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**TOWN OF EDWARDS, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Marcus L. Wallace  
and Honorable Members of the Board of Aldermen  
Town of Edwards, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Edwards, Mississippi (the Town), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

## **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, and each major fund of the Town of Edwards, Mississippi, as of and for the year ended September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### *Change in Accounting Principles*

As explained in Note 8 and 15 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27*.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 10 and 43 - 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Edwards, Mississippi's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basis financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Town of Edwards, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Banks, Finley, White & Co.*  
Ridgeland, Mississippi  
November 30, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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TOWN OF EDWARDS, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2015

**INTRODUCTION**

The discussion and analysis of the Town of Edwards, Mississippi's annual financial performance provides an overall narrative review of the Town's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the Town's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

**FINANCIAL HIGHLIGHTS**

The assets of the Town of Edwards, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$3,248,718 (*net positions*). Of this amount, \$601,272 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net positions increased by \$34,478. This is due primarily to a increase in grant revenues in the general fund and enterprise fund.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$160,202, an increase of \$92,807 in comparison with the prior year. \$24,491 of this total amount is *available for spending* at the Town's discretion (*Unreserved, undesignated fund balance*).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,491, or 6.41% of total general fund expenditures.

The Town's total debt decreased by \$41,734 or 14.12% during the current fiscal year. The key factor in this decrease was due to the retirement of current debt.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

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

TOWN OF EDWARDS, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2015

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

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

#### FUND FINANCIAL STATEMENTS

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

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

TOWN OF EDWARDS, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2015

**NET POSITION**

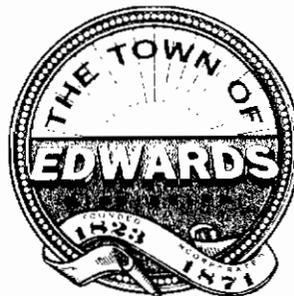
A condensed version of the government-wide Statement of Net Position is presented as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
<b><u>Assets:</u></b>						
Current and other assets	\$ 203,918	\$ 101,512	\$ 137,252	\$ 246,474	\$ 341,170	\$ 347,986
Internal balances	-	-	-	-	-	-
Capital assets	<u>574,654</u>	<u>613,688</u>	<u>2,859,900</u>	<u>2,938,918</u>	<u>3,434,554</u>	<u>3,552,606</u>
Total Assets	<u>778,572</u>	<u>715,200</u>	<u>2,997,152</u>	<u>3,185,392</u>	<u>3,775,724</u>	<u>3,900,592</u>
Deferred outflow of resources	<u>8,469</u>	-	-	-	<u>8,469</u>	-
<b><u>Liabilities:</u></b>						
Current and other liabilities	52,605	51,336	118,276	270,405	170,881	321,741
Long-term liabilities	761	4,690	253,159	290,964	253,920	295,654
Net pension liability	<u>92,250</u>	-	-	-	<u>92,250</u>	-
Total Liabilities	<u>145,616</u>	<u>56,026</u>	<u>371,435</u>	<u>561,369</u>	<u>517,051</u>	<u>617,395</u>
Deferred inflow of resources	<u>18,424</u>	-	-	-	<u>18,424</u>	-
<b><u>Net Position:</u></b>						
Invested in capital assets (net)	574,654	613,688	2,017,523	2,017,523	2,592,177	2,631,211
Restricted	-	-	55,269	38,931	55,269	38,931
Unrestricted	<u>48,347</u>	<u>45,485</u>	<u>552,925</u>	<u>567,569</u>	<u>601,272</u>	<u>613,054</u>
Total Net Position	<u>\$ 623,001</u>	<u>\$ 659,173</u>	<u>\$ 2,625,717</u>	<u>\$ 2,624,023</u>	<u>\$ 3,248,718</u>	<u>\$ 3,283,196</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position 79.79% are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after September 30, 2015 less any debt used to acquire assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets 1.70% represent resources that are subject to restrictions that are



MARCUS L. WALLACE, Mayor

JEAN WHITE, Town Clerk

ARKAMIA HUNTER, Deputy Clerk

BOARD OF ALDERMEN

CHARLES RATHER, Ward 1 • KEDRA WILLIAMS-HARRIS, Ward 2 • MARILYN MCGEE BRYANT, Ward 3  
WILSON "LARRY" JONES, Ward 4 • LEON "DR. DIRT" GOLDSBERRY, At Large

TOWN OF EDWARDS, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2015

**CHANGES IN NET POSITION**

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

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
<b>Revenues:</b>						
<b>Program Revenue:</b>						
Charges for services	\$ 49,744	\$ 48,853	\$ 345,587	\$ 338,498	\$ 395,331	\$ 387,351
Operating grants and contributions	95,888	241,920	-	-	95,888	241,920
Capital grants and contributions	-	-	47,313	422,741	47,313	422,741
<b>General Revenue:</b>						
Property taxes	199,305	204,544	-	-	199,305	204,544
Sales taxes	75,585	76,761	-	-	75,585	76,761
Franchise taxes	20,210	19,567	-	-	20,210	19,567
Licenses and permits	3,769	3,394	-	-	3,769	3,394
Interest earnings	-	-	-	-	-	-
Fines and forfeits	5,550	2,657	-	-	5,550	2,657
Other	5,362	5,573	23,566	18,731	28,928	24,304
<b>Total Revenue</b>	<b>455,413</b>	<b>603,269</b>	<b>416,466</b>	<b>779,970</b>	<b>871,879</b>	<b>1,383,239</b>
<b>Program Expenses:</b>						
<b>General Government</b>						
Finance & administrative	144,056	139,138	-	-	144,056	139,138
Judicial	11,768	11,808	-	-	11,768	11,808
<b>Public Safety</b>						
Fire Protection	-	-	-	-	-	-
Police protection	146,389	147,369	-	-	146,389	147,369
Animal Control	-	-	-	-	-	-
<b>Public Works</b>						
Streets	98,690	105,458	-	-	98,690	105,458
Airports	-	-	-	-	-	-
Community development	-	235,618	-	-	-	235,618
Summer feeding program	5,595	-	-	-	5,595	-
Interest on long term debt	282	902	-	-	282	902
Water/sewer	-	-	394,774	358,013	394,774	358,013
<b>Total Expenses</b>	<b>406,780</b>	<b>640,293</b>	<b>394,774</b>	<b>358,013</b>	<b>801,554</b>	<b>998,306</b>
<b>Increase in Net Position Before Transfers and Special Items</b>	<b>48,633</b>	<b>(37,024)</b>	<b>21,692</b>	<b>421,957</b>	<b>70,325</b>	<b>384,933</b>
Transfers and Special Items	20,000	20,000	(20,000)	(20,000)	-	-
<b>Change in Net Position</b>	<b>68,633</b>	<b>(17,024)</b>	<b>1,692</b>	<b>401,957</b>	<b>70,325</b>	<b>384,933</b>
<b>Net Position Beginning</b>	<b>659,173</b>	<b>676,197</b>	<b>2,624,018</b>	<b>2,222,061</b>	<b>3,283,191</b>	<b>2,898,258</b>
Prior period adjustment	(104,805)	-	-	-	(104,805)	-
<b>Net Position, Oct. 1 as restated</b>	<b>554,368</b>	<b>676,197</b>	<b>2,624,018</b>	<b>2,222,061</b>	<b>3,178,386</b>	<b>2,898,258</b>
<b>Net Position Ending</b>	<b>\$ 623,001</b>	<b>\$ 659,173</b>	<b>\$ 2,625,710</b>	<b>\$ 2,624,018</b>	<b>\$ 3,248,711</b>	<b>\$ 3,283,191</b>

TOWN OF EDWARDS, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2015

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

**Governmental activities.** Governmental activities increased the Town's net position by \$36,172, accounting for 51.44% of the total growth in the Town's net position. Key elements of this increase are as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

- ◆ The Finance and administrative department federal grant revenue decrease by \$146,032 or 43.23% during the year.

**Business-type activities.** Business-type activities increased the Town's net position by \$1,692, accounting for 0.06% of the total growth in the Town's net assets. Key elements of this increase are as follows:

- ◆ Charges for services for the business-type activities increased by \$7,089 or 2.09% during the year.
- ◆ Grants and contributions not restricted for the business-type activities decreased by \$375,428 or 88.81% during the year.
- ◆ Operating expenses for the business-type activities increased by \$36,761 or 10.27% during the year.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

The Town's governmental funds reported combined net positions of \$623,001, which represents an increase of \$36,172 in comparison to the previous balance. In addition, the Town's general fund, which is available for spending at the Town's discretion, reported a net position of \$24,491.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

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

The Town's governmental funds reported combined fund balances of \$623,001, which represents an increase of \$36,172 in comparison to the previous balance. In addition, the Town's general fund, which is available for spending at the Town's discretion, reported a net position of \$24,491.

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Management's Discussion and Analysis  
September 30, 2015

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

**GENERAL FUND BUDGET HIGHLIGHTS**

The Town's general fund is required to adopt a budget. The budget is amended as necessary and appropriations increased as a result of the rising cost described in the preceding section.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - As of September 30, 2015, the Town's total capital assets were \$4,609,444. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. This amount represents a gross increase, before depreciation, of \$45,045 from the previous year. The majority of this increase is due to the construction and renovation of the police station, and improvements made to the sewer system during the fiscal year.

Total accumulated depreciation as of September 30, 2015 was \$1,252,514, including \$163,067, of depreciation expense for the year. The balance in total net capital assets was \$3,434,584 at year-end. Additional information on the Town's capital assets can be found in Note 6 on pages 28 of this report.

**Debt Administration** - As of September 30, 2015, the Town had \$304,825 in long-term debt outstanding. This includes general obligation bonds, revenue bonds, special assessment debt, obligations under capital leases, notes payable and compensated absences payable. Of this debt, \$45,950 is due within one year.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Town of Edwards at 310 Front Street, P. O. Box 215, Edwards, Mississippi 39066.

**FINANCIAL STATEMENTS**

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TOWN OF EDWARDS, MISSISSIPPI  
State of Net Position  
September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 173,020	\$ 25,869	\$ 198,889
Accounts receivable, net	8,254	42,920	51,174
Other receivables	15,265	-	15,265
Intergovernmental receivables	5,753	-	5,753
Due from other funds	1,626	17,494	19,120
Restricted Assets:			
Cash and cash equivalents	-	50,969	50,969
Capital Assets:			
Land	12,421	13,500	25,921
Buildings	562,233	-	562,233
Infrastructure	-	2,846,400	2,846,400
<b>TOTAL ASSETS</b>	<b>778,572</b>	<b>2,997,152</b>	<b>3,775,724</b>
Deferred Outflows of Resources			
Deferred outflows - pensions	8,469	-	8,469
<b>Total deferred outflows of resources</b>	<b>8,469</b>	<b>-</b>	<b>8,469</b>
<b>LIABILITIES</b>			
Accounts payable, general	\$ 33,527	\$ 20,706	\$ 54,233
Accrued interest payable	-	1,002	1,002
Customer's deposits	-	47,247	47,247
Due to other funds	10,194	7,300	17,494
Noncurrent liabilities:			
Due within one year	8,884	42,021	50,905
Due in more than one year	761	253,159	253,920
Net pension liabilities	92,250	-	92,250
<b>Total Liabilities</b>	<b>145,616</b>	<b>371,435</b>	<b>517,051</b>
Deferred Inflow of Resources			
Deferred inflows - pensions	18,424	-	18,424
<b>Total deferred inflow of resources</b>	<b>18,424</b>	<b>-</b>	<b>18,424</b>
Net Position:			
Investment in capital assets, net of related debt	574,654	2,017,523	2,592,177
Restricted	-	55,269	55,269
Unrestricted	48,347	552,925	601,272
<b>Total Net Position</b>	<b>\$ 623,001</b>	<b>\$ 2,625,717</b>	<b>\$ 3,248,718</b>

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

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

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental activities:							
Administration	\$ 144,056	\$ -	\$ 84,667	\$ -	\$ (59,389)	\$ -	\$ (59,389)
Judicial	11,768	-	-	-	(11,768)	-	(11,768)
Public safety	146,389	-	5,626	-	(140,763)	-	(140,763)
Public works	98,690	49,744	-	-	(48,946)	-	(48,946)
Summer feeding program	5,595	-	5,595	-	-	-	-
Interest on long-term debt	282	-	-	-	(282)	-	(282)
Total governmental activities	<u>406,780</u>	<u>49,744</u>	<u>95,888</u>	<u>-</u>	<u>(261,148)</u>	<u>-</u>	<u>(261,148)</u>
Business-type activities:							
Water/Sewer	394,774	345,587	-	47,313	-	(1,874)	(1,874)
Total Business-type activities	<u>394,774</u>	<u>345,587</u>	<u>-</u>	<u>47,313</u>	<u>-</u>	<u>(1,874)</u>	<u>(1,874)</u>
Total Primary Government	<u>\$ 801,554</u>	<u>\$ 395,331</u>	<u>\$ 95,888</u>	<u>\$ 47,313</u>	<u>\$ (261,148)</u>	<u>\$ (1,874)</u>	<u>\$ (263,022)</u>
General Revenues:							
Property taxes					\$ 199,305	\$ -	\$ 199,305
Sales taxes					75,585	-	75,585
Franchise taxes					20,210	-	20,210
Fines and report fees					5,550	-	5,550
License and permits					3,769	-	3,769
Miscellaneous					5,362	23,566	28,928
Transfers					<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>329,781</u>	<u>3,566</u>	<u>333,347</u>
Change in net assets					<u>68,633</u>	<u>1,692</u>	<u>70,325</u>
Net Position - Beginning					659,173	2,624,018	3,283,191
Prior period adjustments					<u>(104,805)</u>	<u>-</u>	<u>(104,805)</u>
Net Position - Beginning as restated					<u>554,368</u>	<u>2,624,018</u>	<u>3,178,386</u>
Net Position - Ending					<u>\$ 623,001</u>	<u>\$ 2,625,710</u>	<u>\$ 3,248,711</u>

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

TOWN OF EDWARDS, MISSISSIPPI  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Position  
 September 30, 2015

Total Fund Balances - Governmental Funds		\$ 160,202
Amounts reported for net position in the Statement of Net Position are different because:		
Amounts reported for net position in the Statement of Net Position are different because:		
Capital Assets	931,784	
Less: Accumulated Depreciation	<u>(357,130)</u>	574,654
Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		
Net pension liability	(92,250)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	8,469	
Deferred inflows of resource related to pensions	<u>(18,424)</u>	(102,205)
Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:		
Notes payable	(9,645)	
Other adjustments	<u>(5)</u>	<u>(9,650)</u>
Net Position of Governmental Activities		\$ <u>623,001</u>

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

TOWN OF EDWARDS, MISSISSIPPI  
 Balance Sheet  
 Governmental Funds  
 For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 37,262	\$ 135,758	\$ 173,020
Accounts receivable, net of allowances	8,254	-	8,254
Other receivables	5,495	-	5,495
Intergovernmental receivable	5,753	-	5,753
Due from other funds	1,626	-	1,626
<b>TOTAL ASSETS</b>	<b><u>\$ 58,390</u></b>	<b><u>\$ 135,758</u></b>	<b><u>\$ 194,148</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable, general	\$ 33,475	\$ 47	\$ 33,522
Due to other funds	424	-	424
<b>Total Liabilities</b>	<b><u>33,899</u></b>	<b><u>47</u></b>	<b><u>33,946</u></b>
Fund Balance			
Restricted	-	135,711	135,711
Unassigned	24,491	-	24,491
<b>Total Fund Balance</b>	<b><u>24,491</u></b>	<b><u>135,711</u></b>	<b><u>160,202</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 58,390</u></b>	<b><u>\$ 135,758</u></b>	<b><u>\$ 194,148</u></b>

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
General property taxes	\$ 199,305	\$ -	\$ 199,305
Privilege licenses and permits	3,769	-	3,769
Intergovernmental revenues	85,847	85,626	171,473
Franchise taxes	20,210	-	20,210
Charges for services	49,744	-	49,744
Fines and report fees	5,550	-	5,550
Interest income	-	7	7
Miscellaneous	4,347	-	4,347
<b>Total Revenues</b>	<u>368,772</u>	<u>85,633</u>	<u>454,405</u>
<b>EXPENDITURES:</b>			
<b>General Government:</b>			
Administration	114,788	-	114,788
Judicial	11,733	-	11,733
Public safety	139,168	678	139,846
Public works	97,493	-	97,493
Summer feeding program	5,595	-	5,595
<b>Debt services:</b>			
Principal	12,268	-	12,268
Interest and service charges	282	-	282
<b>Capital outlay:</b>			
Public safety	607	-	607
<b>TOTAL EXPENDITURES</b>	<u>381,934</u>	<u>678</u>	<u>382,612</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,162)</u>	<u>84,955</u>	<u>71,793</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of fixed assets	1,014	-	1,014
Operating transfers in	20,000	-	20,000
<b>Total Other Financing Sources (Uses)</b>	<u>21,014</u>	<u>-</u>	<u>21,014</u>
<b>Net Change in Fund Balances</b>	7,852	84,955	92,807
<b>FUND BALANCE, OCT. 1</b>	<u>16,639</u>	<u>50,756</u>	<u>67,395</u>
<b>FUND BALANCE, SEPT. 30</b>	<u>\$ 24,491</u>	<u>\$ 135,711</u>	<u>\$ 160,202</u>

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

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

		<u>AMOUNTS</u>
Net change in fund balances	\$	<u>92,807</u>
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense	<u>(39,034)</u>	(39,034)
The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	(4,438)	
Contributions made after the measurement date	<u>7,030</u>	2,592
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		<u>12,268</u>
Change in net position of governmental activities	\$	<u>68,633</u>

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

TOWN OF EDWARDS, MISSISSIPPI  
 General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ 211,050	\$ 198,597	\$ 199,305	\$ 708
Privilege licenses and permits	4,796	3,266	3,769	503
Intergovernmental revenues	81,271	84,823	85,847	1,024
Franchise taxes	15,000	18,500	20,210	1,710
Charges for services	48,902	50,812	49,744	(1,068)
Fines and report fees	6,225	8,207	5,550	(2,657)
Miscellaneous	4,250	1,765	4,347	2,582
<b>TOTAL REVENUES</b>	<u>371,494</u>	<u>365,970</u>	<u>368,772</u>	<u>2,802</u>
<b>OPERATING DISBURSEMENTS:</b>				
<b>General Government</b>				
Administration	95,837	116,020	114,788	1,232
Judicial	11,722	11,995	11,733	262
<b>Public Safety</b>				
Police protection	142,126	143,604	139,168	4,436
<b>Public Works</b>				
Streets improvements	107,911	102,027	97,493	4,534
Summer feeding program	-	-	5,595	(5,595)
Capital Expenditures	-	-	607	(607)
Debt service	-	12,551	12,550	1
<b>Total Expenditures</b>	<u>357,596</u>	<u>386,197</u>	<u>381,934</u>	<u>4,263</u>
 Excess (deficiency) of Revenues Over (Under) Expenditures	 <u>13,898</u>	 <u>(20,227)</u>	 <u>(13,162)</u>	 <u>7,065</u>
 <b>Other Financing Sources (Uses):</b>				
Operating transfers in	14,659	20,000	20,000	-
Sale of real property/equipment	-	1,339	1,014	(325)
<b>Total Other Financing Sources (Uses)</b>	<u>14,659</u>	<u>21,339</u>	<u>21,014</u>	<u>(325)</u>
 Net Change in Fund Balances	 28,557	 1,112	 7,852	 6,740
Fund Balance at beginning of year	<u>16,639</u>	<u>16,639</u>	<u>16,639</u>	<u>-</u>
 Fund Balance at end of year	 <u>\$ 45,196</u>	 <u>\$ 17,751</u>	 <u>\$ 24,491</u>	 <u>\$ 6,740</u>

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

TOWN OF EDWARDS, MISSISSIPPI  
Statement of Net Position  
Proprietary Fund  
For the Year Ended September 30, 2015

	<u>Business Type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Water/Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 25,869	\$ -	\$ 25,869
Accounts receivable, net of allowances	42,920	-	42,920
Due from other funds	<u>13,194</u>	<u>4,300</u>	<u>17,494</u>
Total Current Assets	<u>81,983</u>	<u>4,300</u>	<u>86,283</u>
<b>Restricted Assets:</b>			
Cash and cash equivalents	<u>-</u>	<u>50,969</u>	<u>50,969</u>
<b>Property, Plant and Equipment, at Cost</b>			
Land	13,500	-	13,500
Water plant, distribution system and equipment	<u>3,741,784</u>	<u>-</u>	<u>3,741,784</u>
	3,755,284	-	3,755,284
Less: accumulated depreciation	<u>(895,384)</u>	<u>-</u>	<u>(895,384)</u>
Net property, plant and equipment	<u>2,859,900</u>	<u>-</u>	<u>2,859,900</u>
<b>Total Assets</b>	<b><u>\$ 2,941,883</u></b>	<b><u>\$ 55,269</u></b>	<b><u>\$ 2,997,152</u></b>
<b>Liabilities and Net Position</b>			
Accounts payable	\$ 20,706	\$ -	\$ 20,706
Due to other funds	<u>7,300</u>	<u>-</u>	<u>7,300</u>
Total Current Liabilities	<u>28,006</u>	<u>-</u>	<u>28,006</u>
<b>Current Liabilities Payable from Restricted Assets:</b>			
Customer deposits	47,247	-	47,247
Accrued interest payable	1,002	-	1,002
Current portion of notes payable	7,154	-	7,154
Current portion of revenue bonds payable	<u>34,867</u>	<u>-</u>	<u>34,867</u>
Total Current Liabilities Payable from Restricted Assets	<u>90,270</u>	<u>-</u>	<u>90,270</u>
<b>Long-Term Debt (less amounts classified as current)</b>			
Revenue bonds (net of unamortized discount/ premium)	<u>253,159</u>	<u>-</u>	<u>253,159</u>
Total Long-Term Debt	<u>253,159</u>	<u>-</u>	<u>253,159</u>
<b>Total Liabilities</b>	<b><u>371,435</u></b>	<b><u>-</u></b>	<b><u>371,435</u></b>
<b>Net Position</b>			
Investment in Capital Assets, net of related debt	2,017,523	-	2,017,523
Restricted for debt service	-	55,269	55,269
Unrestricted	<u>552,925</u>	<u>-</u>	<u>552,925</u>
Total Net Position	<u>2,570,448</u>	<u>55,269</u>	<u>2,625,717</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 2,941,883</u></b>	<b><u>\$ 55,269</u></b>	<b><u>\$ 2,997,152</u></b>

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

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

	<u>Business -Type Activities - Enterprise Funds</u>		
	<u>Water/Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Operating Revenues:			
Sales to customers	\$ 345,587	\$ -	\$ 345,587
Intergovernmental	<u>47,313</u>	<u>-</u>	<u>47,313</u>
Total Operating Revenues	<u>392,900</u>	<u>-</u>	<u>392,900</u>
Operating Expenses:			
Personnel services	61,953	-	61,953
Supplies	5,419	-	5,419
Other services and charges	187,616	-	187,616
Provision for bad debt	2,089	-	2,089
Depreciation	<u>124,033</u>	<u>-</u>	<u>124,033</u>
Total Operating Expenses	<u>381,110</u>	<u>-</u>	<u>381,110</u>
Operating income (loss)	<u>11,790</u>	<u>-</u>	<u>11,790</u>
Nonoperating revenues (expenses)			
Other income	23,567	-	23,567
Interest and service charges on long-term debt	<u>(13,664)</u>	<u>-</u>	<u>(13,664)</u>
Total nonoperating revenues	<u>9,903</u>	<u>-</u>	<u>9,903</u>
Net Income Before Operating Transfers	21,693	-	21,693
Operating Transfers In	34,063	50,400	84,463
Operating Transfers (Out)	<u>(70,400)</u>	<u>(34,063)</u>	<u>(104,463)</u>
Change in Net Position	(14,644)	16,337	1,693
Net Position, October 1	<u>2,585,092</u>	<u>50,582</u>	<u>2,635,674</u>
Net Position, September 30	<u>\$ 2,570,448</u>	<u>\$ 66,919</u>	<u>\$ 2,637,367</u>

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

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TOWN OF EDWARDS, MISSISSIPPI  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended September 30, 2015

	<u>Business - Type Activities Enterprise Fund</u>		
	<u>Water/Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 345,587	\$ -	\$ 345,587
Payments to suppliers	(193,035)	-	(193,035)
Payments to employees	(61,953)	-	(61,953)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b><u>90,599</u></b>	<b><u>-</u></b>	<b><u>90,599</u></b>
 (Increase) Decrease in:			
Accounts receivable	(15,026)	-	(15,026)
Intergovernmental receivable	155,061	-	155,061
Cash, time deposits	-	-	-
Due from other funds	(9,887)	-	(9,887)
 Increase (Decrease) in:			
Accounts payable	(151,674)	-	(151,674)
Due to other funds	-	-	-
Sale taxes payable	(4)	-	(4)
Customer's deposits	(100)	-	(100)
Accrued interest payable	-	-	-
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>(21,630)</u></b>	<b><u>-</u></b>	<b><u>(21,630)</u></b>
 <b>CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers in	34,063	50,400	84,463
Operating transfers out	(70,400)	(34,063)	(104,463)
<b>NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES</b>	<b><u>(36,337)</u></b>	<b><u>16,337</u></b>	<b><u>(20,000)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of capital assets	(45,015)	-	(45,015)
Capital contribution - federal grant	47,313	-	47,313
Other investing activities	23,717	1	23,718
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b><u>26,015</u></b>	<b><u>1</u></b>	<b><u>26,016</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from long term borrowing	-	-	-
Interest paid on retirement of long-term debt	(13,664)	-	(13,664)
Other income	23,566	-	23,566
Repayment of long-term debt	(63,150)	-	(63,150)
<b>NET CASH FLOWS USED BY FINANCING ACTIVITIES</b>	<b><u>(53,248)</u></b>	<b><u>-</u></b>	<b><u>(53,248)</u></b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>5,399</b>	<b>16,338</b>	<b>21,737</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>20,470</u></b>	<b><u>34,631</u></b>	<b><u>55,101</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 25,869</u></b>	<b><u>\$ 50,969</u></b>	<b><u>\$ 76,838</u></b>
 <b><u>Supplemental cash flow information:</u></b>			
Cash paid during the year:			
Interest expense	<b><u>\$ 13,664</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,664</u></b>

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

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

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

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

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

**FINANCIAL REPORTING ENTITY**

The accompanying financial statements reflect only the primary government of the Town of Edwards. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the Town. The financial statements do not include the data of the component units necessary for financial reporting in conformity with generally accepted accounting principles.

**FINANCIAL STATEMENTS**

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

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

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

**FUND FINANCIAL STATEMENTS**

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

**MAJOR GOVERNMENTAL FUNDS**

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

*Community Development Block Grant Fund* - The fund is a special revenue fund used to account for the grant funds that are restricted for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges.

**MAJOR BUSINESS - TYPE FUNDS**

*Water System* - The water system fund is used to account for the operation of the Town's water system, which are supported by user charges.

*Sewer System* - The sewer system fund is used to account for the operation of the Town's sewer system, which are supported by user charges and special taxes.

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

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

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

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

**BUDGETARY CONTROL**

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

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

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

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

**CASH AND CASH EQUIVALENTS**

The Town deposits excess funds in financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consists of amounts on deposit in demand accounts and savings accounts. Cash and other deposits are valued at cost.

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**INTERNAL ACTIVITY**

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

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

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

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

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

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

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

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

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

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

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

**NOTE 2 - CASH AND CASH EQUIVALENTS**

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

The carrying amount of the Town's deposits with financial institutions in the governmental activities and the business-type activities funds was \$173,020 and \$76,838, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$249,844 and Restricted Assets - \$50,969. The Restricted Assets represent the cash balance in the debt service fund which is legally restricted and may not be used for purposes that support the Town's programs. The bank balance was \$6,816.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of *September 30, 2015*, none of the Town's bank balance of \$170,575 was exposed to custodial credit risk.

*Interest Rate Risk.* The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of *September 30, 2015*, none of the Town's bank balance of \$170,575 was exposed to custodial credit risk.

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*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2015, the Town had no investments.

**NOTE 3 - AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2015, the Town levied and collected 47.00 mills of taxes for general corporate purposes of the Town.

**NOTE 4 - INTERFUND BALANCES AND TRANSFERS**

Individual fund interfund receivable and payable balances are presented as of September 30, 2015 as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ -	\$ 423
Water and Sewer fund	3,423	17,071
Nonmajor enterprise funds	<u>14,071</u>	<u>-</u>
Total	<u>\$ 17,494</u>	<u>\$ 17,494</u>

Individual fund interfund transfers are presented as of September 30, 2015 as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 20,000	\$ -
Water/Sewer System Fund	84,463	20,000
Nonmajor Enterprise Funds	<u>-</u>	<u>84,463</u>
	<u>\$ 104,463</u>	<u>\$ 104,463</u>

**NOTE 5 - RECEIVABLES**

Receivables as of year end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Property taxes	\$ 3,793	\$ -	\$ 3,793
Franchise taxes	5,220	-	5,220
Charges for services	6,047	44,916	50,963
Intergovernmental	5,753	-	5,753
Accounts receivable, other	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Gross Accounts Receivable	20,792	44,916	65,708
Less: allowance for uncollectibles	<u>(1,565)</u>	<u>(12,577)</u>	<u>(14,142)</u>
Net Total Receivables	<u>\$ 19,227</u>	<u>\$ 32,339</u>	<u>\$ 51,566</u>

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**NOTE 6 - CAPITAL ASSETS**

A summary of capital asset transactions for the year ended September 30, 2015 follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Non Depreciable Capital Assets					
Land	\$ 12,421	\$ -	\$ -	\$ -	\$ 12,421
Total non depreciable capital assets	<u>12,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,421</u>
Depreciable Capital Assets					
Buildings and Improvements	868,670	-	-	-	868,670
Infrastructure	18,693	-	-	-	18,693
Motor Vehicles	19,941	-	-	-	19,941
Machinery and Equipment	12,059	-	-	-	12,059
Total Depreciable Capital Assets	919,363	-	-	-	919,363
Accumulated Depreciation	(318,096)	(39,034)	-	-	(357,130)
Net depreciable capital assets	<u>601,267</u>	<u>(39,034)</u>	<u>-</u>	<u>-</u>	<u>562,233</u>
Total Governmental Activities	<u>\$ 613,688</u>	<u>\$ (39,034)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,654</u>
<b>Business-Type Activities:</b>					
Non Depreciable Capital Assets					
Land and Right of Ways	\$ 13,500	\$ -	\$ -	\$ -	\$ 13,500
Utility Construction in Process	482,934	45,045	-	(527,979)	-
Total nondepreciable capital assets	<u>496,434</u>	<u>45,045</u>	<u>-</u>	<u>(527,979)</u>	<u>13,500</u>
Depreciable Capital Assets					
Water/sewer system	3,136,181	527,979	-	-	3,664,160
Equipment	77,654	-	-	-	77,654
Accumulated Depreciation	(771,351)	(124,033)	-	-	(895,384)
Net depreciable capital assets	<u>2,442,484</u>	<u>403,946</u>	<u>-</u>	<u>-</u>	<u>2,846,430</u>
Total Business-Type Activities	<u>\$ 2,938,918</u>	<u>\$ 448,991</u>	<u>\$ -</u>	<u>\$ (527,979)</u>	<u>\$ 2,859,930</u>

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

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 31,902	\$ -	\$ 31,902
Fire Protection	895	-	895
Police Protection	5,040	-	5,040
Public Works	1,197	-	1,197
Water/Sewer System	-	124,033	124,033
Total Depreciation Expense	<u>\$ 39,034</u>	<u>\$ 124,033</u>	<u>\$ 163,067</u>

TOWN OF EDWARDS, MISSISSIPPI  
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**NOTE 7 - LONG-TERM DEBT**

A summary of long-term debt transactions for the year ended September 30, 2015, were as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable	\$ 16,197	\$ -	\$ (12,268)	\$ 3,929	\$ 3,929
Compensated for absences	<u>5,715</u>	<u>8,216</u>	<u>(8,216)</u>	<u>5,715</u>	<u>4,955</u>
Totals	<u>\$ 21,912</u>	<u>\$ 8,216</u>	<u>\$ (20,484)</u>	<u>\$ 9,644</u>	<u>\$ 8,884</u>

Long-term debt activity for the year ended September 30, 2015, is presented as follows:

Business-type activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable					
Loans payable	\$ 12,549	\$ -	\$ (9,255)	\$ 3,294	\$ 3,294
CAP loan payable	80,279	7,472	(3,255)	84,496	3,860
Revenue bonds	<u>240,508</u>	<u>-</u>	<u>(33,117)</u>	<u>207,391</u>	<u>34,867</u>
Totals	<u>\$ 333,336</u>	<u>\$ 7,472</u>	<u>\$ (45,627)</u>	<u>\$ 295,181</u>	<u>\$ 42,021</u>

**BANK NOTES PAYABLE**

**GOVERNMENTAL ACTIVITIES**

Notes payable consist of the following at September 30, 2015.

A 3.950% note, payable to Bancorp South, dated January 14, 2011 payable in monthly installments of \$1,045.86, which includes principal and interest, matures January 15, 2016. The note is unsecured.

The annual requirement to amortize this outstanding debt as of September 30, 2015 including interest payments of \$12,550 are as follows:

Year Ended September 30, 2016	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ <u>3,929</u>	<u>33</u>	\$ <u>3,962</u>
	\$ <u>3,929</u>	<u>33</u>	\$ <u>3,962</u>

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
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**BUSINESS ACTIVITIES**

**NOTE PAYABLE**

Notes payable consist of the following at September 30, 2015.

A 3.90% note, payable to Bancorp South, dated January 14, 2011 payable in monthly installments of \$809.99, which includes principal and interest, matures 2013. The note is unsecured.

The annual requirement to amortize this outstanding debt as of September 30, 2015 including interest payments of \$5,840 are as follows:

Year Ended September 30, 2016	Principal	Interest	Total
	\$ 3,294	\$ 25	\$ 3,319
	\$ 3,294	\$ 25	\$ 3,319

**MISSISSIPPI DEVELOPMENT CAP LOAN**

A 3.00% Capital Improvement Revolving Loan, payable to the Mississippi Development Authority, dated February 13, 2014 payable in monthly installments of \$486.66, which includes principal and interest, matures 2035. The note is unsecured.

The annual requirement to amortize this outstanding debt as of September 30, 2015 including interest payments of \$5,840 are as follows:

Year Ended September 30,	Principal	Interest	Total
2016	\$ 3,860	\$ 2,954	\$ 6,814
2017	3,431	2,409	5,840
2018	3,535	2,305	5,840
2019	3,642	2,198	5,840
2020	3,747	2,093	5,840
2021- 2025	20,539	8,661	29,200
2026- 2030	23,853	5,347	29,200
2031- 2035	23,280	916	24,196
	\$ 85,887	\$ 26,883	\$ 112,770

TOWN OF EDWARDS, MISSISSIPPI  
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**REVENUE BOND**

- A. On April 15, 1985, the Town of Edwards issued a Combined Water and Sewer System Revenue Bond (the "Bond") of the Town of Edwards, Mississippi (the "Municipality"), in the principal amount of five hundred forty five thousand dollars (\$545,000), dated the date of delivery thereof, April 15, 1985, bearing interest at the rate of 5% per annum and being payable as to interest only on the 15th day of April in each of the years 1986 and 1987, and being payable as to principal and interest in equal annual installments of \$29,450 on the 15th day of April in each of the years 1988 to 2020, inclusive.

The bond was issued for the purpose of improving, repairing and extending the combined water and sewer system of the Municipality, under the authority of the Constitution and statutes of the State of Mississippi, including Sections 21-27-11 to 21-27-69 Mississippi Code of 1972 and by further authority of resolutions duly adopted and proceedings regularly had by the Mayor and Board of Aldermen of the Town of Edwards.

This bond was purchased by the USDA Rural Development.

The annual requirement to amortize all bonded debt outstanding as of September 30, 2015 including interest payments of \$34,062 are as follows:

Year Ended September 30,	Principal	Interest	Total
2016	\$ 27,924	6,138	\$ 34,062
2017	29,353	4,709	34,062
2018	30,854	3,208	34,062
2019	<u>37,617</u>	<u>1,630</u>	<u>39,247</u>
	<u>\$ 125,748</u>	<u>\$ 15,685</u>	<u>\$ 141,433</u>

- B. On January 23, 1991, the Town of Edwards issued a combined water and sewer system revenue bond (the "Bond") of the Town of Edwards, Mississippi (the "Municipality"), in the principal amount of one hundred sixty eight thousand five hundred dollars (\$168,500), dated the date of delivery thereof, January 23, 1991. The water revenue bond consisted of an issue in the amount of \$168,500 bearing interest at a rate of 6.00% per annum. Principal payments with interest on the unpaid principal balance from date thereof, and paid in equal annual installments of principal and interest in the amount of \$986.85. The payments began on February 23, 1991 and continues through 2026.

The bonds were issued for the purpose of improving, repairing and extending the combined water and sewer system of the Municipality, under the authorization of the Constitution and statutes of the State of Mississippi, including Sections 21-27-11 to 21-27-69 Mississippi Code of 1972 and further authority of resolutions duly adopted and proceedings regularly had by the Mayor and Board of Aldermen of the Town of Edwards.

The bonds were purchased by the U.S. Department of Agriculture and the Rural Economic and Community Development.

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The annual requirement to amortize the bonded debt outstanding as of September 30, 2015 including interest payments of \$11,843 are as follows for the Enterprise Fund:

Year Ended September 30,	Principal	Interest	Total
2016	\$ 6,944	\$ 4,899	\$ 11,843
2017	7,387	4,456	11,843
2018	7,845	3,998	11,843
2019	8,329	3,514	11,843
2020	8,835	3,008	11,843
2021 to 2025	<u>48,474</u>	<u>6,224</u>	<u>54,698</u>
	<u>\$ 87,814</u>	<u>\$ 26,099</u>	<u>\$ 113,913</u>

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

**A. General Information**

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

*Plan Funding Policy:* PERS members are required to contribute 9.00% of their annual covered salary and the Town of Edwards, Mississippi is required to contribute at an actuarially determined rate. This rate was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Edwards, Mississippi contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$7,030, \$7,200, and \$6,964, respectively, equal to the required contributions for each year.

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

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	-
Former members entitled to benefits but yet receiving them	-
Former members - not entitled to benefits	-
Active members:	
Vested	2
Non-vested	-
Total Participants	<u>2</u>

TOWN OF EDWARDS, MISSISSIPPI  
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**B. Net Pension Liability**

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The Town's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u> Measurement Date	<u>June 30, 2015</u>
Total Pension Liability	\$ 109,290
Fiduciary Net Pension	<u>17,040</u>
Net Pension Liability	<u>\$ 92,250</u>

A schedule of net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2014) and is presented in the Requirement Supplementary Information Section on Page 43 - 44.

**C. Schedule of Changes in Net Pension Liability**

The change in Net Pension Liability the municipal pension plan for the fiscal year ended September 30, 2015 is as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Change in Net Pension Liability			
Service cost	\$ 516	-	\$ 516
Interest on the total pension liability	2,085	-	2,085
Difference between expected and actual experience	(1,439)	-	(1,439)
Employer contribution	-	7,031	(7,031)
Employees contributions	-	4,018	(4,018)
Pension plan net investment income	-	6,000	(6,000)
Administrative expense	-	(9)	9
Other	<u>(3,967)</u>	<u>-</u>	<u>(3,967)</u>
Net Change	(2,805)	17,040	(19,845)
Net Pension Liability Beginning	<u>112,095</u>	<u>-</u>	<u>112,095</u>
Net Pension Liability Ending	<u>\$ 109,290</u>	<u>17,040</u>	<u>\$ 92,250</u>

TOWN OF EDWARDS, MISSISSIPPI  
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**D. Pension Expense**

For the year ended September 30, 2015, the Town recognized total pension expense of \$4,431. Pension expense recognized by the plan is as follows:

<u>Amount Recognized in Pension Expense</u>	<u>Pension Expense</u>
Changes for the Year:	
Service cost	\$ 516
Interest	2,085
Difference between expected and actual experience	(1,439)
Differences between projected and actual earnings on plan investments	13,372
Members contributions	(4,114)
Net investment income	(5,999)
Administrative expense	10
Assumption changes	-
Other	-
<b>Total Pension Expense</b>	<b>\$ 4,431</b>

**E. Schedule of Deferred Outflows and Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources by source reported by the Town at September 30, 2015 for the municipal plan is as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,439	\$ -
Net difference between projected and actual earnings on pension plan investments	-	18,424
Employers contributions subsequent to the measurement date	7,030	-
<b>Total</b>	<b>\$ 8,469</b>	<b>\$ 18,424</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2015 will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2016	\$ (4,642)
2017	(4,642)
2018	(4,357)
2019	(3,343)
<b>Total</b>	<b>\$ (16,984)</b>

TOWN OF EDWARDS, MISSISSIPPI  
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**F. Actuarial assumptions.**

*Discount rate.* The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to change in the discount rate.* Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Town's proportionate share of net pension liability	\$ 125,764	\$ 92,250	\$ 64,294

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

**G. Schedule of Assumptions**

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

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	3.5 percent
Salary changes	4.25 - 19.50 %, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2014
Actual Cost Method	Entry Age Normal Cost
Amortization Method	Level percentage of payroll
Amortization Period	30 Years
Asset Valuation Method	Market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual income
Mortality Assumption	RP-2000 combined Mortality Table Projected with Scale AA to 2015, set forward two years for males.

TOWN OF EDWARDS, MISSISSIPPI  
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The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

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

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

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

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

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

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

The following is a classification of governmental funds fund balances by specific purpose at September 30, 2015:

Fund Balances:	General Fund	Nonmajor funds	Total
Restricted for:			
Public safety	\$ -	\$ 135,711	\$ 135,711
Unassigned:			
Other purposes	24,491	-	24,491
Total Fund Balances	\$ 24,491	\$ 135,711	\$ 160,202

**NOTE 10 - COMPENSATION OF ELECTED AND OR APPOINTED OFFICIALS**

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended September 30, 2015 were as follows:

Name of Elected and or Appointed Official	Position	Amount
Marcus Wallace	Mayor	\$ 7,200
Charles Rather	Aldermen	3,600
Wilson "Larry" Jones	Aldermen	3,600
Marilyn McGee Bryant	Alderwoman	3,600
Kedra Williams-Harris	Alderwoman	3,600
Leon "Dr. Dirt" Goldsberry	Aldermen	3,600
Willie Jean White	Town Clerk	33,250
Willie Jean White	Court Clerk	2,600
Shanekia Mosley	Deputy Clerk	18,500
Louis Johnson	Police Chief	27,884
Eddie Lee	Water/Maintenance	3,180

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

***Federal Grants***

The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. No provisions for any liability that may result has been recognized in the Town's financial statements.

TOWN OF EDWARDS, MISSISSIPPI  
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**NOTE 12 - RESERVED FUND BALANCES AND RETAINED EARNINGS**

Various bond covenants require the Town to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

**NOTE 13 - RISK MANAGEMENT**

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

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

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

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

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

**NOTE 15 - PRIOR PERIOD ADJUSTMENT**

The Following is a summary of prior period adjustments made to the beginning Net Position during fiscal year 2015:

	Governmental Activities
Beginning balance as previously reported	\$ 659,173
Net adjustment to record net pension liability per GASB 68 and GASB 71 implementation	(104,805)
Net Position balance as restated	\$ 554,368

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 15 - PRIOR PERIOD ADJUSTMENT (Continued)**

Below is a summary of significant Net Position/Fund Balance adjustments resulting from the implementation of GASB 68 and GASB 71 as follows:

Explanation	<u>Municipal Employees' Retirement System</u>
1. Implementation of GASB 68 and 71: Net pension liability (09/30/14)	\$ (112,095)
Deferred outflows - contributions made during fiscal year 2014	<u>7,290</u>
Total prior period adjustment related to GASB 68 and 71	<u>\$ (104,805)</u>

**NOTE 16 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The unrestricted net position amount of \$552,925 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$8,469 balance of deferred outflow of resources, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$552,925 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$18,424 balance of deferred inflow of resources at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

**NOTE 17 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 30, 2015, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 18 - NEW ACCOUNTING PROCUREMENTS**

In June 2012, the GASB issued Statement no. 68, "Accounting and Financial Reporting for Pension". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The Town has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The Town has implemented GASB No. 69 in this annual report in this annual report, however, it does not have an current impact on the Town.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The Town has implemented GASB No. 71 in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement address accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Town is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

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

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

TOWN OF EDWARDS, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 18 - NEW ACCOUNTING PROCUREMENTS (Continued)**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF EDWARDS, MISSISSIPPI  
 Required Supplementary Information  
 Schedule of the Town's Proportionate Share of the Net Pension Liability  
 PERS  
 Last 10 Fiscal Years\*  
 September 30, 2015

	2015
Town's proportion of the net pension liability (asset)	\$ 92,250
Town's proportionate share of the net pension liability (asset)	0.00076%
Town's covered-employee payroll	44,641
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	206.65 %
Plan fiduciary net position as a percentage of the total pension liability	(18.47)%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2015, and, until a full 10-year trend is compiled, the Town has only presented information for the years in which information is available.

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

Town of Edwards, Mississippi  
 Required Supplementary Information  
 Schedule of the Town Contributions  
 PERS  
 Last 10 Fiscal Years\*

		<u>2015</u>	
Town's Contribution	\$	7,030	
Contractually required Contribution	\$	<u>7,030</u>	
Contribution in relation to the contractually required contribution		<u>7,030</u>	
Contribution deficiency (excess)	\$	<u>-</u>	
Town's covered-employee payroll	\$	44,641	
Contributions as a percentage of covered-employee payroll		15.75	

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

TOWN OF EDWARDS, MISSISSIPPI  
Nonmajor Governmental Funds  
September 30, 2015

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

**Fire Protection Fund** - This fund is used to account for state fire insurance premium refunds which are legally restricted for use in fire protection.

**Small Municipal and Limited Population County Grant Program (SMLPC)** - This fund is used to account for state grant funds received from the Mississippi Development Authority and grant matching funds received from the Hinds County Board of Supervisors. These funds are to be used to construct a Community Center for the Town.

SCHEDULE A

TOWN OF EDWARDS, MISSISSIPPI  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2015

	Special Revenue		
	Fire Fund	SMLPC Fund	Total
<b>ASSETS</b>			
Cash	\$ <u>55,751</u>	<u>80,007</u>	\$ <u>135,758</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>55,751</u></b>	<b><u>80,007</u></b>	<b>\$ <u>135,758</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payables	\$ <u>47</u>	<u>-</u>	<u>47</u>
<b>Total Liabilities</b>	<b><u>47</u></b>	<b><u>-</u></b>	<b><u>47</u></b>
Fund Balances:			
Restricted	<u>55,704</u>	<u>80,007</u>	<u>135,711</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>55,751</u></b>	<b><u>80,007</u></b>	<b>\$ <u>135,758</u></b>

SCHEDULE B

TOWN OF EDWARDS, MISSISSIPPI  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2015

	Special Revenue		Total
	Fire Fund	SMLPC Fund	
Revenues			
Intergovernmental revenues	\$ 5,626	80,000	\$ 85,626
Interest income	<u>-</u>	<u>7</u>	<u>7</u>
Total Revenues	<u>5,626</u>	<u>80,007</u>	<u>85,633</u>
Expenditures			
Public safety	<u>678</u>	<u>-</u>	<u>678</u>
Total Expenditures	<u>678</u>	<u>-</u>	<u>678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,948</u>	<u>80,007</u>	<u>84,955</u>
Net Change in Fund Balance	4,948	80,007	84,955
Fund Balance, October 1, 2014	<u>50,756</u>	<u>-</u>	<u>50,756</u>
Fund Balance, September 30, 2015	<u>\$ 55,704</u>	<u>80,007</u>	<u>\$ 135,711</u>

SCHEDULE C

TOWN OF EDWARDS, MISSISSIPPI  
 Schedule of Surety Bonds for Municipal Officials  
 September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Bonding Company</u>	<u>Bond Amount</u>
Marcus L. Wallace	Mayor	St. Paul Travelers	\$ 25,000
Wilson "Larry" Jones	Alderman	St. Paul Travelers	25,000
Charles Rather	Alderman	St. Paul Travelers	25,000
Leon "Dr. Dirt" Goldsberry	Alderwoman	St. Paul Travelers	25,000
Kedra Williams-Harris	Alderwoman	St. Paul Travelers	25,000
Marilyn McGee Bryant	Alderwoman	St. Paul Travelers	25,000
Willie Jean White	City Clerk/Court Clerk	St. Paul Travelers	50,000
Shanekia Mosley	Deputy Clerk/Deputy Court Clerk	St. Paul Travelers	50,000
Louis Johnson	Police Chief	St. Paul Travelers	50,000

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**RECEIVED**

**MAY 19 2016**



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

The Honorable Mayor Marcus L. Wallace  
and Honorable Members of the Board of Aldermen  
Town of Edwards, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Edwards, Mississippi (the Town), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Edwards, Mississippi's basic financial statements and have issued our report thereon dated May 12, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Edwards, Mississippi's 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*.

## Purpose of this Report

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

*Banks, Finley, White & Co.*

Ridgeland, Mississippi  
November 30, 2015



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

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

To the Honorable Mayor Marcus L. Wallace  
and Honorable Members of the Board of Aldermen  
Town of Edwards, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund and the aggregate remaining fund information of the Town of Edwards, Mississippi (the Town) as of and for the year ended September 30, 2015, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 12, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

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

*Banks, Finley, White & Co.*

Ridgeland, Mississippi  
May 12, 2016

TOWN OF EDWARDS, MISSISSIPPI  
Statement of Legal Debt Limit  
September 30, 2015

Authorized Debt Limit Percent Rule

	15%	20%
Authorized Debt Limit Percent		
2015 Tax Roll Estimation	\$ 4,190,268	\$ 4,190,268
Less: Homestead Exemption	<u>(15,574)</u>	<u>(15,574)</u>
Net 2015 Estimation Tax Roll	<u>\$ 4,174,694</u>	<u>\$ 4,174,694</u>
Assessed Valuation under respective debt limit	<u>\$ 626,204</u>	<u>\$ 834,939</u>
Less: All Bonded -	<u>207,391</u>	<u>207,391</u>
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	<u>207,391</u>	<u>207,391</u>
Present debt subject to limitation	<u>-</u>	<u>-</u>
Margin for further debt under respective debt limits	<u>\$ 626,204</u>	<u>\$ 834,939</u>

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

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

RECEIVED

MAY 19 2016

TOWN OF EDWARDS, MISSISSIPPI  
Schedule of Long-Term Debt  
September 30, 2015

	<u>Authorized</u>	<u>Issued</u>	<u>Balance Outstanding Oct. 1, 2014</u>	<u>During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2015</u>
				<u>Additions</u>	<u>Retired</u>	
<b><u>General Government:</u></b>						
Notes payable	\$ 100,742	\$ 100,742	\$ 16,197	\$ -	\$ 12,268	\$ 3,929
<b><u>Proprietary:</u></b>						
Revenue Bonds						
91-04 Revenue Bond	168,500	168,500	88,195	-	6,553	81,642
92-03 Revenue Bond	<u>545,000</u>	<u>545,000</u>	<u>152,313</u>	-	<u>26,564</u>	<u>125,749</u>
Total Revenue Bonds	<u>713,500</u>	<u>713,500</u>	<u>240,508</u>	-	<u>33,117</u>	<u>207,391</u>
Other Long-term Debt						
Bank note payable	100,000	100,000	12,549	-	9,255	3,294
CAP loan (MDA)	<u>87,751</u>	<u>87,751</u>	<u>80,279</u>	<u>7,472</u>	<u>3,255</u>	<u>84,496</u>
Total Other Long-Term Debt	<u>187,751</u>	<u>187,751</u>	<u>92,828</u>	<u>7,472</u>	<u>12,510</u>	<u>87,790</u>
Total Long-Term Debt	\$ <u>1,001,993</u>	\$ <u>1,001,993</u>	\$ <u>349,533</u>	\$ <u>7,472</u>	\$ <u>57,895</u>	\$ <u>299,110</u>

**RECEIVED**  
**MAY 19 2016**