - Proprietary Funds
September 30, 2015

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 13,940,830	\$ 2,441,082	\$ 16,381,912
Accounts receivable, net of allowance for doubtful accounts \$119,737	1,580,943	324,288	1,905,231
Loan receivable	103,062	-	103,062
Other receivable	2,878	832	3,710
Total Current Assets	<u>15,627,713</u>	<u>2,766,202</u>	<u>18,393,915</u>
Noncurrent Assets			
Bean Patch receivable	8,311,897	-	8,311,897
Notes receivable - Hernando	1,000,000	-	1,000,000
Land and other nondepreciable assets	1,309,064	-	1,309,064
Other capital assets, net of accumulated depreciation	45,850,360	205,758	46,056,118
Total Noncurrent Assets	<u>56,471,321</u>	<u>205,758</u>	<u>56,677,079</u>
Total Assets	<u>72,099,034</u>	<u>2,971,960</u>	<u>75,070,994</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows - pension	406,399	51,380	457,779
Total deferred outflows of resources	<u>406,399</u>	<u>51,380</u>	<u>457,779</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities			
Accounts payable	924,330	383,250	1,307,580
Accrued payroll	26,147	8,072	34,219
Accrued interest	114,458	-	114,458
Customer deposits	956,732	-	956,732
Total Current Liabilities	<u>2,021,667</u>	<u>391,322</u>	<u>2,412,989</u>
Long-term liabilities due within one year:			
Capital debt	2,206,136	-	2,206,136
Non-capital debt	59,974	-	59,974
Total current liabilities payable from restricted assets	<u>2,266,110</u>	<u>-</u>	<u>2,266,110</u>
Long-term liabilities due in more than one year:			
Capital debt	37,278,962	-	37,278,962
Net pension liability	2,287,866	289,249	2,577,115
Total Long-Term Liabilities	<u>39,566,828</u>	<u>289,249</u>	<u>39,856,077</u>
Total Liabilities	<u>43,854,605</u>	<u>680,571</u>	<u>44,535,176</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - pension	36,655	4,634	41,289
Total Deferred Inflows of Resources	<u>36,655</u>	<u>4,634</u>	<u>41,289</u>
Net Position			
Net investment in capital assets	7,674,326	205,758	7,880,084
Restricted for:			
Debt service	2,320,594	-	2,320,594
Unrestricted	18,619,253	2,132,377	20,751,630
Total Net Position	<u>\$ 28,614,173</u>	<u>2,338,135</u>	<u>30,952,308</u>

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

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

	Utility	Sanitation	Total
<u>OPERATING REVENUES</u>			
Sales	\$ 11,615,213	\$ 2,017,597	\$ 13,632,810
Miscellaneous	15,739	5,634	21,373
Total Operating Revenues	11,630,952	2,023,231	13,654,183
<u>OPERATING EXPENSES</u>			
Personnel	1,563,416	196,258	1,759,674
Supplies	653,408	1,854	655,262
Depreciation and amortization	1,743,111	42,499	1,785,610
Maintenance and other	4,260,584	3,040	4,263,624
Professional services	902,399	2,364,150	3,266,549
Total Operating Expenses	9,122,918	2,607,801	11,730,719
Operating Income	2,508,034	(584,570)	1,923,464
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	6,584	494	7,078
Interest expense	(1,180,621)	-	(1,180,621)
Total Non-Operating Revenues (Expenses)	(1,174,037)	494	(1,173,543)
Net Income (Loss)	1,333,997	(584,076)	749,921
Net Position - Beginning of Year, as previously reported	27,979,334	3,137,031	31,116,365
Prior period adjustment	(699,158)	(214,820)	(913,978)
Net Position, Beginning of Year, as Restated	27,280,176	2,922,211	30,202,387
Net Position - End of Year	\$ 28,614,173	\$ 2,338,135	\$ 30,952,308

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

CITY OF SOUTHAVEN, MISSISSIPPI
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2015

	Utility Fund	Sanitation Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 12,631,047	\$ 1,727,032	\$ 14,358,079
Cash payments for goods and services	(6,147,783)	(2,304,702)	(8,452,485)
Cash payments to employees	(1,300,580)	(162,803)	(1,463,383)
Net Cash Provided By (Used In) Operating Activities	<u>5,182,684</u>	<u>(740,473)</u>	<u>4,442,211</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Payments for capital acquisitions, net	(3,534,156)	(55,759)	(3,589,915)
Loan proceeds	3,583,806	-	3,583,806
Principal payments on debt	(1,893,865)	-	(1,893,865)
Interest payments on debt	(1,180,621)	-	(1,180,621)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(3,024,836)</u>	<u>(55,759)</u>	<u>(3,080,595)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments received on notes, net	257,943	-	257,943
Receipts of interest	6,584	494	7,078
Net Cash Provided By (Used In) Investing Activities	<u>264,527</u>	<u>494</u>	<u>265,021</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,422,375</u>	<u>(795,738)</u>	<u>1,626,637</u>
Cash and Cash Equivalents-Beginning of Year	<u>11,518,455</u>	<u>3,236,820</u>	<u>14,755,275</u>
Cash and Cash Equivalents-End of Year	<u>\$ 13,940,830</u>	<u>\$ 2,441,082</u>	<u>\$ 16,381,912</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	<u>\$ 2,508,034</u>	<u>\$ (584,570)</u>	<u>\$ 1,923,464</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,743,111	42,499	1,785,610
(Increase) decrease in customer receivables	(219,926)	(296,199)	(516,125)
(Increase) decrease in other receivables	1,099,626	-	1,099,626
(Increase) decrease in deferred outflows	(370,212)	(46,805)	(417,017)
Increase (decrease) in accounts payable	(331,392)	64,342	(267,050)
Increase (decrease) in accrued payroll	4,575	5,772	10,347
Increase (decrease) in customer deposits	120,395	-	120,395
Increase (decrease) in deferred inflows	36,655	4,634	41,289
Increase (decrease) in net pension liability	552,522	69,854	622,376
Increase (decrease) in compensated absences	39,296	-	39,296
Total adjustments	<u>2,674,650</u>	<u>(155,903)</u>	<u>2,518,747</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 5,182,684</u>	<u>\$ (740,473)</u>	<u>\$ 4,442,211</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Southaven (the “City”) was incorporated in 1980. The City operated under the Board of Aldermen-Mayor form of government and provides the following services; public safety (police and fire), public works (streets and improvements), culture, recreation, public improvements, planning and zoning, economic development, and general administrative services.

The City complies with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principals. The accounting framework and the more significant accounting policies are discussed in subsequent sections of this note.

B. Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles.

GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization’s governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government and there is potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board.

Based upon the application of these criteria, the City of Southaven has no component units.

C. Basis of Presentation

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. They include all funds of the financial reporting entity with the exception of any fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide Financial Statements

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to general government.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund:

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Bond Funded Capital Project Fund:

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure from capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund:

This is a fund that is used to account for the payment of principal and interest on the City's outstanding governmental debt.

Tourism and Convention Fund:

This fund is used to account for a tourism tax used to fund parks "growth" (expansion/improvements).

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Utility Fund:

The Utility Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, as well as billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Sanitation Fund:

The Sanitation Fund is used to account for the provision of sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of sanitation services, as well as billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting, pursuant to GASB Statement No. 33. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A two month availability period is used for recognition of all other Government Fund revenues. Expenditures are recognized when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are generally not measurable or available until actually received.

E. Budgets and Budgetary Accounting

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

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk submits a budget of estimated expenditures and revenues to the Mayor and Board of Aldermen by August 1.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Upon receipt of the budget estimates, the Board of Aldermen holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the City. At the September board meeting, the budget is legally enacted through passage of the budget ordinance. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.

The actual receipts and disbursements are accumulated each month and compared to the budgeted amounts and reviewed by the Mayor and Board of Aldermen. Any revisions on the budget during the year are approved by the Board of Aldermen.

F. Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of generally three months or less.

G. Prepaid Items

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The nonspendable fund balance for prepaid expenses in the governmental funds has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures.

H. Interfund Transactions and Balances

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

I. Restricted Assets

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

J. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are capitalized at estimated fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows.

	Capitalization Thresholds	Estimated Useful Life
Land	\$ -	N/A
Infrastructure	25,000	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased equipment	*	*

* Threshold will correspond with the amount for the asset classification as listed above.

K. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, governmental funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

L. Deferred Outflows/Inflows of Resources

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

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 and so will not be recognized as an inflow of resources (revenue) until that time.

Property tax for future reporting period/unavailable revenue- property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

M. Equity Classifications

Net position in government-wide and proprietary fund financial statements are classified in three components:

NET INVESTMENT IN CAPITAL ASSETS

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

RESTRICTED

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

UNRESTRICTED

Unrestricted net position is all other net position not meeting the definition of “restricted” or “net investment in capital assets.”

In February 2009, the GASB issued Statement No. 54, fund Balance Reporting and Governmental Fund Type Definitions (“GASB Statement No. 54”), which became effective in fiscal 2011. Under GASB Statement No. 54, net position in governmental fund financial statements is classified as non-spendable, restricted, committed, assigned, and unassigned.

The governmental fund type classified fund balances as follows:

NONSPENDABLE

Non-spendable fund balance consists of funds that cannot be spent due to their form (e/g/ inventories and prepaid expenses) or funds that legally or contractually must be maintained intact (e.g. corpus of endowment funds).

RESTRICTED

Restricted fund balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

COMMITTED

Committed fund balance consists of funds that are set aside for a specific purpose by the City’s highest level of decision making authority (Board of Mayor and Aldermen). Formal action must be taken by the end of the fiscal year to commit fund balances. The same formal action must be taken to remove or change the limitations placed on the funds. The formal action is an order of the Board of Aldermen as approved in the board minutes. Currently, there is no committed fund balance.

ASSIGNED

Assigned fund balance consists of funds that are set aside with the intent to be used for a specific purpose by the City’s highest level of decision making authority or a body or official that has been given the authority to assign funds. This intent to use funds for specific purpose is approved by the Board of Aldermen in the board minutes. Assigned funds cannot cause a deficit in unassigned fund balance. Currently, there is no assigned fund balance.

UNASSIGNED

Unassigned fund balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for a specific purpose has exceeded the amounts restricted, committed, or assigned to the purposes, those amounts are reported as negative unassigned fund balance.

The Board of Aldermen establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
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further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes).

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing so, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

N. Property Tax Revenues

Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

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

O. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

P. Recent Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions, which is intended to improve the usefulness of information in employer and governmental employees contributing entity financial reports and enhance value for assessing accountability by requiring recognition of the entire net pension liability and more comprehensive measure of pension expense. The provisions of Statement No. 68 are effective for fiscal years beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations. " This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. This Statement has no significant impact on the City's financial statements.

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In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent of the Measurement Date – An Amendment of GASB Statement No. 68." This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions in the Statement are required to be applied simultaneously with the provisions of Statement 68. The City has implemented this in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Applications". 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. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, The GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 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 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 Benefit 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). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

Q. Recent Accounting Pronouncements

As a result of implementing GASB 68 and 71, net position/(deficit) was restated at October 1, 2014. With the adoption of GASB 68 and 71, the City is reporting the difference between the Net Pension Obligation calculation and the Net Pension Liability calculation as a reduction to the prior year net position/(deficit).

NOTE 2 – CASH AND CASH EQUIVALENTS

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

CITY OF SOUTHAVEN, MISSISSIPPI
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the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (“FDIC”).

Custodial credit risk is the risk that, in the event of a financial institution’s failure, the City’s deposits might not be recovered. The City does not have a deposit policy for custodial credit risk. As of September 30, 2015, the City’s bank balance was not exposed to custodial credit risk.

As of September 30, 2015, the carrying amount of the City’s deposits was \$27,797,197 and the bank balances totaled \$28,167,578. Of the bank balances, \$250,000 was insured by the FDIC and \$26,921,564 was covered by pooled and/or pledged collateral

NOTE 3 – NOTES RECEIVABLE

In December 2007, the City entered into an agreement with the City of Hernando, Mississippi whereby the City of Southaven will design and construct a sewer system (the “Hurricane Creek Project”) by which it will collect and transport wastewater through the City of Hernando to the DeSoto County Regional Authority’s sewer system for treatment and disposal. Upon completion, the City of Hernando will operate and maintain the sewer line. Further, the City of Hernando has agreed to pay the City of Southaven \$1,000,000 over seven years to reimburse the City of Southaven for a portion of the construction costs. The City of Hernando will make the first annual payment to the City of Southaven within sixty days of completion of the project, and then annually on October 1. The project was complete as of September 30, 2015 and the first payment is due October 1, 2015. The interest rate on the note is 1.95%. See the amortization schedule below:

Year Ending September 30,	Enterprise Fund Debt	
	Principal	Interest
2016 \$	134,715	19,500
2017	137,342	16,873
2018	140,020	14,195
2019	142,751	11,465
2020	145,534	8,680
Thereafter	299,638	8,792
Total \$	1,000,000	79,505

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NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2015:

	Balance at 10-01-14	Additions	Retirements	Completed Construction	Adjustments	Balance at 09-30-15
<u>GOVERNMENTAL ACTIVITIES</u>						
Capital assets, not being depreciated:						
Land	\$ 9,376,445					9,376,445
Construction in progress	2,715,340	5,566,065	109,939	(252,315)		7,919,151
Total capital assets, not being depreciated	<u>12,091,785</u>	<u>5,566,065</u>	<u>109,939</u>	<u>(252,315)</u>	<u>-</u>	<u>17,295,596</u>
Capital assets, being depreciated:						
Buildings and improvements	55,730,784	363,160	2,611,670			53,482,274
Equipment and vehicles	17,296,904	1,238,361	221,053		37,814	18,352,026
Infrastructure	91,674,842	748,410	117,708	252,315		92,557,859
Leased equipment	1,348,536		128,131			1,220,405
Total capital assets, being depreciated	<u>166,051,066</u>	<u>2,349,931</u>	<u>3,078,562</u>	<u>252,315</u>	<u>37,814</u>	<u>165,612,564</u>
Less accumulated depreciation for:						
Buildings and improvements	14,156,481	1,387,906	636,243			14,908,144
Equipment and vehicles	10,539,098	1,585,862	182,305		37,814	11,980,469
Infrastructure	51,469,851	4,510,875	78,915			55,901,811
Leased equipment	1,292,311	39,122	126,334			1,205,099
Total accumulated depreciation	<u>77,457,741</u>	<u>7,523,765</u>	<u>1,023,797</u>	<u>-</u>	<u>37,814</u>	<u>83,995,523</u>
Total capital assets, being depreciated, net	<u>88,593,325</u>	<u>(5,173,834)</u>	<u>2,054,765</u>	<u>252,315</u>	<u>-</u>	<u>81,617,041</u>
Governmental activities capital assets, net	<u>\$ 100,685,110</u>	<u>392,231</u>	<u>2,164,704</u>	<u>-</u>	<u>-</u>	<u>98,912,637</u>
	Balance at 10-01-14	Additions	Retirements	Completed Construction	Adjustments	Balance at 09-30-15
<u>BUSINESS-TYPE ACTIVITIES</u>						
Capital assets, not being depreciated:						
Land	\$ 579,036					579,036
Construction in progress	9,934,536	3,546,182	400,643	(12,350,046)		730,029
Total capital assets, not being depreciated	<u>10,513,572</u>	<u>3,546,182</u>	<u>400,643</u>	<u>(12,350,046)</u>	<u>-</u>	<u>1,309,065</u>
Capital assets, being depreciated:						
Buildings	381,573					381,573
Infrastructure	50,928,589			12,350,046		63,278,635
Equipment and vehicles	2,123,792	444,374				2,568,166
Leased equipment	744,057					744,057
Total capital assets, being depreciated	<u>54,178,011</u>	<u>444,374</u>	<u>-</u>	<u>12,350,046</u>	<u>-</u>	<u>66,972,431</u>
Less accumulated depreciation for:						
Buildings	487,254	49,829				537,083
Infrastructure	16,841,989	1,548,459				18,390,448
Equipment and vehicles	1,588,442	162,243				1,750,685
Leased equipment	208,336	29,762				238,098
Total accumulated depreciation	<u>19,126,021</u>	<u>1,790,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,916,314</u>
Total capital assets, being depreciated, net	<u>35,051,990</u>	<u>(1,345,919)</u>	<u>-</u>	<u>12,350,046</u>	<u>-</u>	<u>46,056,117</u>
Business-type activities capital assets, net	<u>\$ 45,565,562</u>	<u>2,200,263</u>	<u>400,643</u>	<u>-</u>	<u>-</u>	<u>47,365,182</u>

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Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 622,165
Public safety	1,455,431
Public works	4,405,740
Culture and recreation	<u>1,040,429</u>
Total governmental activities	<u>\$ 7,523,765</u>
Business-type activities:	
Water and sewer	<u>\$ 1,790,293</u>

Commitments under construction contracts at September 30, 2015 are summarized as follows:

Project	Contract Amount	Remaining Balance
Getwell Road Expansion	\$ 6,158,189	\$ 3,678,004
Swinnea Road Extension	\$ 2,490,999	\$ 1,259,143
Senior Center	\$ 1,820,000	\$ 1,510,022
Snowden Grove Baseball Stadiums	\$ 1,785,000	\$ 1,694,359
MWW Sewer Infrastructure	\$ 1,376,200	\$ 646,998

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

Description	General Fund
Sales tax	\$ 1,140,693
Tourism tax	143,065
Total	<u>\$ 1,283,758</u>

NOTE 6 – INTERFUND TRANSFERS AND BALANCES

The following is a summary of interfund transactions and balances:

Due to/from other funds:	Due From	Due To
Major funds:		
General fund	\$ 86,435	\$ -
Bond funded capital projects fund	-	83,474
Other governmental funds	-	2,961
Total	<u>\$ 86,435</u>	<u>\$ 86,435</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 7 – LONG-TERM DEBT

Long-term activity for the year ended September 30, 2015 was as follows:

	Balance at 10-01-14	Additions	Retirements	Balance at 09-30-15	Amounts Due in One Year
Governmental activities:					
General obligation bonds payable	\$ 48,460,000	6,870,000	10,490,000	44,840,000	4,180,000
Tax increment financing bonds payable	5,520,000		685,000	4,835,000	720,000
Notes payable	1,604,674		888,228	716,446	178,268
Leases payable	2,336,812		2,264,304	72,508	72,508
Compensated absences	396,550	878,235	396,550	878,235	878,235
Bond premium	510,207	202,586	47,535	665,258	
Bond discounts	(4,660)		(933)	(3,727)	
Total long-term debt	\$ 58,823,583	7,950,821	14,770,684	52,003,720	6,029,011

	Balance at 10-01-14	Additions	Retirements	Balance at 09-30-15	Amounts Due in One Year
Business-type activities:					
General obligation bonds payable	\$ 10,430,000		595,000	9,835,000	620,000
Revenue bonds payable	11,235,000		510,000	10,725,000	535,000
Notes payable	15,746,180	3,583,806	733,046	18,596,940	992,898
Leases payable	373,367		55,819	317,548	58,238
Compensated absences	20,678	59,974	20,678	59,974	64,973
Bond premium	67,053		8,380	58,673	
Bond discounts	(51,759)		(3,696)	(48,063)	
Total long-term debt	\$ 37,820,519	3,643,780	1,919,227	39,545,072	2,271,109

CITY OF SOUTHAVEN, MISSISSIPPI
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For the Year Ended September 30, 2015

General obligation bonds are direct obligations and pledge full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
General Obligation Bonds					
2004	4.02%	12-01-04	12-01-24	\$ 4,500,000	-
2005	3.97%	12-01-05	12-01-25	4,500,000	210,000
2007	4.37-5.50%	07-01-07	07-01-27	6,000,000	555,000
2008	3.63-5.00%	07-01-08	07-01-28	4,000,000	2,990,000
2008	3.00-5.00%	04-16-09	11-01-20	6,665,000	3,845,000
2010	3.25-4.00%	02-01-10	02-01-20	6,000,000	4,950,000
2010	2.00-3.25%	03-23-10	10-01-19	3,595,000	1,815,000
2010	2.00-3.30%	11-04-10	11-01-24	3,225,000	2,405,000
2011	2.00-3.5%	01-25-11	10-01-21	3,505,000	2,325,000
2012	1.25-1.70%	11-06-13	11-01-22	2,875,000	2,345,000
2012	1.00-2.25%	10-09-12	12-01-24	3,015,000	2,885,000
2013	2.50-3.50%	11-19-13	12-01-33	6,565,000	6,335,000
2014	3.97%	01-31-14	03-01-25	2,930,000	2,720,000
2014	2.00-5.00%	03-04-14	03-01-24	7,945,000	7,065,000
2015	2.00-3.00%	03-11-14	12-01-25	6,870,000	6,870,000
2009 Water/sewer	3.00-5.00%	02-01-09	01-01-29	6,500,000	5,055,000
2012 Water/sewer	1.00-2.125%	10-06-12	12-01-23	2,735,000	2,305,000
Total general obligation bonds				<u>\$ 81,425,000</u>	<u>54,675,000</u>

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding as of September 30, 2015 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
Revenue bonds					
	4.00-5.00%	03-01-06	03-01-31	\$ 9,000,000	6,910,000
	4.12-5.00%	08-01-07	08-01-27	5,400,000	3,815,000
Total revenue bonds				<u>\$ 14,400,000</u>	<u>10,725,000</u>

Tax increment financing (“TIF”) bonds outstanding at year end are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
Tax increment financing (TIF) bonds					
1999 S. Lake Phase I	4.95%	03-02-99	03-01-19	\$ 560,000	155,000
2005A Towne Center	4.07-4.63%	09-30-06	09-30-20	5,000,000	2,480,000
2005B Towne Center	5.94-6.64%	09-30-06	09-30-20	4,200,000	2,200,000
Total TIF bonds				<u>\$ 9,760,000</u>	<u>4,835,000</u>

According to the TIF development agreement (s), the ad valorem tax collected by the City as well as half of the ad valorem taxes collected by DeSoto County for the parcels related to the Southaven Towne Center are allocated to the payment of the related general government TIF bonds. According to the Southlake Center development agreement, the ad valorem tax collected by the City for those parcels are allocated to the payment of the related general government TIF bonds. The ad valorem taxes collected from the parcels at the Southaven Towne Center and the Southlake Center are approximately \$700,000 and \$75,000, respectively. The debt service on these bonds in the current fiscal year was approximately \$980,000. According to the development agreement, the remaining balance on the debt service is paid for through sales tax generated on the businesses located on those parcels of land.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Notes outstanding at year end are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
Notes					
Merchants and Farmers - 2005	4.10%	08-01-06	08-01-16	\$ 1,900,000	-
MS Dept. of Health DWSLRF	3.00%	12-01-02	09-01-22	1,400,961	614,339
MS Dept. of Health DWSLRF	3.00%	01-01-03	10-01-22	1,361,525	592,739
MS Dept. of Health DWSLRF	3.00%	07-01-03	04-01-23	1,250,436	581,936
MS Dept. of Health DWSLRF	4.00%	09-20-04	07-01-24	1,425,168	776,492
MS Dept. of Health DWSLRF	1.95%	11-02-07	01-01-29	807,693	630,939
MS Dept. of Health DWSLRF	1.95%	11-02-07	10-01-29	2,096,881	1,629,347
MS Dept. of Health DWSLRF	1.95%	10-01-08	06-01-30	1,082,138	852,118
MS Dept. of Health DWSLRF	1.95%	10-01-08	09-30-30	1,821,006	1,475,685
MS Development Authority	2.00%	08-01-10	07-01-20	531,753	-
MS Development Authority	3.00%	09-01-10	09-01-20	683,373	361,553
MS Dept. of Env. Quality WPCRLF	1.75%	09-01-11	12-31-33	4,219,481	3,947,626
MS Dept. of Env. Quality WPCRLF	1.75%	01-01-10	08-31-35	6,766,517	6,766,517
MS Dept. of Env. Quality WPCRLF	1.75%	09-01-13	12-31-35	729,202	729,202
Bancorpsouth - 2011	2.87%	03-01-11	03-01-21	560,000	354,893
Total Notes				<u>\$ 26,636,134</u>	<u>19,313,386</u>

The aggregate maturities of general obligation bonds, revenue bonds, tax increment financing, and notes for the years subsequent to September 30, 2015 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016 \$	5,078,268	1,508,236	2,147,898	1,162,371
2017	5,383,163	1,339,389	2,264,318	1,112,186
2018	5,566,963	1,166,239	2,333,360	1,041,797
2019	5,741,176	994,435	2,422,986	969,527
2020	5,727,378	820,596	2,500,728	894,839
2021-2025	16,729,498	2,173,019	13,416,851	3,261,709
2026-2030	4,470,000	618,255	10,750,141	1,227,683
2031-2035	1,695,000	121,013	3,320,658	119,463
Total \$	<u>50,391,446</u>	<u>8,741,182</u>	<u>39,156,940</u>	<u>9,789,575</u>

Leases.

Description of Leasing Arrangements.

The City's leasing operations consist principally of the leasing of various police vehicles and utility lines. These leases are classified as capital leases. The vehicle leases expire over the next three years, while the utility lines leases expire over the next 10 years.

CITY OF SOUTHAVEN, MISSISSIPPI
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Future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2015 were as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 72,508	\$ 357	\$ 58,238	\$ 13,762
2017			60,762	11,238
2018			63,395	8,605
2019			66,143	5,857
2020			69,010	2,991
Present Value of Minimum Lease Payments	<u>\$ 72,508</u>	<u>\$ 357</u>	<u>\$ 317,548</u>	<u>\$ 42,453</u>

Legal Debt Margin.

The City is subject to the limitations of indebtedness prescribed by Section 21-33-303, Miss. Code Ann. (1972). No municipality may issue bonds secured by a pledge of its full faith and credit in an amount which, when added to the then outstanding bond indebtedness for such municipality, would exceed the 15% and 20% tests prescribed in Section 21-33-303. These percentages are applied to the assessed value of the taxable property within such municipality, with certain types of bond issues being excluded from the authorized debt limit tests. Presented in the schedule below are the calculations of the applicable statutory debt limitations and the resulting margin for further debt in the amount of \$23,815,545 (the smaller of the two computed margins) as of September 30, 2015.

	<u>15% Test</u>	<u>20% Test</u>
Assessed value as of September 30, 2015:		
\$476,170,302 times applicable percentage	\$ 71,425,545	\$ 95,234,060
Less present debt subject to debt limits as of September 30, 2015:		
Total bonds outstanding (excluding MDB backed bonds)	<u>(47,610,000)</u>	<u>(47,610,000)</u>
Margin for additional debt	<u>\$ 23,815,545</u>	<u>\$ 47,624,060</u>

Advanced Refunding.

On March 10, 2015, The City issued \$6,870,000 in General Obligation Refunding Bonds with interest ranging between 2.0% and 3.0% to advance refund \$6,400,000 of outstanding General Obligation Bonds, with an interest rate of 4.37 – 5.5%. The 2015 Bonds were used to refund the 2005 General Obligation Bonds and the 2007 General Obligation bonds. A portion of the proceeds, after payments of \$206,786 for bond issuance costs, was remitted directly to the 2005 and 2007 General Obligation Bond Trustees to hold in United States Government Securities and/or United States Treasury Securities, maturing in amounts and bearing interest at rates sufficient to pay, when due, the interest accruing and due on the refunded bonds from the date of closing through December 1, 2015 and July 1, 2017, respectively.

As a result, the \$6,400,000 of 2007 Series are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The City advance refunded the bonds to reduce its total debt service payments over the next 10 years by \$301,432 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$304,548.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2015, \$0 of bonds outstanding are defeased.

NOTE 8 – DEFERRED LOSS ON REFUNDING

The unamortized deferred loss on refundings relates to General Obligation Refunding Bonds for governmental activities. Deferred loss on refundings reported in the statement of net position consist of the following:

	<u>Governmental</u>
	<u>Activities</u>
Series 2005	\$ 101,631
Series 2007	348,740
Total	<u>\$ 450,371</u>

NOTE 9 – PENSION OBLIGATIONS

General Information about the Pension Plan

Plan Description and Provisions

The City is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Mississippi Code Ann. (1972) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

Benefits Provided

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost-of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Contributions

Per Chapter 11 of Title 25, Mississippi Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the City's required contribution rate was 15.75 percent of annual covered payroll. The City's employer contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$3,079,960 \$2,863,146, and \$2,588,755, respectively. The contributions for each year met the required contributions.

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

At September 30, 2015, the City reported a liability of \$47,077,580 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 the City's employer contributions to the pension plan relative to total contributions of all participating employers. At June 30, 2015, the City's proportion was .304551 percent, which was an increase of .010369 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$5,333,531. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 724,500	
Changes of assumptions	4,055,573	
Net difference between projected and actual earnings on pension plan investments	2,754,542	
Changes in the City's proportion and differences between the City's contributions and proportionate share of contributions		754,261
City contributions subsequent to the measurement date	827,888	
Total	\$ 8,362,503	754,261

\$827,888 reported as deferred outflows of resources related to pensions resulting from City Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,		
2016	\$	2,168,713
2017		2,168,713
2018		1,754,292
2019		688,635
	\$	6,780,353

Actuarial Assumptions

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

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

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

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.50
Fixed Income Real Assets	20.00	0.30
Real Assets	10.00	4.00
Private Equity	8.00	6.20
Cash	1.00	-0.50

Discount rate

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

Sensitivity 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 calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 62,052,562	4,077,580	34,651,143

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at www.pers.ms.gov.

NOTE 10 – 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; and natural disasters. The exposure is covered by purchase of commercial insurance.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2015, the City implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pension” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent of the Measurement Date – An Amendment of GASB Statement No. 68”. The objective of these statements is to improve accounting and financial reporting by state and local governments for pensions. This resulted in a direct decrease to net position of \$33,049,717 for governmental activities and \$1,913,977 for business-type activities.

Also during the year ended September 30, 2015 an adjustment was made to the beginning net position of business-type activities to include a note receivable to reflect an agreement made between the City of Southaven and the City of Hernando in which the City of Hernando would pay the City of Southaven \$1,000,000 plus interest over seven years for construction costs related to water and sewer infrastructure. See the effect of the adjustments on net position as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning net position as previously reported	\$ 53,910,168	31,116,365	85,026,533
Prior period adjustment - implementation of GASB 68: net pension liability	(33,753,569)	(1,954,739)	(35,708,308)
Deferred outflows - contributions subsequent to measurement date	703,852	40,762	744,614
Prior period adjustment -notes receivable from the City of Hernando		1,000,000	1,000,000
Total prior period adjustment	<u>(33,049,717)</u>	<u>(913,978)</u>	<u>(33,963,695)</u>
Net position, as restated	<u>\$ 20,860,451</u>	<u>30,202,387</u>	<u>51,062,838</u>

NOTE 12 – LITIGATION

The City is subject to various legal proceedings in various stages of litigation, the outcome of which is not determinable at this time. Management of the City and its legal counsel do not anticipate that there will be a material effect on the financial statements as a result of the cases presently in progress.

NOTE 13 – EFFECTS OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities’ net investment in capital assets net position amount of \$50,729,849 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of the City’s debt. The \$450,371, balance of the deferred outflow of resources at September 30, 2015 will be recognized as an expense and decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$12,836,165) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$7,904,724 and the \$457,779 balance of deferred outflow of resources in governmental and business-type activities, respectively, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

CITY OF SOUTHAVEN, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2015

The unrestricted net position amount of (\$12,836,165) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$712,972 and 41,289 balance of deferred inflow of resources in governmental and business-type activities, respectively, at September 30, 2015 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The governmental activities' unrestricted net position amount of (\$33,587,795) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$23,429,561 balance of deferred inflow of resources, at September 30, 2015 will be recognized as a revenue and will increase the unrestricted net position.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued.

On March 1, 2016, the City refunded a portion of all outstanding Water and Sewer Bonds from 2006, 2007 and 2009 with Series 2016 Water and Sewer Refunding Bonds not to exceed \$14,375,000 yet to be executed.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - General Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
General property taxes	\$ 16,390,000	\$ 16,390,000	\$ 16,265,563	\$ (124,437)
Licenses and permits	569,000	565,000	762,822	197,822
Intergovernmental	13,426,000	13,789,000	14,657,876	868,876
Charges for services	3,390,000	3,887,500	3,933,839	46,339
Fines	3,320,000	2,545,000	2,605,182	60,182
Franchise taxes	1,775,000	1,775,000	1,906,029	131,029
Interest	10,000	14,000	21,510	7,510
Rents	550,000	550,000	591,742	41,742
Grant proceeds	24,000	460,200	485,319	25,119
Miscellaneous	147,000	171,500	613,559	442,059
Total Revenues	39,601,000	40,147,200	41,843,441	1,696,241
<u>EXPENDITURES</u>				
General government				
Personnel services	4,388,330	4,439,830	4,438,371	1,459
Supplies	147,500	149,800	143,123	6,677
Other services and charges	5,893,095	4,866,714	4,881,251	(14,537)
Total general government	10,428,925	9,456,344	9,462,745	(6,401)
Public safety:				
Police:				
Personnel services	8,767,388	9,082,589	9,078,407	4,182
Supplies	644,500	537,673	510,011	27,662
Other services and charges	901,500	1,142,215	1,105,701	36,514
Fire:				
Personnel services	8,589,524	8,419,924	8,418,278	1,646
Supplies	340,500	280,900	264,435	16,465
Other services and charges	652,500	671,959	590,112	81,847
Total public safety	19,895,912	20,135,260	19,966,944	168,316
Public works				-
Personnel services	720,869	643,769	632,590	11,179
Supplies	113,500	238,700	238,449	251
Other services and charges	880,000	1,076,850	1,076,340	510
Total public works	1,714,369	1,959,319	1,947,379	11,940

continued

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - General Fund
For the Year Ended September 30, 2015
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation				
Personnel services	2,322,589	2,306,239	2,303,066	3,173
Supplies	552,500	537,500	485,740	51,760
Other services and charges	1,597,000	1,818,000	1,818,733	(733)
Total culture and recreation	<u>4,472,089</u>	<u>4,661,739</u>	<u>4,607,539</u>	<u>54,200</u>
Health and welfare				
Personnel services	213,755	217,255	215,720	1,535
Supplies	21,750	29,850	27,835	2,015
Other services and charges	59,200	29,355	29,355	-
Total health and welfare	<u>294,705</u>	<u>276,460</u>	<u>272,910</u>	<u>3,550</u>
Capital outlay	<u>2,825,000</u>	<u>3,688,078</u>	<u>3,636,759</u>	<u>51,319</u>
Total Expenditures	<u>39,631,000</u>	<u>40,177,200</u>	<u>39,894,276</u>	<u>282,924</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>1,949,165</u>	<u>1,979,165</u>
Other Financing Sources (Uses)				
Sale of assets	30,000	30,000	694,333	664,333
Interfund transfers	-	-	(672,236)	(672,236)
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>22,097</u>	<u>(7,903)</u>
Net Changes in Fund Balances	-	-	1,971,262	1,971,262
Fund Balance - Beginning of Year	-	-	4,836,313	4,836,313
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	6,807,575	<u>\$ 6,807,575</u>
Adjustments to conform with GAAP:				
Revenues			149,541	
Expenditures			<u>6,949</u>	
Fund Balance - End of Year (GAAP basis)			<u>\$ 6,964,065</u>	

City of Southaven, Mississippi

Schedule of the City's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) \$	47,077,580	35,708,308
City's proportionate share of the net pension liability (asset)	0.304551%	0.294182%
City's covered - employee payroll	18,178,495	16,436,540
City's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	258.97%	217.25%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

City of Southaven, Mississippi
 Schedule of the City's Contributions
 PERS
 Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 827,888	744,614
Contributions in relation to the contractually required contribution	827,888	744,614
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>
City's covered - employee payroll	5,256,432	4,727,708
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

City of Southaven, Mississippi

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

Budgetary Comparison Schedule

(1) Basis of Presentation

All funds of the City of Southaven, Mississippi, governmental, are budgeted. The funds budgeted are presented in either this section or in the following schedules presented in the other supplementary information of this report. For comparison purposes, the final, amended budget is utilized, and it is presented on a modified cash basis of accounting as required by the State of Mississippi, which is not consistent with generally accepted accounting principles. All budgetary appropriations lapse at year-end.

(2) Budget amendments and revisions

The budget is adopted and may be amended by the Board of Aldermen/Alderwomen. A budgetary comparison is presented for the general fund and each major fund and is presented on a modified cash basis of accounting.

Pension Schedules

(1) Change of Benefit Terms

None

(2) Change of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

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SUPPLEMENTARY INFORMATION

Supplementary information is presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation, in order to be in conformity with Generally Accepted Accounting Principles.

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CAPITAL PROJECT FUND

The Capital Project Fund Type is used to account for financial resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Individual capital project fund is utilized by the municipality to account for its construction projects.

The City maintains only one capital project fund as follows:

1. Bond Funded Capital Project Fund

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Bond Funded Capital Project Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u>				
Capital outlay	\$ 3,950,000	\$ 6,098,000	\$ 5,583,546	\$ (514,454)
Total Expenditures	<u>3,950,000</u>	<u>6,098,000</u>	<u>5,583,546</u>	<u>(514,454)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Prior year bond proceeds	3,950,000	3,950,000	-	(3,950,000)
Grant proceeds	-	2,148,000	2,677,520	529,520
Total Other Financing Sources (Uses)	<u>3,950,000</u>	<u>6,098,000</u>	<u>2,677,520</u>	<u>(3,420,480)</u>
Net Changes in Fund Balances	-	-	(2,906,026)	(2,906,026)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>4,179,797</u>	<u>4,179,797</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,771</u>	<u>\$ 1,273,771</u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal which are obligated in some manner for payment.

The City maintains only one debt service fund to accomplish the afore stated purpose:

1. Debt Service Fund

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Debt Service Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
<u>REVENUES</u>				
General property taxes	\$ 7,408,000	\$ 7,940,000	\$ 7,940,000	\$ -
Miscellaneous revenue	-	2,479,150	-	(2,479,150)
	<u>7,408,000</u>	<u>10,419,150</u>	<u>7,940,000</u>	<u>(2,479,150)</u>
Total Revenues	<u>7,408,000</u>	<u>10,419,150</u>	<u>7,940,000</u>	<u>(2,479,150)</u>
<u>EXPENDITURES</u>				
Capital outlay	-	-	251,752	(251,752)
Debt service				
Principal	5,408,000	8,479,400	7,927,532	551,868
Interest	2,000,000	1,938,500	2,361,820	(423,320)
Bond issue costs	-	1,250	208,036	(206,786)
	<u>7,408,000</u>	<u>10,419,150</u>	<u>10,749,140</u>	<u>(78,238)</u>
Total Expenditures	<u>7,408,000</u>	<u>10,419,150</u>	<u>10,749,140</u>	<u>(78,238)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(2,809,140)</u>	<u>(2,557,388)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	449,150	449,150
Refunding bonds issued	-	-	6,870,000	6,870,000
Premiums on bonds issued	-	-	202,586	202,586
Payment to bond refunding escrow agent	-	-	(6,400,000)	(6,400,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,121,736</u>	<u>1,121,736</u>
Net Changes in Fund Balances	-	-	(1,687,404)	(1,435,652)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>2,062,566</u>	<u>2,062,566</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,162</u>	<u>\$ 626,914</u>

SPECIAL REVENUE FUND

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

The City maintains one (1) special revenue fund to accomplish the afore stated purposes:

1. Tourism and Convention Fund

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis - Budget and Actual - Tourism and Convention Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental	\$ 1,350,000	\$ 2,250,000	\$ 2,468,169	\$ 218,169
Charges for services	190,000	190,000	135,732	(54,268)
Miscellaneous	-	-	155	155
Total Revenues	1,540,000	2,440,000	2,604,056	164,056
<u>EXPENDITURES</u>				
Tourism and convention	540,000	340,000	327,248	12,752
Capital Outlay	1,000,000	2,323,000	1,833,744	489,256
Total Expenditures	1,540,000	2,663,000	2,160,992	12,752
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(223,000)	443,064	176,808
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	223,000	223,086	(86)
Total Other Financing Sources (Uses)	-	223,000	223,086	(86)
Net Change in Fund Balances	-	-	666,150	176,722
Fund Balance - Beginning of Year	-	-	1,286,805	1,286,805
Fund Balance - End of Year	\$ -	\$ -	\$ 1,952,955	1,952,955

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the services to the general public on a continuing basis are financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

The City of Southaven, Mississippi operate the following two (2) Enterprise Funds:

1. Utility Fund - is used to account for the provision of water and sewer services to the residents of the City.
2. Sanitation Fund - is used to account for the provision of sanitation services to the residents of the City.

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Net Position
Budgetary Basis - Budget and Actual - Utility Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 7,755,000	\$ 9,933,500	\$ 11,748,687	\$ 1,815,187
Non-revenue receipts	<u>6,000</u>	<u>-</u>	<u>33,923</u>	<u>33,923</u>
Total Revenues	<u>7,761,000</u>	<u>9,933,500</u>	<u>11,782,610</u>	<u>1,849,110</u>
<u>EXPENSES</u>				
Personnel services	1,309,349	1,311,149	1,305,156	5,993
Supplies	<u>1,000,000</u>	<u>2,323,000</u>	<u>1,833,743</u>	<u>489,257</u>
Total Expenses	<u>2,309,349</u>	<u>3,634,149</u>	<u>3,138,899</u>	<u>5,993</u>
Operating Income (Loss)	<u>5,451,651</u>	<u>6,299,351</u>	<u>8,643,711</u>	<u>1,855,103</u>
Net Changes in Net Position	5,451,651	6,299,351	8,643,711	1,855,103
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,286,805</u>	<u>1,286,805</u>
Net Postion - End of Year	<u>\$ 5,451,651</u>	<u>\$ 6,299,351</u>	<u>\$ 9,930,516</u>	<u>\$ 3,141,908</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Schedule of Revenues, Expenditures and Changes in Net Position
Budgetary Basis - Budget and Actual - Sanitation Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 2,400,000	\$ 2,400,000	\$ 2,017,597	\$ (382,403)
Other	10,000	10,000	6,128	(3,872)
Total Revenues	<u>2,410,000</u>	<u>2,410,000</u>	<u>2,023,725</u>	<u>(386,275)</u>
<u>EXPENSES</u>				
Personnel services	177,513	177,513	163,180	14,333
Professional services	2,200,000	2,222,987	2,331,268	(108,281)
Other	32,487	9,500	31,177	(21,677)
Total Expenses	<u>2,410,000</u>	<u>2,410,000</u>	<u>2,525,625</u>	<u>(115,625)</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>(501,900)</u>	<u>(501,900)</u>
Net Changes in Net Position	-	-	(501,900)	(501,900)
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>2,944,533</u>	<u>2,944,533</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,442,633</u>	<u>\$ 2,442,633</u>

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OTHER SCHEDULES

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

Name	Position	Insurance Company	Amount	Expiration
Darren L. Musselwhite	Mayor	Clyde C. Scott Insurance Agency	100,000	7/1/2017
Kristian R. K. Kelly	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
Shirley Beshears	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
William E. Brooks	Alderman	Clyde C. Scott Insurance Agency	100,000	7/6/2017
Raymond V. Flores, Jr.	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
George Payne	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
Joel M. Gallagher	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
Scott R. Ferguson	Alderman	Clyde C. Scott Insurance Agency	100,000	7/1/2017
McRee, Janice	City Clerk	Holland Insurance, Inc.	50,000	11/1/2015
Police Officers Bond	Per Officer	Holland Insurance, Inc.	50,000	11/1/2015
William Long	Police Chief	Holland Insurance, Inc.	50,000	11/1/2015
Ron White	Fire Chief	Holland Insurance, Inc.	50,000	11/1/2015
Dispatchers Bonds	Per Dispatcher	Holland Insurance, Inc.	50,000	11/1/2015
Clerks bond	Per Clerk	Holland Insurance, Inc.	50,000	11/1/2015

City of Southaven, Mississippi
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures
U.S. Environmental Protection Agency			
Passed-through Mississippi Department of Environmental Quality			
<i>Water Pollution Control Revolving Loan Funds</i>	66.458	SRF-C280910-01-0	323,515
	66.458	SRF-C280910-03-0	156,631
Total U.S. Environmental Protection Agency			<u>480,146</u>
U.S. Department of Transportation			
<i>Highway Planning and Construction</i>	20.205		<u>2,303,473</u>
			<u>2,303,473</u>
U.S. Department of Justice			
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>	16.738		<u>17,981</u>
Total U.S. Department of Justice			<u>17,981</u>
U.S. Department of Agriculture			
<i>Emergency Watershed Protection Program</i>	10.923		<u>176,964</u>
Total U.S. Department of Agriculture			<u>176,964</u>
U.S. Department of Homeland Security			
<i>Hazard Mitigation Grant</i>	97.039		<u>942,462</u>
Total U.S. Department of Homeland Security			<u>942,462</u>
Total Expenditures of Federal Awards			<u>\$ 3,921,026</u>

NOTES TO SCHEDULE:

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

III

STATISTICAL SECTION

This part of the City of Southaven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain financial trends information intended to assist the reader in understanding and assessing how a government's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its own-source revenues-property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

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CITY OF SOUTHAVEN, MISSISSIPPI
Net Position by Component
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities										
Net investment in capital assets	\$ 45,323,310	\$ 42,258,077	\$ 47,426,917	\$ 46,347,370	\$ 44,265,704	\$ 48,298,598	\$ 46,334,933	\$ 42,467,305	\$ 37,605,855	\$ 21,195,757
Restricted	4,651,144	7,610,482	1,295,416	1,484,241	1,123,142	927,139	371,479	-	-	2,562,705
Unrestricted	<u>(29,954,997)</u>	<u>4,041,609</u>	<u>3,102,934</u>	<u>2,789,532</u>	<u>4,985,282</u>	<u>857,819</u>	<u>(2,490,302)</u>	<u>1,641,049</u>	<u>4,781,303</u>	<u>7,037,094</u>
Total Governmental Activities Net Position	\$ 20,019,457	\$ 53,910,168	\$ 51,825,267	\$ 50,621,143	\$ 50,374,128	\$ 50,083,556	\$ 44,216,110	\$ 44,108,354	\$ 42,387,158	\$ 30,795,556
Business-Type Activities										
Net investment in capital assets	7,880,084	7,765,721	6,564,362	6,619,179	5,964,993	4,608,627	3,720,671	17,499,988	12,091,643	7,252,931
Restricted	2,320,594	2,008,323	1,938,196	1,739,868	1,380,956	1,238,584	1,374,483	-	-	-
Unrestricted	<u>20,751,630</u>	<u>21,342,321</u>	<u>18,413,663</u>	<u>16,889,175</u>	<u>14,931,077</u>	<u>15,792,572</u>	<u>14,990,386</u>	<u>863,798</u>	<u>4,964,813</u>	<u>6,390,389</u>
Total Business-Type Activities Net Position	<u>30,952,308</u>	<u>31,116,365</u>	<u>26,916,221</u>	<u>25,248,222</u>	<u>22,277,026</u>	<u>21,639,783</u>	<u>20,085,540</u>	<u>18,363,786</u>	<u>17,056,456</u>	<u>13,643,320</u>
Primary Government										
Net investment in capital assets	\$ 53,203,394	\$ 50,023,798	\$ 53,991,279	\$ 52,966,549	\$ 50,230,697	\$ 52,907,225	\$ 50,055,604	\$ 59,967,293	\$ 49,697,498	\$ 28,448,688
Restricted	6,971,738	9,618,805	3,233,612	3,224,109	2,504,098	2,165,723	1,745,962	-	-	2,562,705
Unrestricted	<u>(9,203,367)</u>	<u>25,383,930</u>	<u>21,516,597</u>	<u>19,678,707</u>	<u>19,916,359</u>	<u>16,650,391</u>	<u>12,500,084</u>	<u>2,504,847</u>	<u>9,746,116</u>	<u>13,427,483</u>
Total Primary Government Net Position	\$ 50,971,765	\$ 85,026,533	\$ 78,741,488	\$ 75,869,365	\$ 72,651,154	\$ 71,723,339	\$ 64,301,650	\$ 62,472,140	\$ 59,443,614	\$ 44,438,876

NOTE: In 2015, the City implemented GASB 68 and 71

CITY OF SOUTHAVEN, MISSISSIPPI
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses				
Governmental Activities:				
General Government	\$ 17,921,504	\$ 8,911,832	\$ 9,091,210	\$ 10,978,549
Public Safety	21,618,917	21,315,040	21,045,108	20,605,372
Public Works	6,340,767	6,059,971	5,871,360	5,710,930
Culture and Recreation	7,187,714	6,045,661	6,054,011	6,063,410
Economic Development	327,249	329,337	565,964	828,449
Health and Welfare	269,460	389,959	397,923	313,035
Interest on Long-Term Debt	1,888,015	2,333,401	2,293,239	2,300,091
Depreciation and Amortization	-	-	-	-
Total Government Activities Expense	<u>55,553,626</u>	<u>45,385,201</u>	<u>45,318,815</u>	<u>46,799,836</u>
Business-Type Activities				
Water and Sewer	9,122,918	6,732,782	8,034,841	7,422,653
Sanitation	2,607,801	2,941,467	3,283,611	2,982,624
Interest on Long-Term Debt	1,180,621	1,162,990	1,301,034	1,313,265
Total Business-Type Activities	<u>12,911,340</u>	<u>10,837,239</u>	<u>12,619,486</u>	<u>11,718,542</u>
Total Primary Governmental Expenses	<u>68,464,966</u>	<u>56,222,440</u>	<u>57,938,301</u>	<u>58,518,378</u>
Program Revenue				
Governmental Activities:				
Charges for Services				
General Government	\$ 4,596,486	\$ 4,356,739	\$ 586,533	\$ 439,389
Public Safety	1,744,440	1,503,267	1,127,296	1,224,827
Culture and Recreation	4,261,062	4,459,621	2,252,037	2,422,049
Economic Development	135,732	187,948	203,086	182,289
Health and Welfare	14,392	19,104	18,850	20,702
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	3,421,839	91,428	1,137,034	2,877,974
Total Governmental Activities Program Revenues	<u>14,173,951</u>	<u>10,618,107</u>	<u>5,324,836</u>	<u>7,167,230</u>
Business-Type Activities				
Charges for Services	<u>13,632,810</u>	<u>11,833,977</u>	<u>11,442,827</u>	<u>12,474,185</u>
Total Business-Type Activities Program Revenues	<u>13,632,810</u>	<u>11,833,977</u>	<u>11,442,827</u>	<u>12,474,185</u>
Total Primary Government Program Revenues	<u>27,806,761</u>	<u>22,452,084</u>	<u>16,767,663</u>	<u>19,641,415</u>
Net (Expenses)/Revenue				
Governmental Activities	\$ (41,379,675)	\$ (34,767,094)	\$ (39,993,979)	\$ (39,632,606)
Business-Type Activities	721,470	996,738	(1,176,659)	755,643
Total Primary Government Net Expense	<u>\$ (40,658,205)</u>	<u>\$ (33,770,356)</u>	<u>\$ (41,170,638)</u>	<u>\$ (38,876,963)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities:				
Taxes				
Property Taxes	24,205,563	21,311,336	20,430,223	\$ 20,197,404
Sales Taxes	13,773,583	13,117,679	12,521,573	12,438,105
Franchise Taxes	1,913,744	2,331,621	1,832,042	1,715,137
Intergovernmental	-	-	1,864,386	1,685,781
Fines	-	-	3,236,128	3,280,771
Rents	-	-	647,471	565,585
Interest	21,510	15,177	75,108	372,607
Miscellaneous	624,281	137,480	170,692	548,689
Sale of assets	-	(61,298)	15,596	500
Transfer (to) from other funds	-	-	-	-
Total governmental activities	<u>40,538,681</u>	<u>36,851,995</u>	<u>40,793,219</u>	<u>40,804,579</u>
Business-type activities:				
Property taxes	-	3,122,952	2,723,997	3,005,658
Interest	7,078	7,446	6,196	13,440
Miscellaneous	21,373	73,008	81,646	21,600
Transfer (to) from other funds	-	-	-	-
Sale of assets	-	-	32,819	-
Total business-type activities	<u>28,451</u>	<u>3,203,406</u>	<u>2,844,658</u>	<u>3,040,698</u>
Total primary government				
Change in Net Position				
Governmental activities	\$ (840,994)	\$ 2,084,901	\$ 799,240	\$ 1,171,973
Business-type activities	749,921	4,200,144	1,667,999	3,796,341
Total primary government	<u>\$ (91,073)</u>	<u>\$ 6,285,045</u>	<u>\$ 2,467,239</u>	<u>\$ 4,968,314</u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	10,436,692	\$ 8,568,595	\$ 9,568,773	\$ 8,190,556	\$ 6,673,509	\$ 6,480,085
	19,414,775	17,614,451	18,009,031	14,996,065	14,060,237	11,562,185
	5,928,955	6,190,707	4,135,333	1,404,202	1,166,530	1,306,348
	6,151,226	5,649,556	5,601,961	4,783,416	4,540,847	4,387,674
	602,828	589,578	533,851	429,143	442,701	428,528
	302,934	262,735	253,220	258,912	217,135	197,406
	2,562,392	2,607,710	2,926,357	2,397,162	2,950,093	2,561,718
	-	-	-	6,298,132	6,602,562	5,272,051
	<u>45,399,802</u>	<u>41,483,332</u>	<u>41,028,526</u>	<u>38,757,588</u>	<u>36,653,614</u>	<u>32,195,995</u>
	6,419,682	10,121,450	5,211,427	5,721,568	3,647,283	5,341,143
	3,053,597	2,544,396	2,625,094	2,444,251	2,142,672	-
	1,595,352	2,150,898	1,313,931	1,165,363	2,112,607	1,513,221
	<u>11,068,631</u>	<u>14,816,744</u>	<u>9,150,452</u>	<u>9,331,182</u>	<u>7,902,562</u>	<u>6,854,364</u>
	<u>56,468,433</u>	<u>56,300,076</u>	<u>50,178,978</u>	<u>48,088,770</u>	<u>44,556,176</u>	<u>39,050,359</u>
\$	327,945	\$ 384,699	\$ 429,215	\$ 612,720	\$ 2,539,887	\$ 3,146,029
	743,136	965,664	785,740	4,344,165	3,112,346	2,406,698
	2,249,319	2,298,352	2,287,409	2,215,537	2,324,925	2,397,366
	245,408	220,397	300,226	339,861	351,153	308,137
	20,930	22,426	30,044	29,871	23,337	30,753
	-	-	243,392	638,887	-	-
	1,247,811	1,505,312	-	-	11,847,628	-
	<u>4,834,549</u>	<u>5,396,850</u>	<u>4,076,026</u>	<u>8,181,041</u>	<u>20,199,276</u>	<u>8,288,983</u>
	10,447,424	9,820,910	7,640,823	8,390,641	8,560,257	8,279,050
	<u>10,447,424</u>	<u>9,820,910</u>	<u>7,640,823</u>	<u>8,390,641</u>	<u>8,560,257</u>	<u>8,279,050</u>
	<u>15,281,973</u>	<u>15,217,760</u>	<u>11,716,849</u>	<u>16,571,682</u>	<u>28,759,533</u>	<u>16,568,033</u>
\$	(40,565,253)	\$ (36,086,482)	\$ (36,952,500)	\$ (30,576,547)	\$ (16,454,338)	\$ (23,907,012)
	(621,207)	(4,995,834)	(1,509,629)	(940,541)	657,695	1,424,686
	<u>\$ (41,186,460)</u>	<u>\$ (41,082,316)</u>	<u>\$ (38,462,129)</u>	<u>\$ (31,517,088)</u>	<u>\$ (15,796,643)</u>	<u>\$ (22,482,326)</u>
	20,372,157	19,161,567	17,555,090	15,500,811	14,433,136	13,097,851
	11,735,308	11,343,015	11,177,009	12,657,817	12,479,920	11,542,658
	1,844,083	2,310,012	2,168,898	1,596,283	-	-
	1,140,165	993,134	1,045,731	1,063,596	-	432,885
	3,690,411	3,602,657	3,266,474	-	98,341	89,498
	659,839	602,051	456,919	-	497,359	424,409
	288,233	197,773	185,641	264,120	547,817	658,306
	592,391	2,582,740	463,278	1,142,444	1,585,299	997,424
	25,652	(258,495)	(55,035)	23,994	(324,520)	(74,908)
	(471,797)	-	-	48,678	(88,935)	-
	<u>39,876,442</u>	<u>40,534,454</u>	<u>36,264,005</u>	<u>32,297,743</u>	<u>29,228,417</u>	<u>27,168,123</u>
	2,672,406	2,491,907	2,282,117	2,210,446	1,904,571	1,717,028
	13,086	5,900	21,783	58,089	40,731	22,582
	69,166	146,072	34,378	28,014	71,363	219,041
	471,797	-	-	(48,678)	88,935	-
	-	-	-	-	(213,114)	(12,372)
	<u>3,226,455</u>	<u>2,643,879</u>	<u>2,338,278</u>	<u>2,247,871</u>	<u>1,892,486</u>	<u>1,946,279</u>
\$	(688,811)	\$ 4,447,972	\$ (688,495)	\$ 1,721,196	\$ 12,774,079	\$ 3,261,111
	2,605,248	(2,351,955)	828,649	1,307,330	2,550,181	3,370,965
	<u>\$ 1,916,437</u>	<u>\$ 2,096,017</u>	<u>\$ 140,154</u>	<u>\$ 3,028,526</u>	<u>\$ 15,324,260</u>	<u>\$ 6,632,076</u>

CITY OF SOUTHAVEN, MISSISSIPPI
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Reserved	-	-	-	-	-	444,629	336,121	-	-	-
Unreserved	-	-	-	-	-	3,421,047	192,312	4,582,345	5,247,599	6,454,718
Non-Spendable	549,286	519,474	559,568	524,945	462,122	-	-	-	-	-
Restricted	500,000	359,606	426,048	426,048	418,783	-	-	-	-	-
Committed	-	205,566	469,049	465,574	915,479	-	-	-	-	-
Unassigned	5,914,779	3,751,667	2,463,089	2,418,834	4,444,568	-	-	-	-	-
Total General Fund	6,964,065	4,836,313	3,917,754	3,835,401	6,240,952	3,865,676	528,433	4,582,345	5,247,599	6,454,718
All Other Governmental Funds										
Bond Funded Capital Fund										
Reserved	-	-	-	-	-	-	51,841	-	-	-
Unreserved	-	-	-	-	-	(1,378,463)	(1,468,506)	(1,051,252)	(408,015)	2,562,705
Restricted	1,273,771	4,179,797	-	-	-	-	-	-	-	-
Unassigned	-	-	98,279	-	-	-	-	-	-	-
Total Bond Funded Capital Fund	1,273,771	4,179,797	98,279	-	-	(1,378,463)	(1,416,665)	(1,051,252)	(408,015)	2,562,705
Debt Service Fund										
Reserved	-	-	-	-	-	565,464	556,426	-	-	-
Unreserved	-	-	-	-	-	(369,094)	(866,851)	(362,266)	(278,989)	-
Restricted	375,162	2,062,566	1,371,809	1,628,105	982,388	-	-	-	-	-
Unassigned	-	-	-	-	(17,154)	-	-	-	-	-
Total Debt Service Fund	375,162	2,062,566	1,371,809	1,628,105	965,234	196,370	(310,425)	(362,266)	(278,989)	-
Other Governmental Funds										
Reserved	-	-	-	-	-	505,640	-	132,888	-	-
Unreserved	-	-	-	-	-	(137,806)	330,608	215,544	207,219	1,421,952
Restricted	1,952,955	1,286,805	313,063	414,100	217,828	-	-	-	-	-
Total Other Governmental Funds	1,952,955	1,286,805	313,063	414,100	217,828	367,834	330,608	348,432	207,219	1,421,952

City of Southaven, Mississippi
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues										
General Property Taxes	\$ 24,205,563	\$ 21,311,337	\$ 20,430,223	\$ 20,197,404	\$ 20,372,157	\$ 19,161,567	\$ 17,555,090	\$ 15,786,667	\$ 14,433,136	\$ 13,097,850
Licenses and Permits	762,822	656,568	586,533	439,389	327,945	384,699	429,215	2,209,003	2,539,887	3,146,029
Intergovernmental	17,173,085	15,698,888	14,385,959	14,123,885	12,875,474	12,336,149	12,222,741	13,296,705	12,479,920	11,542,658
Charges for Services	4,164,357	3,715,831	3,601,269	3,849,867	3,258,794	3,506,839	3,403,419	3,741,465	3,607,436	3,534,504
Fines	2,605,182	2,411,341	3,236,128	3,280,771	3,690,411	3,602,657	3,266,474	3,187,969	2,204,326	1,608,450
Franchise Taxes	1,913,744	2,331,621	1,832,042	1,715,137	1,844,083	2,310,012	2,168,898	-	-	-
Rents	591,742	659,007	647,471	565,585	659,839	602,051	456,919	576,915	497,359	424,409
Grant Proceeds	485,319	91,428	1,137,034	2,877,974	1,247,811	1,505,312	243,392	-	1,818,396	432,885
Interest	21,510	15,177	75,108	372,607	288,233	197,773	185,641	264,119	547,816	658,305
Miscellaneous	613,714	137,481	152,298	498,689	592,391	2,582,740	463,278	1,343,271	1,683,640	1,130,199
Total Revenues	52,537,038	47,028,679	46,084,065	47,921,308	45,157,138	46,189,799	40,395,067	40,406,114	39,811,916	35,575,289
Expenditures										
General Government	9,455,797	7,564,746	10,514,328	7,650,605	8,068,212	7,953,761	8,840,748	7,955,277	7,131,424	7,541,365
Public Safety	19,966,943	19,782,725	19,483,184	20,295,589	18,106,522	16,716,154	17,031,909	15,142,142	14,724,778	12,078,242
Public Works	1,947,379	1,764,594	1,579,685	1,418,054	1,410,208	1,453,813	1,306,340	1,403,636	1,170,220	1,304,855
Culture and Recreation	4,607,539	4,677,062	4,978,858	4,936,225	4,924,617	4,552,191	4,515,543	4,491,240	5,430,245	6,025,770
Health and Welfare	272,910	389,790	397,768	313,441	302,832	262,735	251,806	258,443	216,985	197,406
Library	-	-	-	-	-	-	-	289,718	255,250	231,000
Tourism and Convention	327,248	329,337	565,964	828,449	602,828	589,578	533,851	429,143	442,701	428,528
Capital Outlay	11,305,801	5,203,281	6,812,179	6,597,349	3,203,338	5,131,233	11,566,359	9,531,439	15,503,602	13,169,457
Debt Service:										
Principal	7,927,532	8,291,022	5,660,462	5,783,346	7,234,031	7,666,329	4,759,620	4,348,517	8,137,179	2,952,813
Interest	2,361,820	1,971,481	2,108,642	1,952,024	2,524,747	2,619,645	2,389,428	2,769,868	2,950,093	2,561,718
Issuance Cost	206,786	413,535	97,761	-	196,897	113,934	86,249	-	-	-
Agent Fees	1,250	39,227	-	14,363	114,599	-	-	-	-	-
Total Expenditures	58,381,005	50,426,800	52,198,831	49,789,445	46,688,831	47,059,373	51,281,853	46,619,423	48,831,053	46,491,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,843,967)	(3,398,121)	(6,114,766)	(1,868,137)	(1,531,693)	(869,574)	(10,886,786)	(6,213,309)	(9,019,137)	(10,915,865)
Other Financing Sources (Uses)										
Sale of Assets	694,333	45,620	75,550	500	25,652	13,412	77,248	23,994	114,998	5,227
Grant Proceeds	2,677,520	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	50,000	(471,797)	-	-	48,678	(88,935)	-
Loan Proceeds	-	-	-	-	774,283	1,402,605	-	-	-	6,400,000
Bond Proceeds	-	9,495,000	2,893,395	-	-	6,652,205	9,965,000	4,000,000	10,185,000	9,200,000
Bond Issuance Cost	-	-	-	-	-	-	-	-	(390,149)	-
Refunding Bond Proceeds	6,870,000	7,945,000	3,015,000	-	6,730,000	-	-	-	-	-
Payment to Bond Escrow Agent	(6,400,000)	(7,700,000)	(3,010,345)	-	(3,300,000)	(3,535,000)	(6,265,000)	-	-	-
Loss on Extinguishment of Debt	-	-	-	-	-	-	(353,172)	-	-	-
Premium	202,586	277,077	93,107	-	-	-	-	-	23,737	-
Lease Proceeds	-	-	2,871,358	271,229	268,624	255,818	2,755,523	292,633	634,348	-
Total Other Financing Sources	4,044,439	10,062,697	5,938,065	321,729	4,026,762	4,789,040	6,179,599	4,365,305	10,478,999	15,605,227
Net Change in Fund Balance	(1,799,528)	6,664,576	(176,701)	(1,546,408)	2,495,069	3,919,466	(4,707,187)	(1,848,004)	1,459,862	4,689,362
Fund Balance-Beginning of Year	12,365,481	5,700,905	5,877,606	7,424,014	3,051,417	(868,049)	3,517,259	4,767,813	10,439,376	5,750,013
Equity Transfers	-	-	-	-	-	-	321,879	-	-	-
Prior Period Adjustment	-	-	-	-	1,877,528	-	-	597,450	-	-
Fund Balance-End of Year	10,565,953	12,365,481	5,700,905	5,877,606	7,424,014	3,051,417	(868,049)	3,517,259	11,899,238	10,439,375
Debt service as a percentage of noncapital expenditures	26.26%	29.94%	22.06%	20.86%	28.27%	35.31%	21.45%	23.44%	63.38%	22.32%

CITY OF SOUTHAVEN, MISSISSIPPI
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts express in thousands)

Fiscal Year	Real Property*		Personal Property		Utilities		Automobiles		Total		Assessed to Actual	Total Direct Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2015	342,002	2,850,017	55,372	369,147	12,356	41,187	66,440	221,467	476,170	3,481,817	14%	0.4373
2014	334,544	2,787,867	51,101	340,673	12,112	40,373	62,618	208,727	460,375	3,377,640	14%	0.4373
2013	321,985	2,683,208	127,387	849,247	11,864	39,547	60,129	200,430	521,365	3,772,432	14%	0.4373
2012	348,545	2,904,542	114,496	763,307	10,822	36,073	59,406	198,020	533,269	3,901,942	14%	0.4373
2011	345,194	2,876,617	106,374	709,160	9,686	32,287	57,638	192,127	518,892	3,810,190	14%	0.4373
2010	341,917	2,849,308	47,880	319,200	8,750	29,167	57,162	190,540	455,709	3,388,215	13%	0.4373
2009	335,817	2,798,475	51,581	343,873	10,911	36,370	58,695	195,650	457,004	3,374,368	14%	0.4373
2008	308,292	2,569,100	49,130	327,533	9,797	32,657	62,769	209,230	429,988	3,138,520	14%	0.4473
2007	278,526	2,321,050	41,804	278,693	9,859	32,863	62,887	209,623	393,076	2,842,230	14%	0.4473
2006	251,208	2,093,400	34,314	228,760	9,809	32,697	61,431	204,770	356,762	2,559,627	14%	0.4473

* Per the Desoto County Tax Assessor, real property is not separated by class (1 and 2) and therefore the City use the actual value of the real property.

CITY OF SOUTHAVEN, MISSISSIPPI
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Southaven				DeSoto County			DeSoto County School District			Northwest Community College			Grand Total Millage
	Operating Millage	Debt Millage	Sanitation Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
2015	27.67	16.06	-	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2014	22.36	15.37	6.00	43.73	34.84	6.18	41.02	40.35	13.22	53.57	1.99	2.12	4.11	142.43
2013	23.12	14.61	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2012	21.13	16.60	6.00	43.73	35.64	5.38	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2011	21.13	16.60	6.00	43.73	35.44	5.58	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2010	21.53	16.20	6.00	43.73	35.44	5.58	41.02	39.35	14.22	53.57	1.99	2.12	4.11	142.43
2009	20.53	17.20	6.00	43.73	35.44	5.58	41.02	39.35	13.82	53.17	1.99	2.12	4.11	142.03
2008	21.53	17.20	6.00	44.73	35.44	5.58	41.02	39.35	13.82	53.17	1.99	2.12	4.11	143.03
2007	25.42	13.31	6.00	44.73	35.44	5.58	41.02	38.13	11.40	49.53	1.99	2.12	4.11	139.39
2006	22.42	16.31	6.00	44.73	35.19	5.83	41.02	38.13	11.36	49.49	1.99	2.12	4.11	139.35

CITY OF SOUTHAVEN
Principal Property Taxpayers
Current Year and Two Years Ago
(amount expressed in thousands)

Taxpayer	2015			2011		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation*	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Personal Property						
Hillwood Lit LP	3,516	1	0.74%	3,516	4	0.68%
Blenheim DeSoto Holding LLC	3,258	2	0.68%	3,357	5	0.65%
Helen of Troy LP	5,195	3	1.09%	5,344	2	1.03%
Asics America Corp	2,990	4	0.63%	-		0.00%
Somerset DeSoto Holdings	2,967	5	0.62%	2,967	9	0.57%
Southaven Towne Center	2,248	6	0.47%	-		0.00%
US Industrial REIT III-Midwest	3,605	7	0.76%	3,704	3	0.71%
US Industrial Reit II	3,242	8	0.68%	3,242	7	0.63%
LIT Industrial LP	3,242	9	0.68%	3,334	6	0.64%
COMCAST OF AR/FL/LA/MN/MS/TN INC	1,915	10	0.40%	-		0.00%
Seven States Southaven LLC				51,007	1	9.84%
Grainger Inc.				-	3	
Panecal Southven Two 128 LLC				3,017	9	0.58%
Associated Wholesale Grocers				2,030	10	0.39%
	32,178		6.76%	81,518		15.72%

NOTE: The City did not accumulate this data prior to 2011

* The total assessed valuation for 2015 is \$476,170,302

** The total assessed valuation for 2011 is \$518,624,300

CITY OF SOUTHAVEN, MISSISSIPPI
Property Tax Levies and Collections
Last Seven Years
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	23,430	23,117	99%	-	23,117	99%
2014	22,747	22,186	98%	27	22,213	98%
2013	25,277	22,898	91%	2,203	25,101	99%
2012	23,262	22,573	97%	49	22,622	97%
2011	22,679	21,749	96%	87	21,836	96%
2010	21,089	20,656	98%	128	20,784	99%
2009	18,790	17,928	95%	164	18,092	96%
2008	17,534	16,356	93%	75	16,431	94%

* The information prior to 2008 was not accumulated.

CITY OF SOUTHAVEN, MISSISSIPPI
Governmental Activities Tax Revenues by Source
Last Ten Years
(Prepared using the accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Other State Shared Taxes	Total
2015	24,205,563	13,773,583	1,913,744		39,892,890
2014	24,434,288	13,117,679	2,331,621	925,865	40,809,453
2013	23,154,220	12,521,573	1,832,042	1,864,386	39,372,221
2012	23,203,062	12,438,105	1,715,137	1,685,781	39,042,085
2011	23,044,563	11,735,308	1,844,083	1,140,165	37,764,119
2010	21,653,474	11,343,015	2,310,012	993,134	36,299,635
2009	19,837,207	11,177,009	2,168,898	1,045,731	34,228,845
2008	17,711,257	11,917,221	1,596,283	740,596	31,965,357
2007	16,337,707	11,563,550	1,449,498	916,370	30,267,125
2006	14,814,879	10,542,277	1,600,525	1,000,381	27,958,062

CITY OF SOUTHAVEN, MISSISSIPPI
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Outstanding Debt	Personal Income *	Population**	Debt Per Capita	Percentage Of Personal Income
	General Obligation Bonds Revenue & Tax Bonds***	Capital Leases	Other General Obligation Debt	Water & Sewer Revenue & Tax Bonds & Notes	Capital Leases	State Revolving Loans					
2015	53,980,000	72,508	716,446	21,665,000	317,548	18,596,940	95,348,442	36,242	51,824	1,839.85	3.55%
2014	54,485,547	2,336,812	1,604,674	21,680,294	373,367	15,746,180	96,226,874	36,242	50,997	1,886.91	3.70%
2013	49,173,977	2,815,514	4,766,994	22,739,979	426,868	12,965,628	92,888,960	35,374	50,374	1,843.99	3.66%
2012	50,627,574	444,715	5,281,897	23,940,848	478,146	10,412,837	91,186,017	35,772	50,374	1,810.18	3.59%
2011	54,414,653	421,864	6,921,865	25,290,556	527,294	9,602,012	97,178,244	33,651	49,687	1,955.81	3.94%
2010	54,560,916	2,102,878	9,299,809	26,787,122	574,401	10,163,944	103,489,070	31,779	48,982	2,112.80	4.31%
2009	54,584,540	2,459,042	8,724,068	25,158,662	619,551	7,507,530	99,053,393	31,293	45,395	2,182.03	4.81%
2008	54,169,626	468,286	9,508,921	19,749,196	662,826	5,270,343	89,829,198	32,263	44,135	2,035.33	4.61%
2007	53,440,000	592,998	10,340,096	20,980,000	714,179	5,265,949	91,333,222	32,504	42,593	2,144.32	5.03%
2006	50,455,000	477,605	10,758,319	16,405,000	27,234	5,486,161	83,609,319	31,890	41,154	2,031.62	4.94%

* U.S. Bureau of Economic Analysis Statistics for DeSoto County
** U.S. Census Bureau
*** This includes unamortized premiums and discounts

CITY OF SOUTHAVEN, MISSISSIPPI
Ratio of Net General Obligation Bonded Debt Outstanding
Last Ten Years
(amounts expressed in thousands)

Fiscal Year	Estimated Population	Assessed Property Value*	Gross General Obligation Bonds*	Less Debt Service Funds	Net GO Bonded Debt	Percentage of Assessed Taxable Value of Property	Net Bonded Debt Per Capita
2015	51.8	476,170	45,502	375	45,127	9.48%	871.18
2014	50.9	460,573	48,966	2,062	46,904	10.18%	921.49
2013	50.4	521,365	54,019	1,372	52,647	10.10%	1,044.58
2012	50.4	533,269	52,363	1,628	50,735	9.51%	1,006.65
2011	49.7	518,892	56,494	965	55,529	10.70%	1,117.28
2010	49.0	455,709	56,616	196	56,420	12.38%	1,151.43
2009	45.4	457,004	53,505	(310)	53,815	11.78%	1,185.35
2008	44.1	429,988	45,701	171	45,530	10.59%	1,032.43
2007	42.6	393,076	44,075	254	43,821	11.15%	1,028.66
2006	41.2	356,762	40,390	533	39,857	11.17%	967.40

* This amount includes unamortized premiums and discounts

CITY OF SOUTHAVEN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015
(amounts expressed in thousands)

Jurisdiction	<u>Debt Outstanding</u>	<u>Amount Applicable to Government</u>	<u>Percentage Applicable to Government</u>
Direct:			
City of Southaven	50,463	50,463	100%
Overlapping:			
None	<u>0</u>	<u>0</u>	<u>0</u>
Total all	<u>50,463</u>	<u>50,463</u>	

CITY OF SOUTHAVEN, MISSISSIPPI
Legal Debt Margin Information
Last Ten Years
(amounts expressed in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit (15%)	\$ 71,426	\$ 69,086	\$ 78,205	\$ 79,792	\$ 77,793	\$ 65,479	\$ 64,497	\$ 57,944	\$ 53,514	\$ 46,342
Total net GO Debt Applicable to Limit	<u>47,610</u>	<u>50,945</u>	<u>48,290</u>	<u>46,350</u>	<u>47,355</u>	<u>54,640</u>	<u>54,830</u>	<u>45,690</u>	<u>44,075</u>	<u>40,390</u>
Legal Debt Margin	<u>\$ 23,816</u>	<u>\$ 18,141</u>	<u>\$ 29,915</u>	<u>\$ 33,442</u>	<u>\$ 30,438</u>	<u>\$ 10,839</u>	<u>\$ 9,667</u>	<u>\$ 12,254</u>	<u>\$ 9,439</u>	<u>\$ 5,952</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	66.7%	73.7%	61.7%	58.1%	60.9%	83.4%	85.0%	78.9%	82.4%	87.2%

CITY OF SOUTHAVEN
Pledged Revenue Coverage
Last Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Water and Sewer Gross Revenue	Water and Sewer Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	11,631	7,161	4,470	1,155	830	1,985	44%
2014	12,089	9,341	2,748	1,105	873	1,978	72%
2013	14,248	9,763	4,485	1,015	1,065	2,080	46%
2012	15,501	3,564	11,937	1,469	1,085	2,554	21%
2011	13,189	7,878	5,311	1,587	1,202	2,789	53%
2010	12,459	11,074	1,385	1,425	1,245	2,670	193%
2009	9,957	6,728	3,229	1,138	938	2,076	64%
2008	10,629	6,292	4,337	1,096	790	1,886	43%
2007	10,536	5,202	5,334	842	1,737	2,579	48%
2006	10,215	4,470	5,745	652	1,138	1,790	31%

NOTE: Principal and interest do not include notes payable that are paid through sales tax.

Note: An improvement fee is collected on services provided that is used to pay revenue backed debt.

CITY OF SOUTHAVEN, MISSISSIPPI
Demographic and Economic Statistics
Last Ten Years

<u>Fiscal Year</u>	<u>Estimated Population *</u>	<u>Per Capita Income **</u>	<u>School Enrollment ***</u>	<u>Unemployment Rate City ****</u>	<u>Unemployment Rate State****</u>	<u>Unemployment Rate Nation****</u>
2015	51,824	36,242	33,140	3.50%	5.90%	4.90%
2014	50,997	36,242	33,054	4.60%	7.70%	5.90%
2013	50,374	35,374	32,759	5.93%	9.05%	7.68%
2012	50,374	35,037	32,311	6.14%	9.16%	8.08%
2011	49,687	33,651	31,916	6.78%	10.49%	8.95%
2010	48,982	31,779	31,228	6.87%	10.54%	9.63%
2009	45,395	31,293	30,616	6.07%	9.40%	9.28%
2008	44,135	32,263	29,886	4.27%	6.78%	5.80%
2007	42,593	32,504	28,738	3.54%	6.30%	4.62%
2006	41,154	31,890	27,166	3.76%	6.79%	4.61%

* U. S. Census Bureau

** U. S. Bureau of Economic Analysis

***Office of Research and Statistics, Mississippi Department of Education's website

**** United States Department of Labor

CITY OF SOUTHAVEN
Principal Employers
Current and Three Years Ago

Employer	2105		2012	
	Employees	Rank	Employees	Rank
Baptist Memorial Hospital	1,630	1	1,627	1
DeSoto County School District	797	2	780	2
Wal-Mart	633	3	600	3
City of Southaven	403	4	403	4
Future Electronics	315	5	300	5
DeSoto County Civic Center	314	6	300	6
Seimens Industry	300	7	300	7
Thomas and Betts	300	8	300	8
Associated Wholesale Grocers	265	9	265	9
ScanSource	220	10	220	10

Source: Mississippi Development Authority, October 2013 and November 2012, Desoto County Economic Development Council.

NOTE: This information was not accumulated prior to 2012

CITY OF SOUTHAVEN, MISSISSIPPI
Full-Time Equivalent City and Government Employees by Department
Last Seven Fiscal Years

Department	2009	2010	2011	2012	2013	2014	2015
Arts & Culture	2	2	5	5	3	3	3
Court	9	10	15	16	12	13	13
City Attorney	2	2	2	*	*	*	*
General Administration	7	4	5	5	5	5	6
Information Technology	4	4	5	6	5	22	25
City Clerk	7	5	5	6	6	6	6
Building	6	6	5	4	4	0	*
Environmental	3	2	2	2	2	1	*
Planning	6	6	7	6	6	9	16
Police	136	135	153	144	143	122	132
Fire	116	112	120	115	108	123	116
Public Works	8	11	11	10	10	14	12
Parks	58	55	76	52	52	50	49
Municipal Code Enforcement	6	7	8	8	9	5	5
Utilities	25	24	30	24	22	27	27
Sanitation	4	4	*	*	3	3	3
	399	389	449	403	390	403	413

Note 1: The City's 8 elected officials (Mayor and 7 Aldermen) are not included in the number above

Note 2: The City did not accumulate this data prior to 2009.

Note 3: Beginning in 2004 dispatchers were moved from Police to Information Technology

CITY OF SOUTHAVEN, MISSISSIPPI
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Calls for service	28,717	30,870	31,796	32,951	41,534	50,425	61,752	70,260	67,521	79,162
Tickets issued	16,644	18,960	22,442	16,877	19,952	21,417	17,707	17,322	21,894	21,193
Arrests	4,345	4,819	4,930	4,640	3,870	3,400	2,952	2,940	3,611	4,281
Fire										
Total Incidents	*	*	1,673	2,091	2,154	2,047	2,152	2,510	2,670	2,853
Building Fires	*	*	30	33	42	27	41	44	49	38
EMS Transport Calls	*	*	*	*	*	*	4,433	5,004	5,389	4,130
Total Inspections	*	*	2,552	2,399	2,417	3,718	4,095	4,331	4,197	5,194
Sanitation										
Recycling trailers (pounds)	*	*	*	*	621,530	469,560	468,030	531,000	401,000	338,000
Curbside Recycling	*	*	*	*	*	1,775	1,501	1,408	1,273	792
Municipal Code Enforcement										
Ordinance Violations	*	*	*	*	839	1,033	1,462	2,234	2,156	3,721
Water										
Average Daily consumption (gallons)	*	*	*	*	*	4,400,000	4,400,000	4,500,000	4,530,000	4,590,000
Water storage capacity (gallons)	3,500,000	3,500,000	3,500,000	3,500,000	4,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000

* An asterisk (*) indicates the department had not previously recorded or performed the Function/Program

CITY OF SOUTHAVEN, MISSISSIPPI
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police											
Stations	2	2	2	2	2	2	2	2	2	2	2
Patrol units	60	67	68	77	89	99	102	103	100	109	112
Other vehicles	14	20	19	22	22	21	26	31	45	38	30
Fire											
Stations	4	4	4	4	4	4	4	4	4	4	4
Ladder trucks	2	2	2	2	2	2	3	3	3	3	3
Fire engines	4	4	5	5	5	7	7	7	8	8	8
Rescue vehicles	2	3	3	5	5	5	5	6	6	6	7
Parks and recreations											
Parks	25	25	25	25	25	25	25	25	25	25	25
Golf Courses	1	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Fields	25	25	25	25	25	25	25	25	25	25	25

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Southaven, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Southaven, Mississippi as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Southaven's basic financial statements, and have issued our report thereon dated April 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the city'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the city's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 Southaven'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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 26, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Southaven, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Southaven'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's major federal program for the year ended September 30, 2015. City of Southaven's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion Its Major Federal Program

In our opinion, the City of Southaven, 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 program for the year ended September 30, 2015.

1929 SPILLWAY ROAD
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Report on Internal Control Over Compliance

Management of the City of Southaven, 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'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 the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the city's internal control over compliance.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 26, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Southaven, Mississippi

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Southaven, Mississippi as of and for the year ended September 30, 2015, which collectively comprise the City of Southaven's basic financial statements and have issued our report thereon dated April 26, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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 all 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 and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the City's management and the Office of the State Auditor 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 26, 2016

Certified Public Accountants

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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City of Southaven, Mississippi

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

- 1. Type of auditor's report issued: Unmodified
- 2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
- 3. Noncompliance material to financial statements noted? No.

Federal Awards:

- 4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
- 5. Type of auditor's report issued on compliance for major programs: Unmodified
- 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

- 8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- 9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statements Findings

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

Section III: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the financial awards.