

City of Byram, Mississippi

Comprehensive Annual Financial Report
For the Year Ended September 30, 2012

Fortenberry & Ballard, P.C.
Certified Public Accountants

Richard White, Mayor
Richard Cook, Alderman at Large
Jim Moser, Alderman Ward 1
Diandra Hosey, Alderman Ward 2



Theresa Marble, Alderman Ward 3
Teresa A. Mack, Alderman Ward 4
Wanda Smith, Alderman Ward 5
D.L. Ford, Alderman Ward 6

September 27, 2013

Office of the State Auditor
Post Office Box 956
Jackson, MS 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, 2012. 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,

A handwritten signature in black ink, appearing to read "Richard White", is written over a horizontal line.

Richard White, Mayor

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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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Byram, Mississippi, as of and for the year ended September 30, 2012, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Byram, Mississippi, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows, 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 September 26, 2013 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Byram's financial statements as a whole. The budgetary comparison information, the combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the financial statements. The budgetary comparison information, the combining and individual nonmajor fund financial statements 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 26, 2013

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

The following discussion and analysis of the City of Byram's financial performance provides an overview of the City's financial activities for the year ended September 30, 2012. 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 2012 increased \$78,676, including a prior period adjustment of (\$91,026), which represents a 1% increase from fiscal year 2011. Total net assets for 2011 were \$10,181,152, which represents a 22% increase from fiscal year 2010.
- General revenues account for \$4,600,364, or 76% of all revenues in 2012. General revenues account for \$4,139,981, or 79% of all revenues in 2011. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,444,950 or 24% of total revenues in 2012, compared with \$1,100,958 or 21% in 2011.
- The City had \$5,651,406 in expenses, an amount that increased when compared with the \$3,351,063 in expenses for the prior year; \$1,444,950 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$4,409,096 for 2012 were not adequate to provide for these programs. However, general revenues of \$4,139,981 for 2011 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$5,531,650 in revenues and \$6,951,039 in expenditures. In 2011, the General Fund had \$5,220,340 in revenues and \$4,406,473 in expenditures. The General Fund's fund balance increased by \$81,431 from 2011 to 2012 and increased by \$1,199,659 from 2010 to 2011.
- The Enterprise Fund - Sewer Fund had \$244,900 in revenues and \$592,306 in expenses.
- Capital assets, net of accumulated depreciation, increased by \$1,486,180 for 2012. The increase for 2012 was primarily due to additions to land, construction in progress, infrastructure, buildings, mobile equipment and furniture and equipment. Capital assets, net of accumulated depreciation, increased by \$1,038,559 for 2011.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

- Capital assets in the business-type activities, net of accumulated depreciation, were \$2,475,645.
- Long-term debt increased by \$5,230,630 in the governmental activities from 2011 to 2012. The increase in the governmental activities was mainly due to debt issued during the year. Long-term debt increased by \$415,073 in the governmental activities from 2010 to 2011.
- Long-term debt increased by \$2,750,000 in the business-type activities from 2011 to 2012. This increase is due to inception of a State Revolving Sewer Improvements Loan in the amount of \$2,750,000 during the year.

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 2012?" 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.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

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, water and sewer 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 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 funds are the General and 2012 GO Bond Fund.

Governmental Funds

All of the City's non-proprietary 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.

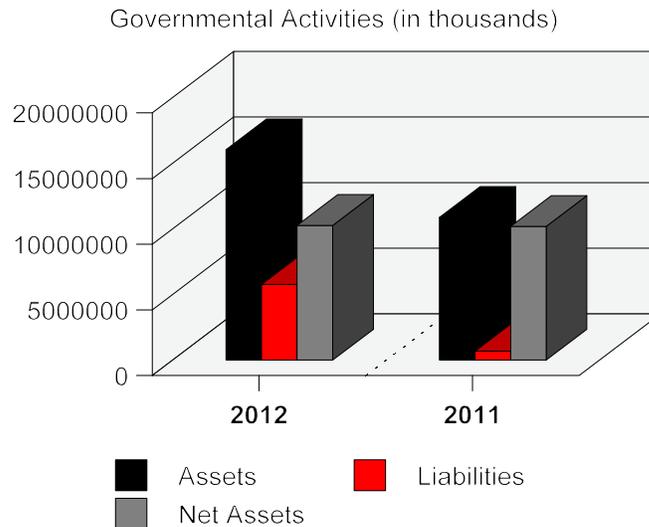
The City of Byram as a Whole

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 \$9,891,728 at September 30, 2012.

The following chart depicts the total amount of assets, liabilities, and net assets as of September 30, 2012 and September 30, 2011.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012



The largest portion of the City's net assets for governmental activities (\$2,370,694 or 23%) 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.

- Issuances of public improvement bonds in the amount of \$5,000,000, Siren Leases in the amount of \$63,696, and Quick Attack Vehicle Leasing in the amount of \$125,671 during the year.
- Increase in net capital assets in the amount of \$1,486,180.

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

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

Government-Wide
Governmental Activities

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Percentage Change</u>
Assets:			
Current Assets	\$ 8,171,993	4,402,784	86%
Capital Assets	7,945,750	6,459,570	23%
Total Assets	<u>16,117,743</u>	<u>10,862,354</u>	48%
Liabilities:			
Current Liabilities	568,048	266,129	113%
Long-term debt outstanding	5,289,867	415,073	1174%
Total Liabilities	<u>5,857,915</u>	<u>681,202</u>	760%
Net Assets:			
Invested in Capital Assets, net of related debt	2,370,694	6,073,881	(61)%
Restricted	3,657,754	13,759	26484%
Unrestricted	4,231,380	4,093,512	3%
Total Net Assets	<u>\$ 10,259,828</u>	<u>10,181,152</u>	1%

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

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

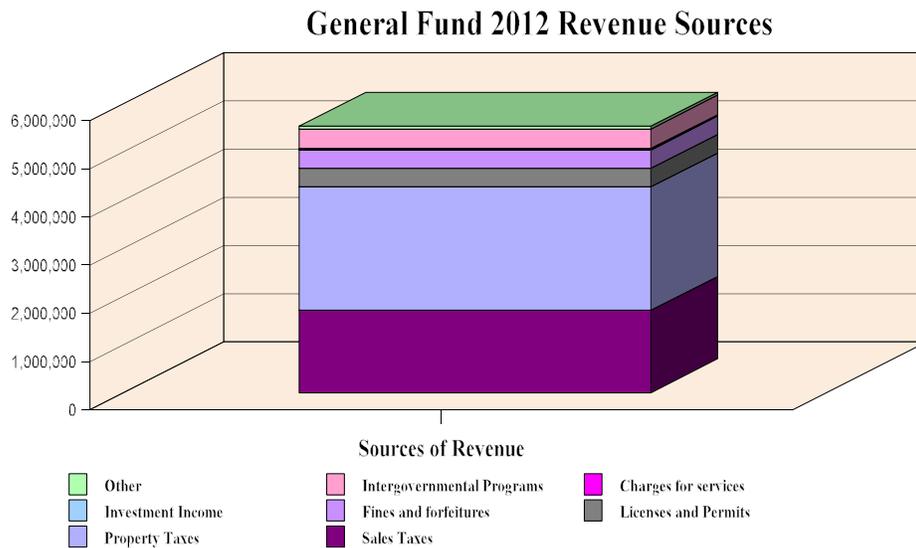
Government-Wide
Governmental Activities

	<u>Year Ended</u> <u>September 30, 2012</u>	<u>Year Ended</u> <u>September 30, 2011</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 1,161,125	682,135	70%
Operating grants and contributions	250,887	418,823	(40)%
Total Program Revenues	<u>1,412,012</u>	<u>1,100,958</u>	28%
General Revenues:			
Intergovernmental / Unrestricted	1,711,344	1,527,692	12%
Property Taxes	2,561,178	2,542,079	1%
Road and bridge privilege taxes	16,145	12,934	25%
Other Taxes	13,897	7,949	75%
Grants and contributions not restricted	614		
Unrestricted Investment Income	27,432	43,350	(37)%
Miscellaneous	57,632	5,977	864%
Transfers	<u>20,854</u>		
Total General Revenues	<u>4,409,096</u>	<u>4,139,981</u>	7%
Total Revenues	<u>5,821,108</u>	<u>5,240,939</u>	11%
Expenses:			
General Government	2,166,967	1,262,270	72%
Public Safety	1,255,309	1,548,243	(19)%
Public Services	2,196,081	521,605	321%
Culture and recreation	<u>33,049</u>	<u>18,945</u>	74%
Total Expenses	<u>5,651,406</u>	<u>3,351,063</u>	69%
Increase (decrease) in net assets	<u>169,702</u>	<u>1,889,876</u>	(91)%
Net Assets, Beginning, as previously reported	10,181,152	8,345,511	22%
Prior Period Adjustment	<u>(91,026)</u>	<u>(54,235)</u>	68%
Net Assets, Beginning, as restated	<u>10,090,126</u>	<u>8,291,276</u>	22%
Net Assets, Ending	<u>\$ 10,259,828</u>	<u>10,181,152</u>	1%

City of Byram, Mississippi
 Management's Discussion and Analysis
 For the Year Ended September 30, 2012

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 31% of General Fund revenues in fiscal year 2012, compared to 29% in fiscal year 2011. Sales tax collections in fiscal year 2012 were \$1,711,344, a 12% increase over the \$1,527,692 collected in 2011. Total General Fund operating revenues were \$5,531,650, an increase of \$311,310 over the prior year.

Assessed valuation within the City was \$87,155,612 for fiscal year 2012 and \$80,775,424 for fiscal year 2011. It is expected that the City will continue to attract residents and business alike. Assessed valuation within the city has increased by \$6,380,188, or 8% from fiscal year 2011.

Expenditures

General Fund operating expenditures were \$6,951,039, an increase of \$2,544,566 when compared to the prior year. The following schedule presents the General Fund revenues and expenditures for the year ended September 30, 2012, and the amount and percentage of change from 2011.

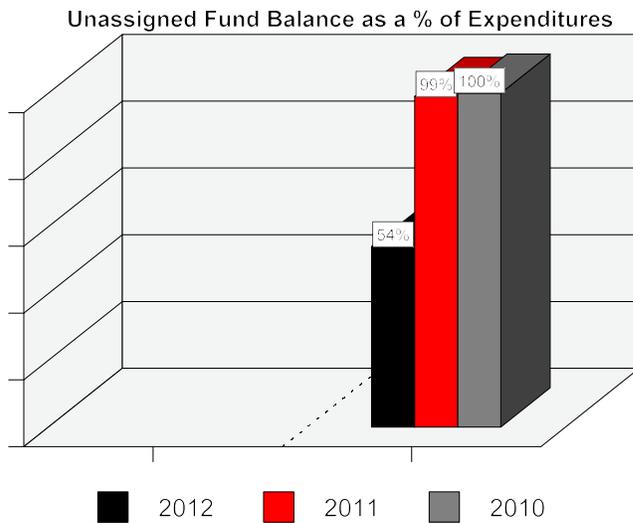
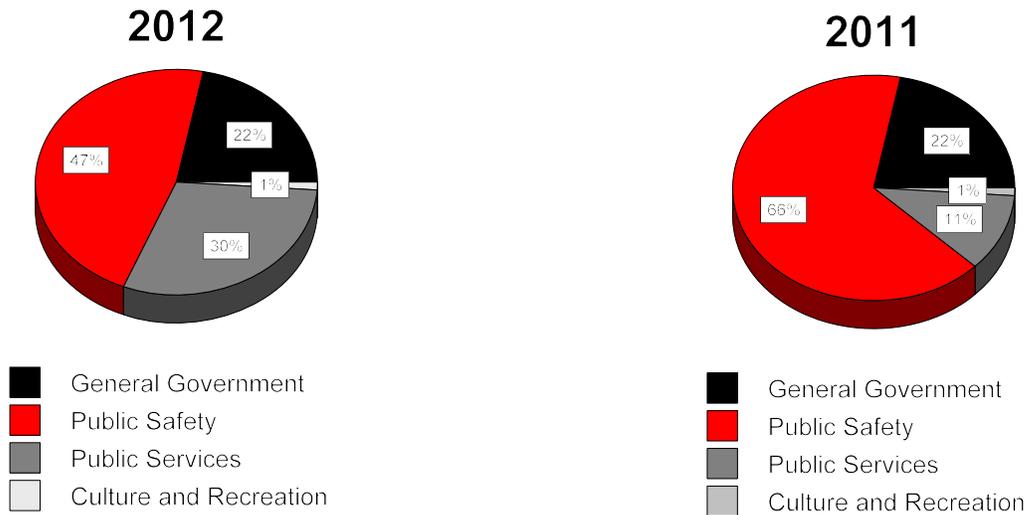
City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

GENERAL FUND (GAAP BASIS)
(in thousands)

	2012 Amount	2011 Amount	Dollar Increase (Decrease) from 2011	Percent Increase (Decrease) from 2011
Revenues:				
Sales Tax	\$ 1,711	\$ 1,528	\$ 183	12.0%
Property Tax	2,561	2,542	19	0.7%
Licenses and Permits	385	386	(1)	(0.3)%
Fines and forfeitures	379	163	216	132.5%
Investment Income	18	43	(25)	(58.1)%
Grants and Donations	39		39	
Charges for Services	16	18	(2)	(11.1)%
Intergovernmental Revenues	403	534	(131)	(24.5)%
Other	19	6	13	216.7%
Total Revenues	\$ 5,531	\$ 5,220	\$ 311	6.0%
Expenditures:				
General Government	\$1,552	\$ 994	\$ 558	56.1%
Public Safety	3,271	2,921	350	12.0%
Public Services	2,095	473	1,622	342.9%
Culture and Recreation	33	19	14	73.7%
TOTAL EXPENDITURES	\$ 6,951	\$ 4,407	\$ 2,544	57.7%

City of Byram, Mississippi
 Management's Discussion and Analysis
 For the Year Ended September 30, 2012

The following charts display the expenditures by department in the General Fund:



Status of Fund Balance

On the General Fund balance sheet, fund balance 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. The remaining portion which is available for appropriation. The fiscal year ended September 30, 2012 ending unassigned fund balance is \$4,204,327 which is 54% of the general fund operating expenditures.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

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 \$7,862,081, an increase of \$3,725,426. \$4,204,327 or 54% 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 \$3,657,754 or 46% is restricted to indicate that is not available for spending except only for the purposes to which it is restricted.

Unassigned fund balance is the residual classification for the general fund. The general fund reports a positive unassigned fund balance amount. This year the City of Byram had a \$4,204,327, unassigned fund balance in the general fund, which constitutes 53% of the total fund balance in the governmental funds

The increase in the 2012 GO Bond Fund was \$3,614,037. The reason for this increase was due to the issuance of a Public Improvement Bond in the amount of \$5,000,000. The fund balance of Other Governmental Funds showed an increase of \$29,958.

PROPRIETARY FUNDS

Byram's proprietary operations consist of the Sewer Fund. The Sewer Fund accounts for sewer revenues and expenditures to construct and maintain a sewer system.

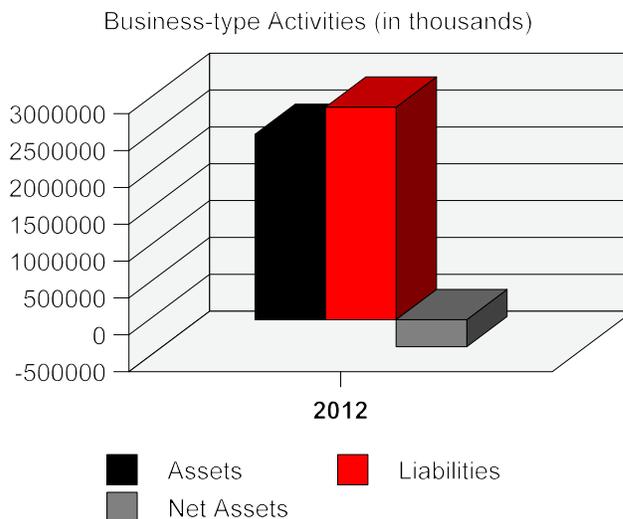
The following is a comparative analysis of the assets, liabilities, and net assets for the business type activity statements.

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

Government-Wide Comparative Analysis
Business-Type Activities

	September 30, 2012
Assets:	
Current Assets	\$ 40,228
Capital Assets	2,475,645
Total Assets	2,515,873
 Liabilities:	
Current Liabilities	249,837
Long-Term Liabilities	2,634,136
Total Liabilities	2,883,973
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	(274,355)
Unrestricted	(93,745)
Total Net Assets	\$ (368,100)

The following chart shows the assets, liabilities, and net assets for the government wide statements, business-type activities.



City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

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

- Issuance of a new State Revolving Loan in the amount of \$2,750,000.

Below is a comparative analysis of the revenues and expenses of the governmental wide statements - business type activities column.

Government-Wide Analysis
Business-Type Activities

	Year Ended September 30, 2012
Revenues:	
Program Revenues:	
Charges for services	\$ 32,938
Total Program Revenues	32,938
General Revenues:	
Unrestricted investment income	34
Miscellaneous	212,088
Transfers	(20,854)
Total General Revenues	191,268
Total Revenues	224,206
 Expenses:	
Sewer	592,306
Total Expenses	592,306
 Increase (decrease) in net assets	 (368,100)
 Net Assets, Beginning	
Net Assets, Ending	\$ (368,100)

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

Sewer Fund

Financial data for the Sewer Fund for the current year is presented as follows:

		September 30, 2012
Operating Revenues	\$	244,900
Operating Expenses		592,306
Operating Loss	\$	(347,406)

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 2012, 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 \$7,903,359.

CAPITAL ASSETS AND LONG-TERM DEBT OBLIGATIONS

Governmental Activities:

Capital Assets, Net of Accumulated Depreciation

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Percentage Change</u>
Land	\$ 698,205	36,658	1805%
Construction in progress	64,973	419,402	(85)%
Infrastructure	4,672,444	4,757,512	(2)%
Buildings	1,082,658	314,307	244%
Mobile equipment	769,041	462,197	66%
Furniture and equipment	658,429	469,494	40%
Total	<u>\$ 7,945,750</u>	<u>6,459,570</u>	23%

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

Governmental Activities:

At September 30, 2012, the City of Byram had \$5,000,000 in outstanding General Obligation Bonds, and \$575,056 in other Long-Term Debt.

Other Long-Term Obligations Debt at Year End

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 5,000,000		
Other Long-Term Debt	575,056	415,073	39%
Compensated Absences	70,647		
Total	\$ <u>5,645,703</u>	<u>415,073</u>	1260%

Business-Type Activities:

Capital Assets, Net of Accumulated Depreciation

	<u>September 30, 2012</u>
Land	\$ 45,968
Construction in progress	2,305,756
Mobile equipment	19,516
Furniture and equipment	104,405
Total	\$ <u>2,475,645</u>

For more detailed information concerning capital assets see Note 7 in the Notes to the Financial Statements of this report.

Business-Type Activities:

At September 30, 2012, the City of Byram had \$2,750,000 in outstanding Other Long-Term Debt.

Other Long-Term Obligations Debt at Year End

	<u>September 30, 2012</u>
Other long term debt	\$ <u>2,750,000</u>

City of Byram, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2012

For more detailed information concerning long-term debt see Note 8 in the Notes to the Financial Statements of this report.

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, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Pooled cash and cash equivalents	\$ 7,903,859	\$ 7,507	\$ 7,911,366
Accounts receivable, net	170,434	32,721	203,155
Deferred charges - bond issuance costs	97,700	--	97,700
Total Current Assets	<u>8,171,993</u>	<u>40,228</u>	<u>8,212,221</u>
Non-Current Assets:			
Restricted assets:			
Capital assets:			
Land and construction in progress	763,178	45,968	809,146
Other capital assets, net	7,182,572	2,429,677	9,612,249
Total Non-Current Assets	<u>7,945,750</u>	<u>2,475,645</u>	<u>10,421,395</u>
Total Assets	<u>16,117,743</u>	<u>2,515,873</u>	<u>18,633,616</u>
Liabilities:			
Current Liabilities:			
Accounts payable	159,008	75,722	234,730
Wages and benefits payables	53,204	58,251	111,455
Long-term liabilities (due within one year):			
Bonds and lease obligations, current	355,836	115,864	471,700
Total Current Liabilities	<u>568,048</u>	<u>249,837</u>	<u>817,885</u>
Non-Current Liabilities:			
Long term liabilities (due in more than one year):			
Bonds and lease obligations, noncurrent	5,219,220	2,634,136	7,853,356
Compensated absences, noncurrent	70,647	--	70,647
Total Non-Current Liabilities	<u>5,289,867</u>	<u>2,634,136</u>	<u>7,924,003</u>
Total Liabilities	<u>5,857,915</u>	<u>2,883,973</u>	<u>8,741,888</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,370,694	(274,355)	2,096,339
Restricted For:			
Debt Service	7,909	--	7,909
Capital Projects	3,614,537	--	3,614,537
Public Safety	614	--	614
Unemployment	34,694	--	34,694
Unrestricted	4,231,380	(93,745)	4,137,635
Total Net Assets	<u>\$ 10,259,828</u>	<u>\$ (368,100)</u>	<u>\$ 9,891,728</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 2,166,967	\$ 1,161,125	\$ 250,887	\$ (754,955)		\$ (754,955)
Public safety	1,255,309	--	--	(1,255,309)		(1,255,309)
Public works	2,196,081	--	--	(2,196,081)		(2,196,081)
Culture and recreation	33,049	--	--	(33,049)		(33,049)
Total Governmental Activities	<u>5,651,406</u>	<u>1,161,125</u>	<u>250,887</u>	<u>(4,239,394)</u>		<u>(4,239,394)</u>
Business-type Activities:						
Sewer	592,306	32,938	--	--	\$ (559,368)	(559,368)
Total Business-type Activities	<u>592,306</u>	<u>32,938</u>	<u>--</u>	<u>--</u>	<u>(559,368)</u>	<u>(559,368)</u>
Total Primary Government	<u>\$ 6,243,712</u>	<u>\$ 1,194,063</u>	<u>\$ 250,887</u>	<u>(4,239,394)</u>	<u>(559,368)</u>	<u>(4,798,762)</u>
General Revenues:						
Intergovernmental / Unrestricted				1,711,344	--	1,711,344
Property taxes				2,561,178	--	2,561,178
Road and bridge privilege taxes				16,145	--	16,145
Other taxes				13,897	--	13,897
Grants and contributions not restricted				614	--	614
Unrestricted investment income				27,432	34	27,466
Miscellaneous				57,632	212,088	269,720
Transfers				20,854	(20,854)	--
Total General Revenues and Transfers				<u>4,409,096</u>	<u>191,268</u>	<u>4,600,364</u>
Change in Net Assets				<u>169,702</u>	<u>(368,100)</u>	<u>(198,398)</u>
Net Assets - Beginning, as previously reported				10,181,152	--	10,181,152
Prior Period Adjustment				(91,026)	--	(91,026)
Net Assets - Beginning, as restated				<u>10,090,126</u>	<u>--</u>	<u>10,090,126</u>
Net Assets - Ending				<u>\$ 10,259,828</u>	<u>\$ (368,100)</u>	<u>\$ 9,891,728</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	2012 GO Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and cash equivalents	\$ 7,903,359	\$ --	\$ 500	\$ 7,903,859
Accounts receivable	54,265	--	--	54,265
Intergovernmental receivables	2,099,589	3,614,037	43,217	5,756,843
Other receivables	116,169	--	--	116,169
Total Assets	\$ 10,173,382	\$ 3,614,037	\$ 43,717	\$ 13,831,136
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 159,008	\$ --	\$ --	\$ 159,008
Wages and benefits payable	53,204	--	--	53,204
Intergovernmental payables	5,756,843	--	--	5,756,843
Total Liabilities	5,969,055	--	--	5,969,055
Fund Balances:				
Restricted:				
Unemployment benefits	--	--	34,694	34,694
Public safety	--	--	614	614
Capital projects	--	3,614,037	500	3,614,537
Debt services	--	--	7,909	7,909
Unassigned	4,204,327	--	--	4,204,327
Total Fund Balances	4,204,327	3,614,037	43,717	7,862,081
Total Liabilities and Fund Balances	\$ 10,173,382	\$ 3,614,037	\$ 43,717	\$ 13,831,136

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, 2012

Total fund balances - governmental funds balance sheet	\$ 7,862,081
Amounts reported for governmental activities in the Statement of Net Assets ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,945,750
Liabilities due in one year are not recorded in the funds.	(355,836)
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,815,000)
Payables for leases which are not due in the current period are not reported in the funds.	(404,220)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(70,647)
Bond issuance costs are capitalized and amortized in the SNA.	97,700
	<u>97,700</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 10,259,828</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, 2012

	General Fund	2012 GO Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Sales taxes	\$ 1,711,344	\$ --	\$ --	\$ 1,711,344
Property taxes	2,561,178	--	--	2,561,178
Licenses and permits	385,075	--	--	385,075
Fines and forfeitures	378,722	--	--	378,722
Investment income	17,693	1,737	8,002	27,432
Grants and donations	38,869	--	21,818	60,687
Charges for services	16,230	--	--	16,230
Intergovernmental programs	403,491	--	26,227	429,718
Other	19,048	--	--	19,048
Total Revenues	<u>5,531,650</u>	<u>1,737</u>	<u>56,047</u>	<u>5,589,434</u>
Expenditures:				
General government	1,552,142	--	976	1,553,118
Public safety	3,270,479	--	--	3,270,479
Public services	2,095,369	--	45,967	2,141,336
Culture and recreation	33,049	--	--	33,049
Debt service:				
Other	--	97,700	--	97,700
Total Expenditures	<u>6,951,039</u>	<u>97,700</u>	<u>46,943</u>	<u>7,095,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,419,389)</u>	<u>(95,963)</u>	<u>9,104</u>	<u>(1,506,248)</u>
Other Financing Sources (Uses):				
Transfers in	1,290,000	--	20,854	1,310,854
Transfers out	--	(1,290,000)	--	(1,290,000)
Insurance proceeds	21,453	--	--	21,453
Bond proceeds	--	5,000,000	--	5,000,000
Inception of leases	189,367	--	--	189,367
Total Other Financing Sources (Uses)	<u>1,500,820</u>	<u>3,710,000</u>	<u>20,854</u>	<u>5,231,674</u>
Net Change in Fund Balances	<u>81,431</u>	<u>3,614,037</u>	<u>29,958</u>	<u>3,725,426</u>
Fund Balances - Beginning	4,122,896	--	13,759	4,136,655
Fund Balances - Ending	<u>\$ 4,204,327</u>	<u>\$ 3,614,037</u>	<u>\$ 43,717</u>	<u>\$ 7,862,081</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, 2012

Net change in fund balances - total governmental funds	\$ 3,725,426
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,135,945
The depreciation of capital assets used in governmental activities is not reported in the funds.	(547,455)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(11,284)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(41,263)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(189,367)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(4,902,300)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 169,702</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI

STATEMENT OF NET ASSETS

ENTERPRISE FUND

SEPTEMBER 30, 2012

	Enterprise Fund
	Sewer Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 7,507
Receivables (net of allowances for uncollectibles)	32,721
Total Current Assets	<u>40,228</u>
Non-current Assets:	
Land and construction in progress	45,968
Capital assets (net of accumulated depreciation)	2,429,677
Total Non-current Assets	<u>2,475,645</u>
Total Assets	<u>2,515,873</u>
Liabilities	
Current Liabilities:	
Accounts payable	75,722
Wages and benefits payable	58,251
Loan payable, current	115,864
Total Current Liabilities	<u>249,837</u>
Non-current Liabilities:	
Loan payable, noncurrent	2,634,136
Total Non-current Liabilities	<u>2,634,136</u>
Total Liabilities	<u>2,883,973</u>
Net Assets	
Invested in capital assets, net of related debt	(274,355)
Unrestricted	(93,745)
Total Net Assets	<u>\$ (368,100)</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - ENTERPRISE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Fund
	Sewer Fund
Operating Revenues:	
Charges for services	\$ 244,900
Total Operating Revenues	<u>244,900</u>
Operating Expenses:	
Personal services - salaries and wages	36,445
Personal services - employee benefits	11,990
Purchased professional and technical services	58,890
Supplies	39,609
Depreciation	33,500
Miscellaneous	411,872
Total Operating Expenses	<u>592,306</u>
Operating Income (Loss)	<u>(347,406)</u>
Non-Operating Revenues (Expenses):	
Interest revenue	34
Other	126
Total Non-operating Revenues (Expenses)	<u>160</u>
Net Income (Loss) before Operating Transfers	<u>(347,246)</u>
Transfers out	(20,854)
Net income	<u>(368,100)</u>
Net assets - Beginning	--
Net assets - Ending	<u>\$ (368,100)</u>

The accompanying notes are an integral part of this statement.

CITY OF BYRAM, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Fund <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 277,621
Cash Payments to Employees for Services	(48,435)
Cash Payments to Other Suppliers for Goods and Services	(22,777)
Other Operating Cash Receipts (Payments)	(419,063)
Net Cash Provided (Used) by Operating Activities	<u>(212,654)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	(20,854)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(20,854)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	2,750,000
Acquisition or Construction of Capital Assets	(2,509,145)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>240,855</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	34
Other revenue	126
Net Cash Provided (Used) for Investing Activities	<u>160</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,507
Cash and Cash Equivalents at Beginning of Year	--
Cash and Cash Equivalents at End of Year	<u>\$ 7,507</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (347,406)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	33,500
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(32,721)
Increase (Decrease) in Accounts Payable	75,722
Increase (Decrease) in Accrued Wages Payable	58,251
Total Adjustments	<u>101,252</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (212,654)</u>

The accompanying notes are an integral part of this statement.

City of Byram, Mississippi

Notes to the Financial Statements
September 30, 2012

City of Byram, MISSISSIPPI

Notes to the Financial Statements

September 30, 2012

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City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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, 2012.

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 establishes new categories for reporting fund balance and revises the definitions for governmental fund types. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned. The implementation of this statement on the financial statements can be seen at note 1 (H) of the financial statements.

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.

The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pension in important ways. It is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments.

The new standards will better align the recognition of pension expense with the period in which the related benefits are earned. Considered in total, the changes set forth by the GASB will have the overall effect of expense recognition being accelerated. The implementation of these Statements is expected to have a significant impact upon the financial statements of the City.

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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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.

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 were held in June 2013.

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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

RELATED ORGANIZATIONS

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Due to the recent formation of the City of Byram, the City did not have any related organizations for the year ended September 30, 2012.

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

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

proprietary funds. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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:

1. 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 funds 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.

2012 GO Bond Fund - This capital projects fund is financed with general obligation bonds and is used to account for constructing, improving and paving streets, sidewalks, parkways, walkways and public parking facilities, and other various projects in accordance with the city's long range capital project plan.

2. Proprietary Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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

Sewer Fund - This enterprise fund is financed with public improvement funds that accounts for resources and expenditures with the construction of eligible pollution control projects.

3. Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 provides for the capital assets and long-term debt records to be maintained and incorporates the information into the governmental column in the government-wide Statement of Net Assets.

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, and proprietary funds 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.

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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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, 2012.

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.

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.

As allowed by statute, 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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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 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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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.

For purposes of the combined statement of cash flows, the municipality considers to be cash equivalents all highly liquid investments and certificates of deposit if they have a maturity of three months or less when acquired.

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.

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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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

The following is a summary of interfund transactions and balances:

Due From/To Other Funds:

		<u>Due From</u>	<u>Due To</u>
General Fund	\$	2,099,589	5,756,843
Major Fund:			
2012 GO Bond Fund		3,614,037	
Non-Major Fund:			
Law Enforcement Fund		614	
Unemployment Fund		34,694	
2012 GO Bond & Interest Fund		<u>7,909</u>	
Sub-Total Non-Major Fund		<u>43,217</u>	<u>0</u>
Total	\$	<u>5,756,843</u>	<u>5,756,843</u>

Due From/To Other Funds are the result of timing differences between the date expenses/expenditures are settled. All balances are expected to be repaid within one year from the date of the financial statements.

Transfers In and Transfers Out

		<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	1,290,000	
Major Fund:			
2012 GO Bond Fund			1,290,000
Non-Major Fund:			
2010 CDBG - Lake Ridgelea Sewer Fund		<u>20,854</u>	
Sub-Total Non-Major Fund		<u>1,310,854</u>	<u>1,290,000</u>
Proprietary Fund:			
Sewer Fund			<u>20,854</u>
Total	\$	<u>1,310,854</u>	<u>1,310,854</u>

Transfers were used primarily to move revenues from funds required to collect them to funds required to expend them. The transfers also provided funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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 Benefits	\$	34,694
Public Safety		614
Capital Projects		3,614,537
Debt Services		7,909
Total	\$	<u>3,657,754</u>

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.

All proprietary funds are accounted for on an economic measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their fund equity is reported in the total net assets of the Statement of Revenues, Expenses and Changes in Fund Net Assets. The city has chosen to follow FASB statements and interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The capital assets threshold for the proprietary funds is the same as it is governmental funds which is described in detail below.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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

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.

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%

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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.

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 and Other Deposits

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 \$7,911,366 and the bank balance was \$8,016,820.

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, 2012, none of the city's bank balance of \$8,016,820 was exposed to custodial credit risk.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

3. RECEIVABLES

A. Accounts Receivable

Accounts receivable at September 30, 2012, consisted of the following:

	General Fund	Enterprise Fund	Total
Utility Customers	\$	32,721	32,721
Other	54,265		54,265
Total	54,265	32,721	86,986

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, 2011, upon which the levy was based, was \$87,155,612. The taxes thus assessed 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, 2012. Property taxes that are not considered "available" have been reported as deferred revenues in the governmental funds Balance Sheet.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

5. CAPITAL ASSETS

	Balance 10-1-2011	Additions	Deletions	Completed Construction	Adjustments	Balance 9-30-2012
<u>Non-depreciable capital assets:</u>						
Land	\$ 36,658	661,547				698,205
Construction in progress	419,402	122,979		(477,408)		64,973
Total non-depreciable capital assets	456,060	784,526	0	(477,408)	0	763,178
<u>Depreciable capital assets:</u>						
Infrastructure	9,927,817	141,168				10,068,985
Buildings	320,526	401,318		477,408	(95,793)	1,103,459
Mobile equipment	523,221	446,784	5,887		4,767	968,885
Furniture and equipment	548,299	362,149	16,032			894,416
Total depreciable capital assets	11,319,863	1,351,419	21,919	477,408	(91,026)	13,035,745
<u>Less accumulated depreciation for:</u>						
Infrastructure	5,170,305	226,236				5,396,541
Buildings	6,219	14,582				20,801
Mobile equipment	61,024	139,484	664			199,844
Furniture and equipment	78,805	167,153	9,971			235,987
Total accumulated depreciation	5,316,353	547,455	10,635	0	0	5,853,173
Total depreciable capital assets, net	6,003,510	803,964	11,284	477,408	(91,026)	7,182,572
Governmental activities capital assets, net	\$ 6,459,570	1,588,490	11,284	0	(91,026)	7,945,750

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:

	Amount
General Government	\$ 383,219
Public Safety	109,491
Public Services	54,745
Total depreciation expense	\$ 547,455

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

The following are the amounts spent at September 30, 2012 on the different projects of the governmental activities of the City of Byram:

		<u>Amount</u>	<u>Remaining Commitments</u>
Gary Road	\$	60,213	1,686,987
Central Fire Station		<u>4,760</u>	<u>968,530</u>
Total	\$	<u>64,973</u>	<u>2,655,517</u>

6. LONG - TERM OBLIGATIONS

A. Changes in Long-Term Obligations

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

	<u>Balance 10-1-2011</u>	<u>Additions</u>	<u>Balance 9-30-2012</u>	<u>Amounts due within one year</u>
<u>General Obligation Bonds</u>				
Public Improvement	\$	5,000,000	5,000,000	185,000
Total General Obligation Bonds	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>185,000</u>
<u>Other Long - Term Debt</u>				
Motorola Lease Purchases	232,890		232,890	72,206
Motorola Lease Purchases	152,799		152,799	47,711
Sirens Commercial Lease		63,696	63,696	20,223
Quick Attack Vehicle Lease		125,671	125,671	30,696
Compensated Absences	<u>29,384</u>	<u>41,263</u>	<u>70,647</u>	
Total Other Long-Term Debt	<u>415,073</u>	<u>230,630</u>	<u>645,703</u>	<u>170,836</u>
Total General Long-Term Debt	\$ <u>415,073</u>	<u>5,230,630</u>	<u>5,645,703</u>	<u>355,836</u>

	<u>Balance 10-1-2011</u>	<u>Change</u>	<u>Balance 9-30-2012</u>
Bond Issuance Costs	\$ <u>0</u>	<u>97,700</u>	<u>97,700</u>

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

B. Currently Outstanding Long-Term Obligations

Other Long-term debt currently outstanding are as follows:

	Date of Obligation	Date of Maturity	Interest Rate	Original Amount	Balance 9-30-2012
<u>General Obligation Bonds</u>					
Public Improvement	8/1/12	8/1/32	2.4 - 3.4%	\$ 5,000,000	5,000,000
Total				<u>5,000,000</u>	<u>5,000,000</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%	232,890	232,890
Sirens Commercial Lease	11/10/11	11/1/14	6.36%	63,696	63,696
Quick Attack Vehicle Lease	2/15/12	10/31/15	3.65%	125,671	125,671
Total				<u>\$ 575,056</u>	<u>575,056</u>

C. Summary of Annual Debt Service Requirements To Maturity - Annual Principal & Interest

General Obligation Bonds

The City issues general obligation bonds to provide funds for City improvements. These are direct obligations and pledge the full faith and credit of the City. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 185,000	210,305	395,305
2014	190,000	132,780	322,780
2015	195,000	126,235	321,235
2016	205,000	119,435	324,435
2017	210,000	112,380	322,380
2018 - 2022	1,145,000	375,230	1,520,230
2023 - 2027	1,330,000	300,625	1,630,625
2028 - 2032	1,540,000	134,760	1,674,760
Total	\$ 5,000,000	1,511,750	6,511,750

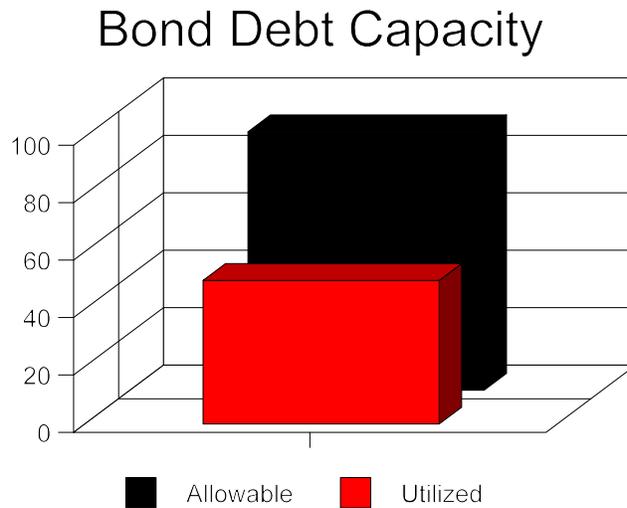
The amount of general obligation bonded debt that can be incurred by the City is limited by state statute. Total outstanding bonded debt during a year can be no greater than 15% of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, unless certain conditions, such as set forth in state statutes under Mississippi Code Ann., Section 21-33-303, have been met which increases the bonded debt to no greater than 20% of the assessed value. As of September 30, 2012, the amount of outstanding bonded debt was equal to 6% of property assessments of \$87,155,612, computed as follows:

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

Bonded Debt:	
General Obligation Bonds	\$ 5,000,000
Enterprise Funds	2,750,000
Less Excludable Debt:	
Enterprise Funds	<u>(2,750,000)</u>
Total Debt Subject to Limitation	\$5,000,000
Assessed Valuation	87,155,612
Percentage	5.74%

The following is a graphic representation of the bond debt capacity.



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>		
\$232,890	5-1-2011	10-1-2014		
<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
<u>June 30</u>				
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.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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

This debt is to be retired from the General Fund.

Sirens Commercial Lease

Annual debt service requirements to maturity are as follows:

<u>Original Amount</u>		<u>Issue Date</u>		<u>Maturity Date</u>
\$63,696		11-10-2011		11-01-2014
	Year Ending			
	June 30			
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$	20,223	3,155	23,378
2014		21,207	2,171	23,378
2015		22,266	1,112	23,378
Total	\$	<u>63,696</u>	<u>6,438</u>	<u>70,134</u>

This debt is to be retired from the General Fund.

Quick Attack Vehicle Lease

Annual debt service requirements to maturity are as follows:

<u>Original Amount</u>		<u>Issue Date</u>		<u>Maturity Date</u>
\$125,671		2-15-2012		10-31-2015

City of Byram, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2012

Year Ending June 30		Principal	Interest	Total
2013	\$	30,696	3,301	33,997
2014		30,530	3,468	33,998
2015		31,645	2,353	33,998
2016		32,800	1,198	33,998
Total	\$	125,671	10,320	135,991

This debt is to be retired from the General Fund.

7. BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS

The following is a summary of the capital assets of the Enterprise Fund at September 30, 2012:

	Balance 10-1-2011	Additions	Balance 9-30-2012
<u>Non-depreciable capital assets:</u>			
Construction in progress	\$	45,968	45,968
Total non-depreciable capital assets	0	45,968	45,968
<u>Depreciable capital assets:</u>			
Infrastructure		2,332,419	2,332,419
Mobile equipment		20,124	20,124
Furniture and equipment		110,634	110,634
Total depreciable capital assets	0	2,463,177	2,463,177
<u>Less accumulated depreciation for:</u>			
Infrastructure		26,663	26,663
Mobile equipment		608	608
Furniture and equipment		6,229	6,229
Total accumulated depreciation	0	33,500	33,500
Total depreciable capital assets, net	0	2,429,677	2,429,677
Business-type activities capital assets, net	\$	2,475,645	2,475,645

The following are the amounts spent at September 30, 2012 on the different projects of the business-type activities of the City of Byram:

	Amount	Remaining Commitments
Lake Ridgelea	\$ 45,968	968,530

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

8. BUSINESS-TYPE ACTIVITIES - LONG-TERM DEBT

The following is a detail of changes in the enterprise funds long-term debt.

	Balance 10-1-2011	Additions	Balance 9-30-2012	Amounts due within one year
<u>Other Long - Term Debt</u>				
State Revolving Loan	\$	2,750,000	2,750,000	115,864

Other Long-Term Debt

State Revolving Fund (SRF) Loan

<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>
\$2,750,000	9-1-2012	6-1-2032

Year Ending June 30	Principal	Interest	Total
2013	115,864	47,199	163,063
2014	117,908	45,155	163,063
2015	119,988	43,075	163,063
2016	122,105	40,958	163,063
2017	124,259	38,804	163,063
2018-2022	654,957	160,355	815,312
2023-2027	714,803	100,510	815,313
2028-2032	780,116	35,196	815,312
Total	\$ 2,750,000	511,252	3,261,252

This debt will be paid from the Sewer Fund.

9. 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 Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

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 12.93% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2012, 2011 and 2010 were \$243,198, \$158,066 and \$7,558, which equaled the required contributions for the year.

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; 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.

11. PRIOR PERIOD ADJUSTMENTS

A summary of significant fund equity adjustments are as follows:

Exhibit A-2 - Statement of Activities

<u>Explanation:</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Adjustments were made to properly present capital assets.	\$ (91,027)

12. INSURANCE PROCEEDS

The City of Byram received \$21,453 related to damages to vehicles resulting from accidents during the 2011-2012 fiscal year. In the government-wide Statement of Activities, the insurance proceeds were allocated to miscellaneous revenue.

City of Byram, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2012

13. SUBSEQUENT EVENTS

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the City of Byram evaluated the activity of the city through September 26, 2013 (the date the financial statements were available to be issued), and determined that no subsequent event have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required to be accounted for in another fund.

The City maintains one general fund.

City of Byram, Mississippi
 General Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ -	-	1,711,344	1,711,344
Property taxes	-	-	2,561,178	2,561,178
Licenses and permits	-	-	385,075	385,075
Fines and forfeitures	-	-	378,722	378,722
Investment income	-	-	17,693	17,693
Grants and donations	-	-	38,869	38,869
Charges for services	-	-	16,230	16,230
Intergovernmental programs	-	-	403,491	403,491
Other	-	-	19,048	19,048
Total Revenues	-	-	5,531,650	5,531,650
Expenditures:				
General government	-	-	1,552,142	(1,552,142)
Public safety	-	-	3,270,479	(3,270,479)
Public services	-	-	2,095,369	(2,095,369)
Culture and recreation	-	-	33,049	(33,049)
Total Expenditures	-	-	6,951,039	(6,951,039)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,419,389)	(1,419,389)
Other Financing Sources (Uses):				
Transfers in	-	-	1,290,000	1,290,000
Insurance proceeds	-	-	21,453	21,453
Inception of leases	-	-	189,367	189,367
Total Other Financing Sources (Uses)	-	-	1,500,820	1,500,820
Net Change in Fund Balances	-	-	81,431	81,431
Fund Balances - Beginning	-	-	4,122,896	4,122,896
Fund Balances - Ending	\$ -	-	4,204,327	4,204,327

City of Byram, Mississippi

Notes to the Required Supplemental Information
For the Year Ended September 30, 2012

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 is presented on the GAAP basis of accounting.

OTHER 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.

CITY OF BYRAM, MISSISSIPPI

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	Special Revenue Funds	Debt Service Fund <u>2010 GO Bond & Interest Fund</u>	Capital Projects Fund <u>CDBG - Lake Ridgelea Sewer Fund</u>	Total Nonmajor Governmental Funds (See Exhibit A-3)
Assets:				
Pooled cash and cash equivalents	\$ --	\$ --	\$ 500	\$ 500
Intergovernmental receivables	35,308	7,909	--	43,217
Total Assets	<u>\$ 35,308</u>	<u>\$ 7,909</u>	<u>\$ 500</u>	<u>\$ 43,717</u>
Liabilities and Fund Balances:				
Liabilities:				
Total Liabilities	--	--	--	--
Fund Balances:				
Restricted:				
Unemployment benefits	34,694	--	--	34,694
Public safety	614	--	--	614
Capital projects	--	--	500	500
Debt services	--	7,909	--	7,909
Total Fund Balances	<u>35,308</u>	<u>7,909</u>	<u>500</u>	<u>43,717</u>
Total Liabilities and Fund Balances	<u>\$ 35,308</u>	<u>\$ 7,909</u>	<u>\$ 500</u>	<u>\$ 43,717</u>

CITY OF BYRAM, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds	Debt Service Fund 2010 GO Bond & Interest Fund	Capital Projects Fund CDBG - Lake Ridgelea Sewer Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Investment income	\$ 93	\$ 7,909	\$ --	\$ 8,002
Grants and donations	21,818	--	--	21,818
Intergovernmental programs	614	--	25,613	26,227
Total Revenues	<u>22,525</u>	<u>7,909</u>	<u>25,613</u>	<u>56,047</u>
Expenditures:				
General government	976	--	--	976
Public services	--	--	45,967	45,967
Total Expenditures	<u>976</u>	<u>--</u>	<u>45,967</u>	<u>46,943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,549</u>	<u>7,909</u>	<u>(20,354)</u>	<u>9,104</u>
Other Financing Sources (Uses):				
Transfers in	--	--	20,854	20,854
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>20,854</u>	<u>20,854</u>
Net Change in Fund Balances	<u>21,549</u>	<u>7,909</u>	<u>500</u>	<u>29,958</u>
Fund Balances - Beginning	13,759	--	--	13,759
Fund Balances - Ending	<u>\$ 35,308</u>	<u>\$ 7,909</u>	<u>\$ 500</u>	<u>\$ 43,717</u>

SPECIAL REVENUE FUNDS

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 the following two (2) special revenue funds to accomplish the afore stated purposes:

1. Law Enforcement Fund
2. Unemployment Fund

City of Byram, Mississippi
 Law Enforcement Fund
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental programs	\$ 601	601	614	13
Total Revenues	601	601	614	13
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	601	601	614	13
Net Change in Fund Balances	601	601	614	13
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ 601	601	614	13

City of Byram, Mississippi
 Unemployment Fund
 Special Revenue Funds
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	-	93	93
Grants and donations	39,615	39,215	21,818	(17,397)
Total Revenues	39,615	39,215	21,911	(17,304)
Expenditures:				
General government	10,000	10,000	976	9,024
Total Expenditures	10,000	10,000	976	9,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,615	29,215	20,935	(8,280)
Net Change in Fund Balances	29,615	29,215	20,935	(8,280)
Fund Balances - Beginning	-	-	13,759	13,759
Fund Balances - Ending	\$ 29,615	29,215	34,694	5,479

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. 2012 GO Bond & Interest Fund

City of Byram, Mississippi
 2012 GO Bond & Interest Fund
 Debt Service Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income			\$ 7,909	7,909
Total Revenues	-	-	7,909	7,909
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	7,909	7,909
Net Change in Fund Balances	-	-	7,909	7,909
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 7,909	\$ 7,909

CAPITAL PROJECT FUNDS

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 funds are utilized by the municipality to account for its construction projects.

The City maintains only two capital project funds as follows:

1. CDBG - Lake Ridgelea Sewer Fund
2. 2012 GO Bond Fund

City of Byram, Mississippi
 CDBG - Lake Ridgelea Sewer Fund
 Capital Project Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-6

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Grants and Donations	\$ 592,000	45,968	-	(45,968)
Intergovernmental Programs	-	-	25,613	25,613
Total Revenues	<u>592,000</u>	<u>45,968</u>	<u>25,613</u>	<u>(20,355)</u>
Expenditures:				
Public Services	32,000	45,968	45,967	1
Miscellaneous	560,000	-	-	-
Total Expenditures	<u>592,000</u>	<u>45,968</u>	<u>45,967</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(20,354)	(20,354)
Other Financing Sources (Uses):				
Transfers out	-	-	20,854	20,854
Total Other Financing Sources (Uses)	-	-	<u>20,854</u>	<u>20,854</u>
Net Change in Fund Balances	-	-	500	500
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	-	<u>500</u>	<u>500</u>

City of Byram, Mississippi
 2012 GO Bond Fund
 Capital Project Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-7

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Investment income	\$ 200	200	1,737	1,537
Other revenue	145,000	145,000	-	(145,000)
Total Revenues	145,200	145,200	1,737	(143,463)
Expenditures:				
Debt service:				
Other	-	-	97,700	(97,700)
Total Expenditures	-	-	97,700	(97,700)
Excess (Deficiency) of Revenues Over (Under) Expenditures	145,200	145,200	(95,963)	(241,163)
Other Financing Sources (Uses):				
Transfers out	(1,284,000)	(1,284,000)	(1,290,000)	(6,000)
Bond proceeds	4,902,300	4,902,300	5,000,000	97,700
Total Other Financing Sources (Uses)	3,618,300	3,618,300	3,710,000	91,700
Net Change in Fund Balances	3,763,500	3,763,500	3,614,037	(149,463)
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ 3,763,500	3,763,500	3,614,037	(149,463)

ENTERPRISE FUND

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 Byram, Mississippi operates the following Enterprise Fund:

Sewer Fund - This enterprise fund is financed with public improvement funds that accounts for resources and expenditures with the construction of eligible pollution control projects.

City of Byram, Mississippi
 Sewer Fund
 Enterprise Fund
 Budgetary Comparison Schedule
 For the year ended September 30, 2012

Exhibit C-8

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	294,016	347,516	244,900	(102,616)
Total Revenues	<u>294,016</u>	<u>347,516</u>	<u>244,900</u>	<u>(102,616)</u>
Expenditures:				
Personal services - salaries and wages	53,122	48,872	36,445	12,427
Personal services - employee benefits	-	-	11,990	(11,990)
Purchased professional and technical services	30,800	64,400	58,890	5,510
Supplies	23,800	43,150	39,609	3,541
Depreciation	-	-	33,500	(33,500)
Miscellaneous	2,904,717	2,940,855	411,872	2,528,983
Total Expenditures	<u>3,012,439</u>	<u>3,097,277</u>	<u>592,306</u>	<u>12,427</u>
Operating Income (Loss)	<u>(2,718,423)</u>	<u>(2,749,761)</u>	<u>(347,406)</u>	<u>2,402,355</u>
Non-Operating Revenues (Expenses):				
Loan proceeds	2,750,000	2,750,000		(2,750,000)
Interest revenue	100	100	34	(66)
Other	-	-	126	126
Total Non-Operating Revenues (Expenses)	<u>2,750,100</u>	<u>2,750,100</u>	<u>160</u>	<u>(2,749,940)</u>
Net Income (Loss) before Operating Transfers	<u>31,677</u>	<u>339</u>	<u>(347,246)</u>	<u>(347,585)</u>
Transfers out	<u>(29,402)</u>		<u>(20,854)</u>	<u>(20,854)</u>
Net Income (Loss)	<u>2,275</u>	<u>339</u>	<u>(368,100)</u>	<u>(368,439)</u>
Net Assets- Beginning	-	-	-	-
Net Assets - Ending	<u>\$ 2,275</u>	<u>339</u>	<u>(368,100)</u>	<u>(368,439)</u>

City of Byram, Mississippi
 Schedule of Surety Bonds for Municipal Officials
 September 30, 2012

Schedule D-1

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

	Date of Obligation	Date of Maturity	Interest Rate	Original Amount	Balance October 1, 2011	<u>Current Year Transactions</u>		Balance September 30, 2012
						Additions	Restatements	
Long-Term Debt								
General Obligation Bonds								
Public Improvement	8/1/2012	8/1/2032	2.4-3.4%	5,000,000	\$ -	5,000,000	-	5,000,000
Total General Obligation Bonds					\$ -	5,000,000	-	5,000,000
Other Long-Term Debt								
Motorola Lease Purchase	6/1/2011	10/1/2014	3.82%	152,799	\$ 152,799	-	-	152,799
Motorola Lease Purchase	5/1/2011	10/1/2014	3.82%	232,890	232,890	-	-	232,890
Sirens Commercial Lease	11/10/2011	11/1/2014	6.36%	63,696	-	63,696	-	63,696
Quick Attack Vehicle Lease	2/15/2012	10/31/2015	3.65%	125,671	-	125,671	-	125,671
Total Other Long-Term Debt					\$ 385,689	189,367	-	575,056
Total Long-Term Debt					\$ 385,689	5,189,367	-	5,575,056
Enterprise Fund Type								
Other Long-Term Debt								
State Revolving Loan	9/1/2012	6/1/2032	1.750%	2,750,000	\$ -	2,750,000	-	2,750,000

City of Byram, Mississippi
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 20, 2012

Schedule D-3

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Passed-through Mississippi Department of Public Safety		
Public Safety Partnership and Community Policing Grant	16.710	\$ 19,370
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17,404
Total passed-through Mississippi Department of Public Safety		<u>36,774</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed-through Mississippi Development Authority		
Community Development Block Grants	14.228	25,613
Total passed-through Mississippi Development Authority		<u>25,613</u>
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>		
Passed-through the Mississippi Department of Environmental Quality		
ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act	66.458	2,750,000
Total US Environmental Protection Agency		<u>2,750,000</u>
 Total for all Federal Awards		 \$ <u><u>2,812,387</u></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 basic financial statements.

III

STATISTICAL SECTION

This part of the City of Byram’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.

STATISTICAL SECTION

Financial Trends

Table 1	General Governmental Expenditures by Function
Table 2	General Revenues by Source
Table 3	Fund Balance and Net Assets Information
Table 4	Schedule of Changes in Net Assets
Table 5	Schedule of Changes in Fund Balance

Revenue Capacity

Table 6	Assessed and Actual Value of Property
Table 7	Property Tax Rates - Direct and Overlapping Governments

Debt Capacity

Table 8	Computation of Direct and Overlapping Bonded Debt
Table 9	Ratios of Outstanding Debt by Type
Table 10	Legal Debt Margin Information
Table 11	Ratio of Net General Obligation Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita
Table 12	Ratio of Annual Debt Service Expenditures for G.O. Bonded Debt to Total Governmental Expenditures

Demographic and Economic Information

Table 13	Construction Activity
Table 14	Property Value and Construction
Table 15	Demographic and Economic Statistics
Table 16	Education Related Information
Table 17	Full-time Equivalent Government Employees by Function
Table 18	Operating Indicators by Function
Table 19	Capital Assets Indicators by Function
Table 20	Miscellaneous Statistics

City of Byram

Table 1

General Governmental Expenditures by Function

Fiscal Years Beginning Year of Incorporation

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Services</u>	<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Total</u>
2012	\$ 1,553,118	\$ 3,270,479	\$ 2,141,336	\$ 33,049	\$ 97,700	\$ 7,095,682
2011	993,846	2,920,942	480,740	18,945	-	4,414,473
2010	697,009	469,942	98,528	-	-	1,265,479
2009	-	-	-	-	-	-

City of Byram
Table 2
General Revenues by Source
 Fiscal Years Beginning Year of Incorporation
 (amounts expressed in thousands)

Fiscal Year	Taxes	Licenses & Permits	Inter- Governmental Revenue	Charges for Services	Fines	Grants & Donations	Investment Income	Misc.	Total
2012	\$ 4,272	\$ 385	\$ 430	\$ 16	\$ 379	\$ 61	\$ 27	\$ 19	\$ 5,589
2011	4,070	386	542	18	163	-	43	18	5,240
2010	3,800	210	144	1	-	-	19	15	4,189
2009	-	-	-	-	-	-	-	-	-

City of Byram

Table 3

Fund Balance and Net Assets Information
 Fiscal Years Beginning Year of Incorporation
 (amounts expressed in thousands)

	2012	2011	2010	2009
<u>Governmental Funds Fund Balances</u>				
General Fund				
Unassigned	\$4,204	\$4,123	\$2,923	\$0
Total General Fund	4,204	4,123	2,923	-
All Other Governmental Funds				
Restricted:				
Unemployment	\$35	\$14	\$1	\$0
Public Safety	1	-	-	-
Capital Projects	3,614	-	-	-
Debt Service	8	-	-	-
Unassigned:	4,204	-	-	-
Total All Other Governmental Funds	<u>\$7,862</u>	<u>\$14</u>	<u>\$1</u>	<u>\$0</u>
<u>Government-Wide Funds Net Assets</u>				
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$2,370	\$6,074	\$5,421	\$0
Restricted	3,658	14	1	-
Unrestricted	4,231	4,093	2,923	-
Total Governmental Activities	<u>\$10,259</u>	<u>\$10,181</u>	<u>\$8,345</u>	<u>\$0</u>
Business-Type Activities:				
Invested in Capital Assets, Net of Related Debt	(\$274)	\$0	\$0	\$0
Restricted	-	-	-	-
Unrestricted	(94)	-	-	-
Total Business-Type Activities	<u>(\$368)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$2,096	\$6,074	\$5,421	\$0
Restricted	3,658	14	1	-
Unrestricted	4,137	4,093	2,923	-
Total Primary Government	<u>\$9,891</u>	<u>\$10,181</u>	<u>\$8,345</u>	<u>\$0</u>

*Fund Balance information with respect to these categories for years 2003-2010 is unavailable before GASB 54 implementation.

City of Byram
Table 4
Schedule of Changes in Net Assets, Last Ten Fiscal Years
Fiscal Years Beginning with Year of Incorporation
(accrual basis of accounting)

	2012	2011	2010	2009
Expenses				
Governmental activities:				
General government	\$2,166,967	\$1,262,270	\$882,958	\$0
Public safety	1,255,309	1,548,243	144,085	-
Public services	2,196,081	521,605	125,092	-
Culture and recreation	33,049	18,945	-	-
Total governmental activities expenses	<u>5,651,406</u>	<u>3,351,063</u>	<u>1,152,135</u>	<u>-</u>
Business-type activities				
Public utility	592,306	-	-	-
Total business-type activities expenses	<u>592,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u><u>\$6,243,712</u></u>	<u><u>\$3,351,063</u></u>	<u><u>\$1,152,135</u></u>	<u><u>\$0</u></u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$1,161,125	\$682,135	\$210,740	\$0
Operating grants and contributions	250,887	418,823	130,678	-
Total governmental activities program revenues	<u>1,412,012</u>	<u>1,100,958</u>	<u>341,418</u>	<u>-</u>
Business-type activities:				
Charges for services:				
Sewer	32,938	-	-	-
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>32,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u><u>\$1,444,950</u></u>	<u><u>\$1,100,958</u></u>	<u><u>\$341,418</u></u>	<u><u>\$0</u></u>
Net (Expense)/Revenue				
Governmental activities	(\$4,239,394)	(\$2,250,105)	(\$810,717)	\$0
Business-type activities	<u>(559,368)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total primary government net expense	<u><u>(\$4,798,762)</u></u>	<u><u>(\$2,250,105)</u></u>	<u><u>(\$810,717)</u></u>	<u><u>\$0</u></u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property taxes	\$2,561,178	\$2,542,079	\$2,307,169	\$0
Sales taxes	1,711,344	1,527,692	1,493,274	-
Other taxes	30,042	20,883	14,969	-
Grants and contributions	614	-	-	-
Unrestricted investment income	27,432	43,350	19,482	-
Miscellaneous	57,632	5,977	13,667	-
Transfers	20,854	-	-	-
Total governmental activities	<u>4,409,096</u>	<u>4,139,981</u>	<u>3,848,561</u>	<u>-</u>
Business-type activities:				
Unrestricted investment income	34	-	-	-
Miscellaneous	212,088	-	-	-
Transfers	<u>(20,854)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>191,268</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$4,600,364</u></u>	<u><u>\$4,139,981</u></u>	<u><u>\$3,848,561</u></u>	<u><u>\$0</u></u>
Change in Net Assets				
Governmental activities	\$169,702	\$1,889,876	\$3,037,844	\$0
Business-type activities	<u>(368,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>(\$198,398)</u></u>	<u><u>\$1,889,876</u></u>	<u><u>\$3,037,844</u></u>	<u><u>\$0</u></u>

City of Byram

Table 5

Schedule of Changes in Fund Balance
 Fiscal Years Beginning Year of Incorporation
 (modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues				
Sales taxes	\$1,711,344	\$1,527,692	\$1,493,274	\$0
Property taxes	2,561,178	2,542,079	2,307,169	0
Licenses, fees, and permits	385,075	386,048	210,340	0
Fines and forfeitures	378,722	163,268	0	0
Investment income	27,432	43,350	19,482	0
Grants and donations	60,687	0	0	0
Charges for services	16,230	17,737	400	0
Intergovernmental programs	429,718	542,253	144,384	0
Other revenue	19,048	18,409	14,930	0
Total Revenues	<u>5,589,434</u>	<u>5,240,836</u>	<u>4,189,979</u>	<u>0</u>
Expenditures				
General government	1,553,118	993,846	697,009	0
Public safety	3,270,479	2,920,942	469,942	0
Public services	2,141,336	480,740	98,528	0
Culture and recreation	33,049	18,945	0	0
Debt service:				
Other	97,700	0	0	0
Total Expenditures	<u>7,095,682</u>	<u>4,414,473</u>	<u>1,265,479</u>	<u>0</u>
Excess of revenues over/ (under) expenditures	<u>(1,506,248)</u>	<u>826,363</u>	<u>2,924,500</u>	<u>0</u>
Other Financing Sources (Uses)				
Issuance of bonds/ loan proceeds	5,000,000	0	0	0
Inception of leases	189,367	385,689	0	0
Insurance proceeds	21,453	0	0	0
Transfers from other funds	1,310,854	0	0	0
Transfers to other funds	(1,290,000)	0	0	0
Other	0	103	0	0
Total other financing sources (uses)	<u>5,231,674</u>	<u>385,792</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$3,725,426</u>	<u>\$1,212,155</u>	<u>\$2,924,500</u>	<u>\$0</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

City of Byram
Table 6
Assessed and Actual Value of Property (1)
 Fiscal Years Beginning Year of Incorporation
 (amounts expressed in thousands)

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		UTILITIES		VEHICLES		TOTALS		% Assessed Increase (Decrease)
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
2012	\$ 64,548,959	\$ 471,849,115	\$ 4,432,446	\$ 29,549,640	\$ 3,059,072	\$ 20,393,813	\$ 15,115,135	\$ 50,383,783	\$ 87,155,612	\$ 572,176,352	43431.2%
2011	62,257,404	455,097,982	4,186,930	27,912,867	3,829,528	25,530,187	14,638,321	48,794,403	84,912,183	557,335,439	-2.6%
2010	61,203,466	447,393,757	4,339,798	28,931,987	0	0	9,239,736	30,799,120	74,783,000	507,124,864	100.0%
2009	0	0	0	0	0	0	0	0	0	0	0.0%

(1) Assessment rates are as follows:

Real Property - Assessed at 10% of actual value for homeowner-occupied, 15% for all others.

Personal Property - Assessed at 15% of actual value.

Utilities - Assessed at 15% of actual value.

Vehicles - Assessed at 30% of actual value.

Above schedule uses estimated combined assessment ratio of 13.68% for real property.

(2) The weighted average of all individual direct rates is 14.9%.

Source: Hinds County Tax Assessor

(3) Incorporation was effective in June, 2009

0.152322989

City of Byram
Table 7
Property Tax Rates
Direct and Overlapping Governments
 Fiscal Years Beginning Year of Incorporation

Fiscal Year	City of Byram			Hinds County			School District			Grand Total Millage
	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
2012	30	4.10	34.10	42.75	2.455	45.21	48.97	12.03	61.00	140.31
2011	30	0.00	30.00	41.96	3.245	45.21	49.87	11.13	61.00	136.21
2010	30	0.00	30.00	41.96	3.245	45.21	48.17	12.81	60.98	136.19
2009	30	0.00	30.00	39.91	3.245	43.15	48.13	15.11	63.24	136.39

Source: City of Byram

City of Byram
Table 8
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
Current and Three Years Ago
(amounts expressed in thousands)

Fiscal Year	Jurisdiction	(1) Net General Obligation Bonded Debt Outstanding	(2) Percentage Applicable to Byram	Amount Applicable to Byram
Direct:				
2012	City of Byram	\$5,000,000	100.00%	\$5,000,000
Overlapping:				
2012	Hinds County	40,370,000	3.72%	1,501,764
2012	Hinds County Schools	25,783,000	19.41%	5,004,480
Total Overlapping		<u>66,153,000</u>		<u>6,506,244</u>
Total Direct & Overlapping		<u>\$71,153,000</u>		<u>\$11,506,244</u>
Direct:				
2009	City of Byram	\$0	100.00%	\$0
Overlapping:				
2009	Hinds County	46,745,000	3.72%	1,738,914
2009	Hinds County Schools	29,753,000	19.41%	5,775,057
Total Overlapping		<u>76,498,000</u>		<u>7,513,971</u>
Total Direct & Overlapping		<u>\$76,498,000</u>		<u>\$7,513,971</u>

(1) Total bonded G.O. debt less amount in debt service funds for retirement of bonds.

(2) The percentage used is based on taxable assessed valuation.

Source: Hinds County School District, Hinds County

City of Byram
Table 9
Ratios of Outstanding Debt by Type
Fiscal Years Beginning Year of Incorporation

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita
	General Obligation Bonds	Other Debt	General Obligation Bonds	State Revolving Fund Loans	Other Debt			
2012	\$ 5,000,000	\$ 575,056	\$ -	\$ 2,750,000	\$ -	\$ 8,325,056	2.82%	710
2011	0	415,073	0	0	0	415,073	0.15%	36
2010	0	6,450	0	0	0	6,450	0.00%	1
2009	0	0	0	0	0	0	0.00%	0

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(a) See Table 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Byram
Table 10
Legal Debt Margin Information
Fiscal Years Beginning Year of Incorporation
(amounts expressed in thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed Value of Property	\$87,155,612	\$84,912,183	\$74,783,000	\$0
Debt Limit, 15% of Assessed Valuation	13,073,342	12,736,827	11,217,450	0
Amount of Debt Applicable to Limit:				
General Long-Term Debt	5,000,000	0	0	0
G.O. Public Utility Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Bonded Debt (a)	5,000,000	0	0	0
Less:				
G. O. Public Utility Bonds				
Total Excluded (b)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Limit (a)-(b)	5,000,000	0	0	0
Legal Debt Margin	<u>\$13,073,342</u>	<u>\$12,736,827</u>	<u>\$11,217,450</u>	<u>\$0</u>
Total Net Debt Applicable to the Limit as a percentage of debt limit	38.25%	0.00%	0.00%	0.00%

City of Byram

Table 11

**Ratio of Net General Obligation Debt to Assessed Value and
Net General Obligation Bonded Debt Per Capita**

Fiscal Years Beginning Year of Incorporation

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Assessed Valuation (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt Per Capita (4)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>
2012	11,721	\$ 87,155,612	\$ 5,000,000	0	\$ 5,000,000	427	5.74%
2011	11,605	84,912,183	0	0	0	0	0.00%
2010	11,489	74,783,000	0	0	0	0	0.00%
2009	11,373	0	0	0	0	0	0.00%

(1) Bureau of the Census established 2000 and 2010 populations.

Interim figures are based on estimates by the Planning District and residential construction permits.

(2) From Table 7.

(3) General obligation bonds reported in the Enterprise Fund and Special Assessment debt have been excluded.

(4) Expressed in actual dollars.

City of Byram

Table 12

**Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total Governmental Expenditures**

Fiscal Years Beginning Year of Incorporation

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2012	0	0	0	\$7,095,682	0.00%
2011	0	0	0	4,414,473	0.00%
2010	0	0	0	1,265,479	0.00%
2009	0	0	0	0	0.00%

City of Byram
Table 13
Construction Activity (1)
 Calendar Years Beginning Year of Incorporation
 (amounts expressed in actual dollars)

Calendar Year	Non-Residential		Residential			Alterations	Total Value	% Change
	Number of Permits	Value	Number of Permits	Increase In Family Units	Value			
2012	202	\$4,948,403	28	28	\$2,887,525	5	\$7,835,933	-37.6%
2011	207	10,013,349	18	18	2,552,460	2	12,565,811	-11.3%
2010	179	10,200,046	39	39	3,967,710	4	14,167,760	429.7%
2009	112	680,845	21	21	1,994,000	0	2,674,845	0.0%

(1) Source: City of Byram Building Permit Section

City of Byram
Table 14
Property Value and Construction
 Calendar Years Beginning Year of Incorporation
 (amounts expressed in thousands)

Fiscal Year	Real Property Value (2)	Non-Residential Construction (1)		Residential Construction (1)		Additions/ Alterations (1)	
		Number of Units	Value	Number of Units	Value	Number of Units	Value
2012	\$471,849,115	202	\$4,948	28	\$2,888	5	\$7,836
2011	455,097,982	207	10,013	18	2,552	2	12,566
2010	447,393,757	179	10,200	39	3,968	4	14,168
2009	0	112	681	21	1,994	0	2,675

(1) From Table 16

(2) Total estimated actual value from Table 7

Source: City of Byram

City of Byram

Table 15

Demographic and Economic Statistics

Calendar Years Beginning Year of Incorporation

<u>Calendar Year</u>	<u>Population</u>		<u>Per Capita Personal Income</u>	<u>Total Personal Income</u>	<u>Median Age</u>		<u>County School Enrollment</u>	<u>Unemployment Rate</u>
2012	11,721		\$25,201	\$295,380,921	32.4	1	6,288	8.4%
2011	11,605	1	24,267	281,618,535	32.4	1	6,404	9.6%
2010	11,489		21,616	248,346,224	32.4		6,574	9.4%
2009	11,373	1	20,689	235,295,997	32.4	1	6,706	8.5%

Sources:

U. S. Census Bureau
 Economic and Community Development
 U. S. Labor Bureau Statistics
 Hinds County School District

Notes:

1) estimated

City of Byram

Table 16

Education Related Information

Fiscal Years Beginning Year of Incorporation

<u>Fiscal Year</u>	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>Total County Enrollment</u>
2012	2	1	6,288
2011	2	1	6,404
2010	2	1	6,574
2009	2	1	6,706

Source: Hinds County School District

City of Byram
Table 17
Full-time Equivalent Government Employees By Function
Fiscal Years Beginning Year of Incorporation

Function/Program	2012	2011	2010	2009
General government	7	6	2	0
Public safety (1)	41	40	6	0
Public services	13	7	4	0
Culture and recreation	0	0	0	0
Total	61	53	12	0

Source: City of Byram

Notes:

(1) Includes Fire and Police

City of Byram
Table 18
Operating Indicators by Function
Fiscal Years Beginning Year of Incorporation

Function/Program	2012	2011	2010	2009
General government				
Building permits issued	227	188	242	-
Building inspections conducted	308	338	465	-
Public safety				
Police				
Arrests	436	198	-	-
Traffic violations	3,250	2,532	-	-
Parking violations	83	10	-	-
Fire				
Number of emergency calls answered	960	-	-	-
Number of inspections conducted	200	-	-	-
Fire insurance rating	7	7	7	7
Public services				
Centerline miles of road maintained:	188.51	188.51	-	-
Potholes repaired	1,800	1,200	-	-
Sanitation				
Sewer				
Average daily sewage treatment (thousands of gallons)	525,000	-	-	-

Source: City of Byram

City of Byram
Table 19
Capital Assets Indicators by Function
 Fiscal Years Beginning Year of Incorporation

Function/Program	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public safety				
Police				
Number of stations	1	1	-	-
Patrol units	26	24	2	-
Public services				
Street miles	189	189	189	189
Traffic Signals	6	6	4	4
Sanitation				
Sewer				
Sanitary sewers (miles)	29	-	-	-
Storm sewers (miles)	3	-	-	-
Treatment capacity (thousands of gallons)	191,625	-	-	-

Source: City of Byram

City of Byram
Table 20
Miscellaneous Statistics

Date of Incorporation	6/16/2009	Other:	
Form of Government	Mayor/Aldermen	Average selling price of homes	\$137,800
Population (Estimated Census)	11,721	Median income-- household	\$57,466
Area in square miles	18.36	Major highways	1
Number of employees (excluding police and fire)	20	Nearest railroads:	Canadian National
Police Protection:			Illinois Central
Number of sworn officers	24	Nearest commercial airport:	Jackson- Medgar Wiley Evers
Number of residents per sworn officer	488		Runway length 8,500 feet
Education:			International Airport
Percentage of Population (> 25 yrs.) with		Nearest general airport	Hawkins Field Airport
High school diploma	91.70%		Runway length 5,387 feet
Bachelor's degree	27.1%	Nearest full-service port	Port of Vicksburg, 60 miles
		Name of waterway	Mississippi River

Source:

http://en.wikipedia.org/wiki/Byram,_Mississippi

City of Byram

U. S. Census Bureau <http://quickfacts.census.gov/qfd/states/28/2810140.html>

www.byram-ms.us Byram Police 2012 annual report

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, business-type 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, 2012, which collectively comprise the City of Byram's basic financial statements and have issued our report thereon dated September 26, 2013. 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
September 26, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and Board of Aldermen
City of Byram, Mississippi

Compliance

We have audited the compliance of the City of Byram, Mississippi with the types of compliance requirements described in the (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The city's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the city's management. Our responsibility is to express an opinion on the city's compliance based on our audit.

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. Our audit does not provide a legal determination on the city's compliance with those requirements.

In our opinion, the City of Byram, Mississippi complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

The management of the City of Byram, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the city's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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

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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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, the Board of Aldermen, management, others within the entity, entities with accreditation overview, 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
September 26, 2013

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, 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 Byram, Mississippi as of and for the year ended September 30, 2012, which collectively comprise the City of Byram's basic financial statements and have issued our report thereon dated September 26, 2013. 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 those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with 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
September 26, 2013

Certified Public Accountants

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Byram, Mississippi

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2012

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. |

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: | Unqualified |
| 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: | |
| | a) CFDA 66.458 - ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act | |
| 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.