

City of Byram, Mississippi

Audited Financial Statements
For the Year Ended September 30, 2011

Fortenberry & Ballard, P.C.
Certified Public Accountants

Nick Tremonte, Mayor
Kent Alday, Alderman
Amy Douglas, Alderman



D. L. Ford, Alderman
Theresa Marble, Alderman
Richard White, Alderman

December 28, 2012

Office of the State Auditor
Post Office Box 956
Jackson, Mississippi 39205
Re: Annual Municipal Audit

REFERENCE: Legal Notice to Depositories

To whom it may concern:

Accompanying this letter is a copy of the annual audit of the City of Byram, Mississippi, for the fiscal year ended September 30, 2011. In connection with this audit, a separate management letter was not written to the city. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Nick Tremonte", is written over the typed name.

Nick Tremonte, Mayor

CITY OF BYRAM, MISSISSIPPI
TABLE OF CONTENTS

	PAGE #
Independent Auditor’s Report on the Basic Financial Statements and Supplemental Information	4
Management’s Discussion and Analysis	7
Financial Statements	
Government-wide Financial Statements	
Exhibit A - Statement of Net Assets	17
Exhibit B - Statement of Activities	18
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet	19
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	20
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	21
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Notes to the Financial Statements	24
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	40
Notes to the Required Supplemental Information	41
Supplemental Information	
Schedule of Surety Bonds for Municipal Officials	43
Reports on Internal Control and Compliance	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Independent Auditor’s Report on Compliance with State Laws and Regulations	47
Schedule of Findings and Responses	49

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen
City of Byram, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Byram, Mississippi as of and for the year ended September 30, 2011, which collectively comprise the City of Byram's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Byram's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Byram, Mississippi as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 on our consideration of the City of Byram'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 supplemental 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.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying Schedule of Surety Bonds for Municipal Officials is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2012

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

This Discussion and Analysis of the City of Byram, Mississippi financial performance provides an overall review of the City's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to review the financial statements, and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- Total net assets for 2011 were \$10,181,152, which represents a 22% increase from fiscal year 2010. Total net assets for 2010 were \$8,345,511.
- General revenues account for \$4,139,981, or 79% of all revenues. This amount was more than the prior year (2010), which consisted of \$3,848,561 in general revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,100,958 or 21% of total revenues compared with \$341,418, or 8%, in 2010.
- The City had \$3,351,063 in expenses, an amount that increased when compared with the \$1,152,135 in expenses for the prior year; \$1,100,958 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$4,525,670 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$5,220,340 in revenues and \$4,406,473 in expenditures. In 2010, the General Fund had \$4,188,716 in revenues and \$1,265,479 in expenditures. The General Fund's fund balance increased by \$1,199,659 from 2010 to 2011 and increased \$2,923,237 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, increased by \$1,038,559 for 2011. The increase for 2011 was due to additions to construction in progress, buildings, mobile equipment and furniture and equipment.
- The City acquired long-term debt in the amount of \$415,073. The increase is due to inception of leases during the year.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Byram as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Byram as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answers this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, all of the City's activities are reported in Governmental Activities, which include all of the City's services including police, fire, administration and all other departments. The City of Byram has no Component units as defined by the Governmental Accounting Standard Board (GASB).

Reporting the City of Byram's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established a few funds, which account for the

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Byram, the City's major fund is the General Fund.

Governmental Funds

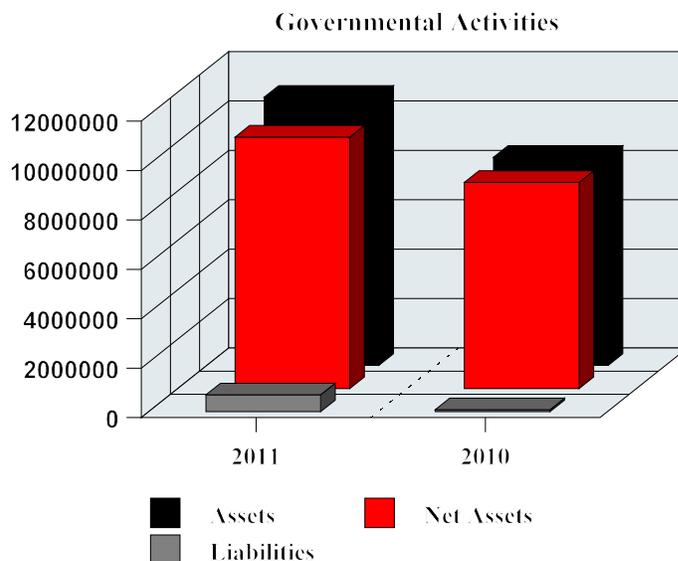
All of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The City of Byram as a Whole

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time the trend as well as the amount of net assets may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$10,181,152 at September 30, 2011.

The following chart depicts the total amount of assets, liabilities, and net assets as of September 30, 2011 and September 30, 2010.



City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

The largest portion of the City's net assets (\$6,073,881 or 60%) reflect its investment in capital assets less any capital related outstanding debt used to acquire those capital assets. Although the City's investment in capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must be provided from other sources and not the capital assets themselves.

The following are significant current year transactions that have had an impact on the Government-Wide Statement of Net Assets - Governmental Activities.

- The City of Byram entered into lease agreements totaling \$385,689 during the fiscal year.

The table below shows the amount of assets, liabilities, and net assets for the Government-Wide Statement of Net Assets.

Government-Wide Governmental Activities			
	<u>September 30, 2011</u>	<u>September 30, 2010</u>	<u>Percentage Change</u>
Assets:			
Current Assets	\$ 4,402,784	3,006,724	46%
Capital Assets	<u>6,459,570</u>	<u>5,421,011</u>	19%
Total Assets	<u>10,862,354</u>	<u>8,427,735</u>	29%
Liabilities:			
Current Liabilities	266,129	82,224	224%
Long-term debt outstanding	<u>415,073</u>	<u></u>	
Total Liabilities	<u>681,202</u>	<u>82,224</u>	728%
Net Assets:			
Invested in Capital Assets	6,073,881	5,421,011	12%
Restricted	13,759	1,263	989%
Unrestricted	<u>4,093,512</u>	<u>2,923,237</u>	40%
Total Net Assets	<u>\$ 10,181,152</u>	<u>8,345,511</u>	22%

The following table depicts the revenues by major sources extracted from the government-wide statement of activities.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

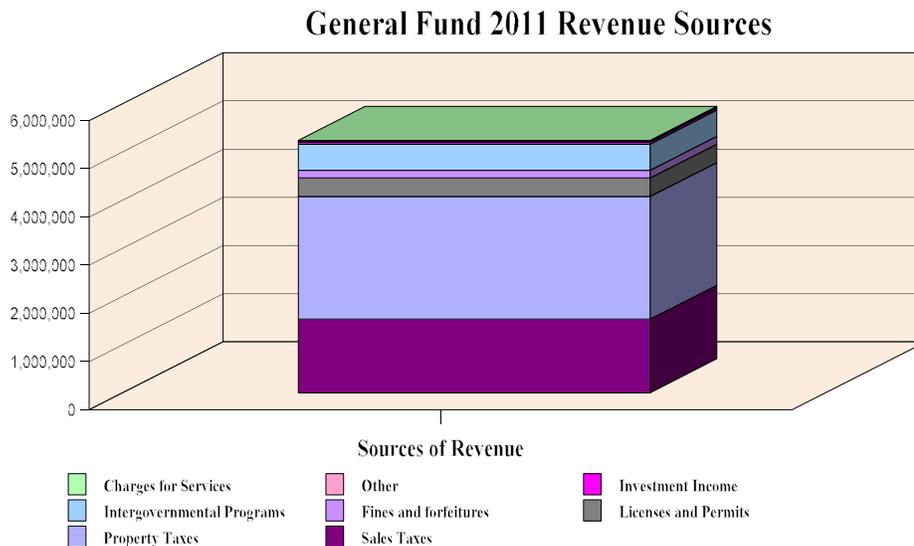
Government-Wide
Governmental Activities

	Year Ended September 30, 2011	Year Ended September 30, 2010	Percentage Change
Revenues:			
Program Revenues:			
Charges for services	\$ 682,135	210,740	224%
Operating grants and contributions	418,823	130,678	221%
Total Program Revenues	<u>1,100,958</u>	<u>341,418</u>	222%
General Revenues:			
Intergovernmental / Unrestricted	1,527,692	1,493,274	2%
Property Taxes	2,542,079	2,307,169	10%
Road and bridge privilege taxes	12,934	11,790	10%
Other Taxes	7,949	3,179	150%
Unrestricted Investment Income	43,350	19,482	123%
Miscellaneous	<u>5,977</u>	<u>13,667</u>	(56)%
Total General Revenues	<u>4,139,981</u>	<u>3,848,561</u>	8%
Total Revenues	<u>5,240,939</u>	<u>4,189,979</u>	25%
Expenses:			
General Government	1,262,270	882,958	43%
Public Safety	1,548,243	144,085	975%
Public Services	521,605	125,092	317%
Culture and recreation	<u>18,945</u>	<u> </u>	
Total Expenses	<u>3,351,063</u>	<u>1,152,135</u>	191%
Increase (decrease) in net assets	<u>1,889,876</u>	<u>3,037,844</u>	(38)%
Net Assets, Beginning, as previously reported	8,345,511	0	
Prior Period Adjustment	<u>(54,235)</u>	<u>5,307,667</u>	(101)%
Net Assets, Beginning, as restated	<u>8,291,276</u>	<u>5,307,667</u>	56%
Net Assets, Ending	<u>\$ 10,181,152</u>	<u>8,345,511</u>	22%

City of Byram, Mississippi
 Management's Discussion and Analysis
 For the Year Ended September 30, 2011

GENERAL GOVERNMENT FUNCTIONS

The City's General Fund is used to account for expenditures of traditional services as well as all financial resources other than those required to be accounted for in other funds. General Fund revenues include property tax, intergovernmental revenues, various permit fees, franchise taxes, fines, and other sources as indicated on the accompanying graphs and schedules.



Revenues

The primary source of General Fund revenues is property taxes. The State of Mississippi levies a general sales tax of 7% on most retail sales. Of the amount collected by the state, each municipality receives 18.5% of the amount collected within its corporate boundaries. Sales tax accounted for 29% of General Fund revenues in fiscal year 2011, compared to 36% in fiscal year 2010. Sales tax collections in fiscal year 2011 were \$1,527,692, a 2% increase over the \$1,493,274 collected in 2010. Total General Fund operating revenues were \$5,220,340, an increase of \$1,031,624 over the prior year.

Assessed valuation within the City was \$80,775,424 for fiscal year 2011 and \$71,442,362 for fiscal year 2010. It is expected that the City will continue to attract residents and business alike. Assessed valuation within the city has increased by \$9,333,062, or 13% from fiscal year 2010.

Expenditures

General Fund operating expenditures were \$4,406,473 in 2013 and \$1,265,479 in 2012. This represents an increase of 248% over the prior year. The following schedule presents the General Fund revenues and expenditures for the year ended September 30, 2011, and the amount and percentage of change from 2010.

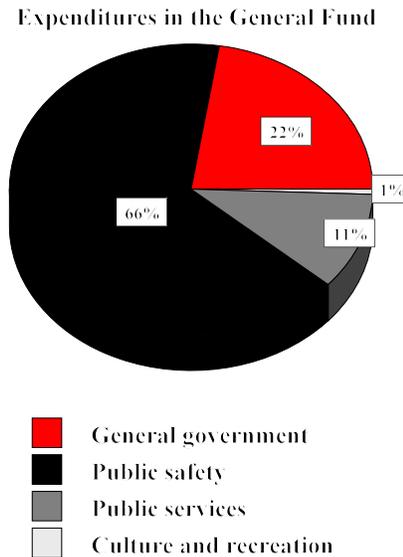
City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

GENERAL FUND

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	Percentage Change
Revenues:			
Sales taxes	\$ 1,527,692	1,493,274	2%
Property taxes	2,542,079	2,307,169	10%
Licenses and permits	386,048	210,340	84%
Fines and forfeitures	163,268		
Investment income	43,284	19,482	122%
Charges for services	17,737	400	4334%
Intergovernmental revenues	534,253	144,384	270%
Other	5,979	13,667	(56)%
Total Revenues	<u>5,220,340</u>	<u>4,188,716</u>	25%
Expenditures:			
General government	993,846	697,009	43%
Public safety	2,920,942	469,942	522%
Public services	472,740	98,528	380%
Culture and recreation	18,945		
Total Expenditures	<u>4,406,473</u>	<u>1,265,479</u>	248%
Changes in fund balances	813,867	2,923,237	(72)%
Other Financing Sources (Uses):			
Inception of leases	385,689		
Other financing sources	103		
Total Other Financing Sources (Uses)	<u>385,792</u>		
Net Change in Fund Balances	1,199,659	2,923,237	(59)%
Beginning fund balance - October 1, 2010	<u>2,923,237</u>		
Ending fund balance - September 30, 2011	<u>\$ 4,122,896</u>	<u>2,923,237</u>	41%

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2011

The following chart displays the expenditures by department in the General Fund:



Other Governmental Funds

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$4,136,655, an increase of \$1,212,155. \$4,122,896 of the fund balance is unassigned fund balance, which represents the residual classification fund balance that has not been assigned to other funds and that has not been restricted to specific purposes. The remaining fund balance of \$13,759 is restricted to indicate that is not available for spending except only for the purposes to which it is restricted.

General Fund Budgeting Highlights

The City's budget is prepared according to Mississippi's law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2011, the City budgeted its general fund expenditures taking into consideration the need to repair additional streets and purchase additional capital equipment.

An analysis of the final budget to actual budget variances reveal consistent cost saving at each department level as detailed at Exhibit B-1.

The City of Byram's ending cash balance in the general fund was \$4,387,840.

City of Byram, Mississippi
 Management's Discussion and Analysis
 For the Year Ended September 30, 2011

CAPITAL ASSETS AND LONG-TERM DEBT OBLIGATIONS

Governmental Activities:

Capital Assets, Net of Accumulated Depreciation

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	Percentage Change
Land	\$ 36,658	36,658	0%
Construction in progress	419,402		
Infrastructure	4,757,512	5,070,093	(6)%
Buildings	314,307	220,236	43%
Mobile equipment	462,197	77,625	495%
Furniture and equipment	469,494	16,399	2763%
Total	\$ 6,459,570	5,421,011	19%

Governmental Activities:

At September 30, 2011, the City of Byram had \$385,689 in other Long-Term Debt.

Other Long-Term Obligations Debt at Year End

	<u>September 30, 2011</u>	<u>September 30, 2010</u>	Percentage Change
Other long term debt	\$ 415,073	0	

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Angela Richburg, City Clerk, at (601) 372-7746 or visit our web site at www.byram-ms.us. Our mailing address is City of Byram, P.O. Box 720222, Byram, MS 39272.

FINANCIAL STATEMENTS

CITY OF BYRAM, MISSISSIPPI

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities
Assets	
<i>Current Assets:</i>	
Cash and cash equivalents	\$ 4,401,599
Other receivables	1,185
<i>Total Current Assets</i>	<u>4,402,784</u>
<i>Non-Current Assets:</i>	
Capital assets:	
Land and construction in progress	456,060
Other capital assets, net	6,003,510
<i>Total Non-Current Assets</i>	<u>6,459,570</u>
 Total Assets	 <u><u>10,862,354</u></u>
Liabilities:	
<i>Current Liabilities:</i>	
Wages payables	68,148
Accounts payable	197,981
<i>Total Current Liabilities</i>	<u>266,129</u>
<i>Non-Current Liabilities:</i>	
Long term liabilities (due beyond one year):	
Leases payable	385,689
Compensated absences	29,384
<i>Total Non-Current Liabilities</i>	<u>415,073</u>
 Total Liabilities	 <u>681,202</u>
Net Assets:	
Invested in Capital Assets	6,073,881
Restricted For:	
Unemployment	13,759
Unrestricted	4,093,512
Total Net Assets	\$ <u><u>10,181,152</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<i>Governmental activities:</i>				
General government	\$ 1,262,270	\$ 682,135	\$ 418,823	\$ (161,312)
Public safety	1,548,243	-	-	(1,548,243)
Public works	521,605	-	-	(521,605)
Culture and recreation	18,945	-	-	(18,945)
Total Governmental Activities	<u>\$ 3,351,063</u>	<u>\$ 682,135</u>	<u>\$ 418,823</u>	<u>(2,250,105)</u>
General Revenues:				
				1,527,692
<i>Intergovernmental / Unrestricted</i>				2,542,079
<i>Property taxes</i>				12,934
<i>Road and bridge privilege taxes</i>				7,949
<i>Other taxes</i>				43,350
<i>Unrestricted investment income</i>				5,977
<i>Miscellaneous</i>				<u>4,139,981</u>
Total General Revenues				
Change in Net Assets				1,889,876
Net Assets - Beginning, as previously reported				8,345,511
Prior Period Adjustment				<u>(54,235)</u>
Net Assets - Beginning, as restated				8,291,276
Net Assets - Ending				<u>\$ 10,181,152</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
<i>Pooled cash and cash equivalents</i>	\$ 4,387,840	\$ 13,759	\$ 4,401,599
<i>Other receivables</i>	1,185	-	1,185
Total Assets	<u>\$ 4,389,025</u>	<u>\$ 13,759</u>	<u>\$ 4,402,784</u>
Liabilities and Fund Balances:			
Liabilities:			
<i>Wages payable</i>	\$ 68,148	\$ -	\$ 68,148
<i>Advances from other funds</i>	197,981	-	197,981
Total Liabilities	<u>266,129</u>	<u>-</u>	<u>266,129</u>
Fund Balances:			
Restricted:			
Unemployment		13,759	13,759
Unassigned	4,122,896	-	4,122,896
Total Fund Balances	<u>4,122,896</u>	<u>13,759</u>	<u>4,136,655</u>
Total Liabilities and Fund Balances	<u>\$ 4,389,025</u>	<u>\$ 13,759</u>	<u>\$ 4,402,784</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2011

Total fund balances - governmental funds balance sheet	\$ 4,136,655
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,459,570
Liabilities due in one year are not recognized in the funds.	(119,917)
Payables for leases which are not due in the current period are not reported in the funds.	(265,772)
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(29,384)</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 10,181,152</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
<i>Sales taxes</i>	\$ 1,527,692	\$ -	\$ 1,527,692
<i>Property taxes</i>	2,542,079	-	2,542,079
<i>Licenses and permits</i>	386,048	-	386,048
<i>Fines and forfeitures</i>	163,268	-	163,268
<i>Investment income</i>	43,284	66	43,350
<i>Charges for services</i>	17,737	-	17,737
<i>Intergovernmental programs</i>	534,253	8,000	542,253
<i>Other</i>	5,979	12,430	18,409
Total Revenues	<u>5,220,340</u>	<u>20,496</u>	<u>5,240,836</u>
Expenditures:			
<i>General government</i>	993,846	-	993,846
<i>Public safety</i>	2,920,942	-	2,920,942
<i>Public Services</i>	472,740	8,000	480,740
<i>Culture and recreation</i>	18,945	-	18,945
Total Expenditures	<u>4,406,473</u>	<u>8,000</u>	<u>4,414,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	813,867	12,496	826,363
Other Financing Sources (Uses):			
<i>Inception on leases</i>	385,689	-	385,689
<i>Other financing sources</i>	103	-	103
Total Other Financing Sources (Uses)	<u>385,792</u>	<u>-</u>	<u>385,792</u>
Net Change in Fund Balances	1,199,659	12,496	1,212,155
Fund Balances - Beginning, October 1	2,923,237	1,263	2,924,500
Fund Balances - Ending, September 30	<u>\$ 4,122,896</u>	<u>\$ 13,759</u>	<u>\$ 4,136,655</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, 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, 2011*

Net change in fund balances - total governmental funds	\$ 1,212,155
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,469,121
The depreciation of capital assets used in governmental activities is not reported in the funds.	(376,327)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(29,384)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(385,689)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 1,889,876</u>

The accompanying notes are an integral part of this statement.

City of Byram, Mississippi

Notes to the Financial Statements
September 30, 2011

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Byram are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2011.

The accompanying financial statements of the City have been prepared in accordance with accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

GASB Statement No. 34 created new basic financial statements for reporting the City's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements prepared on the modified accrual basis of accounting which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon after.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

Statement of Net Assets - The Statement of Net Assets is designed to display the financial position of the primary government. Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expenses of individual functions are compared to the revenues generated by the function (for instance, through user charges or intergovernment grants).

Budgetary Comparison Schedules - Many governments revise their original budgets over the course of the year for a variety of reasons. Budgetary comparison information is required, therefore the government's original budget is compared to the final budget and actual results.

A. FINANCIAL REPORTING ENTITY

In 2006, a judge ruled that Byram could incorporate with about 20 square miles. On June 25, 2009, Byram officially became Mississippi's 297th municipality. Its Mayor and Board of Aldermen were sworn in Monday June 22nd, 2009 at the State Capitol. The City of Byram's initial elections will be held in June, 2013. The initial slate consisted of a Mayor and five Aldermen. Based upon the results of the 2010 census, the Board of Alderman will consist of 7 individuals due to the population growing to over 10,000.

COMPONENT UNITS

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Byram (the primary government) and any component units thereof. Component units must either be (1) a legally separate organization for which the elected officials of the primary government are financially accountable or (2) another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the City of Byram's financial statements to be misleading or incomplete. Based upon the application of these criteria, no potential component unit will be included as a part of the City.

RELATED ORGANIZATIONS

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Due to the recent formation of the City of Byram, the City did not have any related organizations for the year ended September 30, 2011.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental type. In the Government-wide Statement of Net Assets, the governmental activities column is presented on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net costs per functional category (Public Safety, Public Works, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function (Public Safety, Public Works, etc.). The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize on the major funds. Non-major funds (by category) are summarized into a single column.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which the funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The focus of the GASB Statement No. 34 model is on the City as a whole. The focus of the fund financial statements is on the major individual funds of the governmental activities and the fiduciary funds, if any. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

C. BASIS OF PRESENTATION

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Funds that meet these criteria are labeled as such. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section of this report.

The City reports the following funds:

Major Governmental Funds

The measurement focus of the governmental funds (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the major governmental fund of the City:

General Fund - The General Fund is the general operating fund of the City. General Tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities are accounted for using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the balance sheet. The fund financial statements are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year end. Levies that are made prior to the fiscal year end, but are not available, are deferred. Interest income is recorded as earned.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

Federal and State reimbursement type grants are recorded as revenue when related eligible expenditures are met. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred. All other revenue items reported in the fund financial statements are considered “available” when the cash is received by the City one year after its fiscal year.

Franchise and utility taxes, state revenue sharing, charges for services, and fines and forfeitures associated with the current period are considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgements, are recorded only when payment is due.

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

E. ENCUMBRANCES

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. All encumbrances lapse at year-end; accordingly, no encumbrances were outstanding at September 30, 2011.

F. BUDGETS AND BUDGETARY INFORMATION

The budget is adopted annually by the Mayor and the Board of Alderman, and subsequent amendments are made during the year on the approval of the Mayor and Board or, when allowed, upon authority of City management, as described in the following paragraphs.

All funds of the City of Byram, Mississippi, are budgeted, and are presented in either the accompanying financial statements or in schedules thereto. 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.

The legal level of control, that is the level on which actual expenditures may not legally exceed appropriations, is the major expenditure classifications within departments. Such classifications are Personnel Services, Supplies, Other Charges and Services and Capital Outlay.

All amendments to the budget to the legal level of control must be approved by the City of Byram’s Mayor and Board of Alderman. Management is allowed to amend, without governing body approval, any budget “line items”; that is, amounts below the legal level of control.

The expenditure budget adopted and approved by the duly elected members of the governing authority of the City of Byram is the appropriation ordinance of said municipality.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

As allowed by stature, the expenditure budget was amended and approved by the duly elected members of the governing authority of the City of Byram. Such amendments are included in the reported budgetary data.

G. UNEARNED REVENUE

In the government-wide fund financial statements, unearned revenues are recognized when assets are received prior to being earned. Unearned revenues are also recognized in the governmental funds financial statements, which are recognized when revenues are unavailable.

H. FUND BALANCES

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

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

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact. Currently there is no nonspendable fund balance for this city.

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Alderman, the City's highest level of decision-making authority. Currently there is no committed fund balance for this city.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Director of Finance pursuant to authorization established by the policy adopted by the city. Currently there is no assigned fund balance for this city.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

I. CASH AND OTHER DEPOSITS AND CASH EQUIVALENTS

The City deposits excess funds in the financial institutions selected by the Mayor and Board of Aldermen in accordance with state statutes.

Cash consists of amounts on deposit with a financial institution in non-interest bearing accounts. Other deposits consist of interest-bearing demand accounts, saving accounts and certificates of deposit. Cash and other deposits are valued at cost.

Various restrictions on deposits are imposed by state statutes. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer.

J. INVESTMENTS

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time deposits with any financial institution approved for the deposit of state funds. The interest earned is reported in the fund reporting the investment.

K. ACCOUNTS RECEIVABLE

Accounts Receivable are reported in the government-wide Statement of Net Assets and the governmental funds Balance Sheet net of allowances for uncollectible receivables.

L. INTERFUND TRANSACTIONS AND BALANCES

In general, eliminations have been made to minimize the double-counting of internal activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund. Reimbursements of the expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets.

M. RESTRICTED NET ASSETS

Certain proceeds from bonds, notes, and loans, as well as resources for debt service payments, court services, and public improvements monies are classified as restricted net assets reported on the government-wide Statement of Net Assets because their use is limited by applicable bond covenants and restrictions.

The following is a summary of restricted net assets:

Restricted For:

Unemployment	\$	13,759
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N. CAPITAL ASSETS

In the governmental funds, the cost incurred for the purchase or construction of capital assets are recorded as capital outlay expenditures.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the statement of activities.

In accordance with GASB Statement No. 34, infrastructure has been capitalized. Capitalization thresholds (dollar value above which assets acquisitions are added to the capital asset account) and estimated useful lives of capital assets are reported in the government-wide statements and proprietary funds. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

Capital asset thresholds are as follows:

Land	N/A
Infrastructure	N/A
Furniture, Vehicles, and Equipment	\$ 5,000
Improvements other than Buildings	\$25,000
Buildings	\$50,000
Building Improvements	\$50,000

Estimated useful lives, in years, for depreciable assets are as follows:

Computer Equipment and Peripherals	3 years
Vehicles and Equipment	5 years
Heavy Equipment (backhoes, dozers, front-end loaders, tractors, etc)	10 years
Furniture and Fixtures	7 years
Improvements other than Buildings	20 years
Buildings	40 years
Infrastructure:	
Roads	20 years
Concrete bridges	50 years
Timber bridges	30 years

Salvage Values:

Computer Equipment	1%
Furniture	10%
Vehicles and Heavy Equipment	10%
Improvements other than Buildings	20%
Buildings	20%
Roads	30%
Bridges	0%

O. COMPENSATED ABSENCES

Upon termination of employment, the City of Byram does not provide payment of accrued personal leave over 30 days to the departing employee. While such leave is accumulated from 10 to 20 days each year, depending on length of service, no payment for medical leave is allowed absent the required evidence of such need.

Unpaid personal leave expected to be paid from the Governmental Funds is reported under Long-term Debt as Compensated Absences. Typically the related Accrued Compensated Absences Expense has been paid from the General Fund.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

The respective liabilities are computed utilizing the specific identification method (i.e., each employee's actual accumulated personal leave days are multiplied by the applicable actual per day salary). The City's liability for compensated absences is not recorded in the governmental funds, for such liability may be paid from financial resources not currently available. Compensated absences are reported in governmental funds only if they have matured.

2. CASH

A. Cash

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The carrying amount of the city's deposits with financial institutions was \$4,401,599 and the bank balance was \$4,515,805.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the city's deposits may not be returned to it. The city does not have a deposit policy for custodial credit risk. As of September 30, 2011, none of the city's bank balance of \$4,515,805 was exposed to custodial credit risk.

3. RECEIVABLES

A. Accounts Receivable

Accounts receivable at September 30, 2011, consisted of the following:

	General Fund
Other	\$ <u>1,185</u>

4. PROPERTY TAXES

Property held on January 1 of any given year (or brought into the State by March 1 of the same year) is assessed for taxation in the ensuing fiscal year. Such levy, which establishes a lien against the underlying property, is maintained by Hinds County. The assessed value of property on January 1, 2010, upon which the levy was based, was \$80,775,424. The taxes thus assessed

City of Byram, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2011

are due and payable as follows:

1 st installment	(50% of liability)	on or before Feb. 1
2 nd installment		on or before May 1
Final installment		on or before Aug. 1

If taxes remain unpaid, the property subject to a tax lien is sold for taxes on the fourth Monday of August.

Property taxes receivable reported in the government-wide Statement of Net Assets and the governmental funds Balance Sheet represent amounts due for unpaid delinquent property taxes at September 30, 2011. Property taxes that are not considered “available” have been reported as deferred revenues in the governmental funds Balance Sheet.

5. CAPITAL ASSETS

	Balance 10-1-2010	Additions	Adjustments	Balance 9-30-2011
<u>Non-depreciable capital assets:</u>				
Land	\$ 36,658			36,658
Construction in progress		419,402		419,402
Total non-depreciable capital assets	36,658	419,402	0	456,060
<u>Depreciable capital assets:</u>				
Infrastructure	10,079,537		(151,720)	9,927,817
Buildings	224,731	95,795		320,526
Mobile equipment	94,664	428,557		523,221
Furniture and equipment	22,932	525,367		548,299
Total depreciable capital assets	10,421,864	1,049,719	(151,720)	11,319,863
<u>Less accumulated depreciation for:</u>				
Infrastructure	5,009,444	234,518	(73,657)	5,170,305
Buildings	4,495	5,845	(4,121)	6,219
Mobile equipment	17,039	58,148	(14,163)	61,024
Furniture and equipment	6,533	77,816	(5,544)	78,805
Total accumulated depreciation	5,037,511	376,327	(97,485)	5,316,353
Total depreciable capital assets, net	5,384,353	673,392	(54,235)	6,003,510
Governmental activities capital assets, net	\$ 5,421,011	1,092,794	(54,235)	6,459,570

Adjustments were made to properly present capital assets at year end.

The amount of depreciation expense charged to the respective governmental function in the government-wide Statement of Activities for the period is as follows:

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

		<u>Amount</u>
General Government	\$	263,429
Public Safety		75,265
Public Services		<u>37,633</u>
Total depreciation expense	\$	<u>376,327</u>

6. LONG - TERM OBLIGATIONS

A. Changes in Long-Term Obligations

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>10-1-2010</u>	<u>Additions</u>	<u>Balance</u> <u>9-30-2011</u>
<u>Other Long - Term Debt</u>			
Motorola Lease Purchases	\$	385,689	385,689
Compensated Absences		<u>29,384</u>	<u>29,384</u>
Total	\$	<u>415,073</u>	<u>415,073</u>

B. Currently Outstanding Long-Term Obligations

Other Long-term debt currently outstanding are as follows:

	<u>Date of</u> <u>Obligation</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Amount</u>	<u>Balance</u> <u>9-30-2011</u>
<u>Other Long - Term Debt</u>					
Motorola leases	6/1/11	10/1/14	3.82%	\$ 152,799	152,799
Motorola leases	5/1/11	10/1/14	3.82%	<u>232,890</u>	<u>232,890</u>
Total Other Long - Term Debt				\$ <u>385,689</u>	<u>385,689</u>

Other Long-term Debt

Motorola Lease Purchases

Annual debt service requirements to maturity are as follows:

<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>
\$152,799	6-1-2011	10/1/2014

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

Year Ending June 30	Principal	Interest	Total
2012	\$ 0	0	0
2013	47,711	7,862	55,573
2014	51,559	4,014	55,573
2015	53,529	2,045	55,574
Total	\$ 152,799	13,921	166,720

This debt is to be retired from the General Fund.

Motorola Lease Purchases

Annual debt service requirements to maturity are as follows:

<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>
\$232,890	5-1-2011	10/1/2014

Year Ending June 30	Principal	Interest	Total
2012	\$ 0	0	0
2013	72,206	12,768	84,974
2014	78,836	6,138	84,974
2015	81,848	3,127	84,975
Total	\$ 232,890	22,033	254,923

This debt is to be retired from the General Fund.

7. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution rate is 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2011

established and may be amended only by the State Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2011 and 2010 were \$158,066 and \$7,558, which equaled the required contributions for the year.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks.

The city finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The city pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for employees for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

9. PRIOR PERIOD ADJUSTMENTS

A summary of significant net assets adjustments are as follows:

Exhibit B - Statement of Activities

<u>Explanation:</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Adjustments were made to properly record capital assets.	\$ <u>(54,235)</u>

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REQUIRED SUPPLEMENTAL INFORMATION

City of Byram, Mississippi
 Budgetary Comparison Schedule - General Fund
 For the year ended September 30, 2011

Exhibit B-1

	Original	Final	Actual	Variance Original to Final	Variance Final to Actual
Revenues:					
Sales taxes	\$ 1,400,000	1,510,000	1,527,692	110,000	17,692
Property taxes	2,217,807	2,524,707	2,542,079	306,900	17,372
Licenses and permits	262,800	380,300	386,048	117,500	5,748
Fines and forfeitures	54,300	156,000	163,268	101,700	7,268
Investment income	10,000	40,000	43,284	30,000	3,284
Charges for services	-	15,000	17,737	15,000	2,737
Intergovernmental programs	191,123	468,849	534,253	277,726	65,404
Other	11,500	5,500	5,979	(6,000)	479
Total Revenues	4,147,530	5,100,356	5,220,340	952,826	119,984
Expenditures:					
General government					
Personnel services	326,518	326,743	317,185	(225)	9,558
Supplies	33,150	32,900	24,174	250	8,726
Contractual services	653,314	601,814	547,414	51,500	54,400
Capital outlay	99,000	114,000	105,073	(15,000)	8,927
Total General government	1,111,982	1,075,457	993,846	36,525	81,611
Public safety					
Personnel services	1,428,030	904,703	854,957	523,327	49,746
Supplies	192,791	175,781	155,155	17,010	20,626
Contractual services	197,870	193,230	170,206	4,640	23,024
Capital outlay	1,330,906	1,757,946	1,740,624	(427,040)	17,322
Total Public safety	3,149,597	3,031,660	2,920,942	117,937	110,718
Public services					
Personnel services	167,521	122,021	116,027	45,500	5,994
Supplies	66,000	84,500	65,838	(18,500)	18,662
Contractual services	671,350	208,850	186,092	462,500	22,758
Capital outlay	175,000	126,500	104,783	48,500	21,717
Total Public services	1,079,871	541,871	472,740	538,000	69,131
Culture and Recreation					
Personnel services					
Supplies	8,000	3,000	2,007	5,000	993
Contractual services	-	17,000	16,069	(17,000)	931
Capital outlay	293,000	2,000	869	291,000	1,131
Total Culture and recreation	301,000	22,000	18,945	279,000	3,055
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,494,920)	429,368	813,867	1,924,288	384,499
Other Financing Sources (Uses)					
Inception of lease	836,549	385,688	385,689	(450,861)	1
Other financing sources	-	-	103	-	103
Total Other Financing Sources (Uses)	836,549	385,688	385,792	(450,861)	104
Net Change in Fund Balances	(658,371)	815,056	1,199,659	1,473,427	384,603
Fund balances - beginning - October 1	2,456,791	2,396,130	2,923,237	(60,661)	527,107
Fund balances - ending - September 30	1,798,420	3,211,186	4,122,896	1,412,766	911,710

City of Byram, Mississippi

Notes to the Required Supplemental Information For the Year Ended September 30, 2011

Budgetary Comparison Schedule

(1) Basis of Presentation

All funds of the City of Byram, Mississippi, governmental, are budgeted, and are presented in either the accompanying financial statements or in schedules thereto. For comparison purposes, the final, amended budget is utilized, and it is presented on the GAAP basis of accounting. 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. A budgetary comparison is presented for the general fund and each major fund and is presented on the GAAP basis of accounting.

SUPPLEMENTAL INFORMATION

City of Byram, Mississippi

Schedule of Surety Bonds for Municipal Officials

September 30, 2011

Name	Position		Bond Amount
Nick Tremonte	Mayor	\$	50,000
D.L. Ford	Alderman	\$	50,000
Amy Lou Douglas	Alderman	\$	50,000
Theresa Marble	Alderman	\$	50,000
Richard White	Alderman	\$	50,000
Kent Alday	Alderman	\$	50,000
Angela Richburg	City Clerk	\$	50,000
Linda White	Deputy City Clerk	\$	50,000
Luke Thompson	Police Chief	\$	50,000
Darnisha Norwood	Deputy Court Clerk	\$	50,000
Tami Wallgren	Police Officer	\$	50,000
Bradley Davis	Police Officer	\$	50,000
Ford Hayman	Police Officer	\$	50,000
Ayn Reed	Executive Assistant	\$	50,000
Jacqueline Wright	CID Administrative Assistant	\$	50,000
Tammie Roberson	Compliance Clerk	\$	50,000
Hiawatha Stewart	Records Clerk	\$	50,000

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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 Byram, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Byram, Mississippi as of and for the year ended September 30, 2011, which collectively comprise the City of Byram's basic financial statements and have issued our report thereon dated December 28, 2012. 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.

Internal Control Over Financial Reporting

Management of the City of Byram, Mississippi is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the city's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the city's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of 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*.

This report is intended solely for the information and use of the Mayor, the Board of Aldermen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2012

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 Byram

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Byram, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City of Byram's basic financial statements and have issued our report thereon dated December 28, 2012. 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.

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 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
December 28, 2012

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

City of Byram, Mississippi

Schedule of Findings and Responses
For the Year Ended September 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|----------------|
| 1. | Type of auditor's report issued: | Unqualified |
| 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. |

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*.