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CITY OF FAYETTE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

CITY OF FAYETTE, MISSISSIPPI
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September 30, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Rogers King
and Honorable Members of the Board of Alderman
City of Fayette, Mississippi

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayette, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Fayette, 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017, on our consideration of the City of Fayette, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fayette, Mississippi's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Jackson, Mississippi
October 26, 2017

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

The assets of the City of Fayette, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$783,558 (*net position*). Of this amount, \$192,154 (*unrestricted net assets*) a deficit, and is not available to be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$169,416. This increase is due primarily to reduction in spending.

As of close of the current fiscal year, the City's governmental funds reported combined ending net position of \$1,178,548, an increase of \$102,838 in comparison with the prior year. Approximately \$369,229 or 31.33% of this total amount is *available for spending* at the City's discretion (*unrestricted fund balance*).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$376,313, or 59.73% of total general fund expenditures.

The City's total debt had a net decrease by \$96,349 or 11.79% during the current fiscal year. The key factor in this decrease was the retirement of debt.

OVERVIEW OF FINANCIAL STATEMENTS

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

GOVERNMENT - WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT - WIDE FINANCIAL ANALYSIS

NET POSITIONS

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	2016	2015	2016	2015	2016	2015
<u>Assets:</u>						
Current and Other Assets	\$ 449,371	\$ 334,906	155,574	149,625	\$ 604,945	\$ 484,531
Capital Assets	<u>774,365</u>	<u>771,397</u>	<u>355,653</u>	<u>389,762</u>	<u>1,130,018</u>	<u>1,161,159</u>
Total Assets	<u>\$ 1,223,736</u>	<u>1,106,303</u>	<u>511,227</u>	<u>539,387</u>	<u>1,734,963</u>	<u>\$ 1,645,690</u>
<u>Liabilities:</u>						
Current and Other Liabilities	\$ 38,106	\$ 22,747	183,767	177,920	\$ 221,873	\$ 200,667
Long-term Liabilities	<u>7,082</u>	<u>2,846</u>	<u>722,450</u>	<u>823,035</u>	<u>729,532</u>	<u>825,881</u>
Total Liabilities	<u>45,188</u>	<u>25,593</u>	<u>906,217</u>	<u>1,000,955</u>	<u>951,405</u>	<u>1,026,548</u>
<u>Net Positions:</u>						
Net Invested in Capital Assets	\$ 774,365	\$ 771,397	(253,760)	(327,628)	\$ 520,605	\$ 443,769
Restricted	34,954	41,040	35,845	32,849	70,799	73,889
Unrestricted	<u>369,229</u>	<u>263,273</u>	<u>(177,075)</u>	<u>(166,789)</u>	<u>192,154</u>	<u>96,484</u>
Total Net Positions	<u>\$ 1,178,548</u>	<u>\$ 1,075,710</u>	<u>(394,990)</u>	<u>(461,568)</u>	<u>\$ 783,558</u>	<u>\$ 614,142</u>

As the presentation appearing above demonstrates, the largest portion of the City's net position of \$520,605 or 66.44% are invested in capital assets. Net positions invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2016 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net positions 9.04% represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net positions 24.52% is a deficit and is not available to be used to meet the City's ongoing obligations to citizens and creditors.

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

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

- ◆ Increase in total current assets in the amount of \$120,414.
- ◆ Decrease in net capital assets in the amount of \$31,141.
- ◆ Decrease in current liabilities in the amount of \$21,206.
- ◆ Decrease in long-term liabilities in the amount of \$96,349.

CHANGES IN NET POSITIONS

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenue:						
Charges for services	\$ 42,368	\$ 37,824	526,067	485,795	\$ 568,435	\$ 523,619
Operating grants and contributions	16,099	14,530	-	-	16,099	14,530
Capital grants and contributions	-	23,999	-	-	-	23,999
General Revenue:						
Property taxes	383,958	384,250	-	-	383,958	384,250
Sales taxes	211,396	215,219	-	-	211,396	215,219
Franchise taxes	64,439	121,502	27,747	36,030	92,186	157,532
Charges for services	19,500	18,020	-	-	19,500	18,020
Licenses and permits	9,741	25,440	-	-	9,741	25,440
Fines and forfeits	26,833	28,375	-	-	26,833	28,375
Other	7,367	6,388	18,427	12,803	25,794	19,191
Total Revenue	<u>781,701</u>	<u>875,547</u>	<u>572,241</u>	<u>534,628</u>	<u>1,353,942</u>	<u>1,410,175</u>
Program Expenses:						
General Government						
Finance & Administrative	360,689	442,009	-	-	360,689	442,009
Public safety	271,603	251,344	-	-	271,603	251,344
Parks and recreation	7,495	7,495	-	-	7,495	7,495
Sanitation	36,041	49,083	-	-	36,041	49,083
Public works	8,035	15,688	-	-	8,035	15,688
Water/Sewer	-	-	505,663	496,849	505,663	496,849
Total Expenses	<u>683,863</u>	<u>765,619</u>	<u>505,663</u>	<u>496,849</u>	<u>1,189,526</u>	<u>1,262,468</u>
Increase (decrease) in Net Assets						
Before Transfers and Special Items	97,838	109,928	66,578	37,779	164,416	147,707
Transfers and Special Items	-	-	-	-	-	-
Change in Net Positions	97,838	109,928	66,578	37,779	164,416	147,707
Net Positions Beginning	1,080,350	946,608	(461,568)	(499,347)	618,782	447,261
Prior period adjustment	-	23,814	-	-	-	23,814
Net Positions Ending	<u>\$ 1,178,188</u>	<u>\$ 1,080,350</u>	<u>(394,990)</u>	<u>(461,568)</u>	<u>\$ 783,198</u>	<u>\$ 618,782</u>

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

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

Governmental activities. Governmental activities increased the City's net positions by \$97,838, accounting for 9.06% of the increase in total growth reduction in the City's net positions. Key elements of this increase are as follows:

- ◆ General governmental spending decreased by \$81,756 or 18.50% during the year.
- ◆ Public safety spending increased by \$20,259 or 8.06% during the year.

Business-type activities. Business-type activities increased the City's net positions by \$66,578, accounting for 14.42% of the increase in the City's net positions. Key elements of this decrease are as follows:

- ◆ Charges for services for the business-type activities increase by \$40,272 or 8.29%.
- ◆ Operating expenses for the business-type activities decreased by \$8,814 or 1.77% during the year primarily due a decrease in the number of customers and adjustment for charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending net position of \$1,178,188, an increase of \$97,838 in comparison to the prior year. In addition, the City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$375,700.

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

Fiduciary Funds - are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds.

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

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

- ♦ Actual property tax revenue collected during the fiscal year exceeded budget amounts due primarily to an increase in tax collections.
- ♦ Actual fines and report fees revenue reported for the fiscal year exceeded budgeted amounts due to increase in the number of cases completed during the year.
- ♦ Actual expenditures for the general fund were less than the budgeted amounts primarily due to a reduction of expenditures in the general government, and fire protection.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital asset - As of September 30, 2016, the City's total capital assets was \$6,358,249. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. The City did not acquire any capital assets during the year.

This amount represents a gross increase, before depreciation, of \$11,233 from the previous fiscal year. This increase is due to the purchase of two (2) lawn mowers for the public works department.

Total accumulated depreciation as of September 30, 2016 was \$5,228,230, including \$42,373, of depreciation expense for the year. The balance in total net capital assets was \$1,130,019 at year end.

Debt Administration - As of September 30, 2016, the City had \$729,531 in long term debt outstanding. This includes revenue bonds, bank notes, obligations under capital leases and compensated absences payable. Of this debt, \$112,540 is due within one year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Fayette at P. O. Box 637, Fayette, Mississippi 39069.

CITY OF FAYETTE, MISSISSIPPI
Statement of Net Positions
For the Year Ended September 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 185,542	8,209	\$ 193,751
Accounts receivable, net	64,017	103,546	167,563
Other receivables	66,685	-	66,685
Intergovernmental receivables	17,538	7,959	25,497
Due from other funds	115,589	15	115,604
Restricted Assets:			
Cash and cash equivalents	-	35,845	35,845
Capital Assets:			
Land	-	6,120	6,120
Buildings	-	27,500	27,500
Improvements other than buildings	158,490	322,033	480,523
Automotive and equipment	14,463	-	14,463
Construction in progress	601,412	-	601,412
TOTAL ASSETS	<u>1,223,736</u>	<u>511,227</u>	<u>1,734,963</u>
TOTAL ASSETS	<u>\$ 1,223,736</u>	<u>\$ 511,227</u>	<u>\$ 1,734,963</u>
LIABILITIES			
Accounts payable, general	\$ 32,901	36,345	\$ 69,246
Payroll taxes payable	5,205	-	5,205
Accrued interest payable	-	1,721	1,721
Customer's deposits	-	33,375	33,375
Due to other funds	-	112,326	112,326
Noncurrent liabilities:			
Due within one year	3,541	108,999	112,540
Due in more than one year	3,541	613,451	616,992
Total Liabilities	<u>45,188</u>	<u>906,217</u>	<u>951,405</u>
NET POSITIONS:			
Net investment in capital assets	774,365	(253,760)	520,605
Restricted	34,954	35,845	70,799
Unrestricted	369,229	(177,075)	192,154
Total Net Positions	<u>\$ 1,178,548</u>	<u>\$ (394,990)</u>	<u>\$ 783,558</u>
TOTAL LIABILITIES AND NET POSITIONS	<u>\$ 1,223,736</u>	<u>511,227</u>	<u>\$ 1,734,963</u>

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

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

	Program Revenues			Net (Expenses) Revenues Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 336,189	-	5,748	-	(330,441)	-	\$ (330,441)
Judicial	24,500	-	-	-	(24,500)	-	(24,500)
Public safety	271,603	-	10,351	-	(261,252)	-	(261,252)
Public works	8,035	-	-	-	(8,035)	-	(8,035)
Parks and recreation	7,495	-	-	-	(7,495)	-	(7,495)
Sanitation	36,041	42,368	-	-	6,327	-	6,327
Total governmental activities	<u>683,863</u>	<u>42,368</u>	<u>16,099</u>	<u>-</u>	<u>(625,396)</u>	<u>-</u>	<u>(625,396)</u>
Business-type activities:							
Water/Sewer	473,474	526,067	-	-	-	52,593	52,593
Interest on long-term debt	32,189	-	-	-	-	(32,189)	(32,189)
Total Business-type activities	<u>505,663</u>	<u>526,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,404</u>	<u>20,404</u>
Total Primary Government	<u>\$ 1,189,526</u>	<u>568,435</u>	<u>16,099</u>	<u>-</u>	<u>(625,396)</u>	<u>20,404</u>	<u>\$ (604,992)</u>
General Revenues:							
Property taxes					\$ 383,958	-	\$ 383,958
Sales taxes					211,396	-	211,396
Franchise taxes					64,439	27,747	92,186
Charges for services					19,500	-	19,500
Fines and report fees					26,833	-	26,833
License and permits					9,741	-	9,741
Miscellaneous					6,921	18,321	25,242
Unrestricted investment earnings					446	106	552
Total general revenues, special items, and transfers					<u>723,234</u>	<u>46,174</u>	<u>769,408</u>
Change in net positions					97,838	66,578	164,416
Net Positions - Beginning					<u>1,080,710</u>	<u>(461,568)</u>	<u>619,142</u>
Net Positions - Ending					<u>\$ 1,178,548</u>	<u>(394,990)</u>	<u>\$ 783,558</u>

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 142,854	42,689	\$ 185,543
Accounts receivable, net of allowances	62,935	1,083	64,018
Other receivables	66,685	-	66,685
Intergovernmental receivable	17,538	-	17,538
Due from other funds	109,034	10,909	119,943
TOTAL ASSETS	\$ 399,046	54,681	\$ 453,727
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable, general	\$ 23,341	9,560	\$ 32,901
Payroll taxes payable	5	5,200	5,205
Due to other funds	-	4,354	4,354
Total Liabilities	23,346	19,114	42,460
Fund Balance			
Restricted	-	34,954	34,954
Unassigned	375,700	613	376,313
Total Fund Equity	375,700	35,567	411,267
TOTAL LIABILITIES AND NET ASSETS	\$ 399,046	54,681	\$ 453,727

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

CITY OF FAYETTE, MISSISSIPPI
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Positions of Governmental Activities on
the Statement of Net Assets
For the Year Ended September 30, 2016

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

Total Fund Balances - Governmental Funds	\$ 411,267
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	1,334,237	
Less: Accumulated Depreciation	<u>(559,872)</u>	774,365

Liabilities not due and payable in the current period are not reported in the funds, as follows:

Compensated for absences	(7,081)	
Other	<u>(3)</u>	<u>(7,084)</u>

Net Position of Governmental Activities	<u>\$ 1,178,548</u>
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The Accompanying Notes are an integral part of these Financial Statements.

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
General property taxes	\$ 383,958	-	\$ 383,958
Privilege licenses and permits	9,741	-	9,741
Intergovernmental revenues	217,144	10,351	227,495
Franchise taxes	56,369	-	56,369
Charges for services	-	42,369	42,369
Fines and report fees	26,833	-	26,833
Interest income	357	90	447
Rent income	19,500	-	19,500
Miscellaneous	14,991	-	14,991
Total Revenues	<u>728,893</u>	<u>52,810</u>	<u>781,703</u>
EXPENDITURES:			
General Government:			
Administration	331,876	-	331,876
Judicial	24,500	-	24,500
Public safety	254,763	16,525	271,288
Public works	18,891	-	18,891
Sanitation	-	36,042	36,042
TOTAL EXPENDITURES	<u>630,030</u>	<u>52,567</u>	<u>682,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>98,863</u>	<u>243</u>	<u>99,106</u>
Other Financing Sources:			
Operating transfers in	-	2,300	2,300
Operating transfers out	(2,300)	-	(2,300)
Total Other Financing Sources	<u>(2,300)</u>	<u>2,300</u>	<u>-</u>
Net Change in Fund Balance	96,563	2,543	99,106
Prior period adjustment	-	-	-
Fund Balance at Beginning of Year	<u>279,137</u>	<u>33,024</u>	<u>312,161</u>
Fund Balance at End of Year	<u>\$ 375,700</u>	<u>\$ 35,567</u>	<u>\$ 411,267</u>

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

CITY OF FAYETTE, MISSISSIPPI
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Net Positions Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2016

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

Net change in fund balances - total governmental funds	\$	99,106
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	11,233		
Depreciation expense	<u>(8,264)</u>		2,969

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:

Other	<u>(4,237)</u>	<u>(4,237)</u>	
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Change in net position of governmental activities	\$	<u>97,838</u>
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The Accompanying Notes are an intergral part of these Financial Statements.

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 546,413	546,413	383,958	\$ (162,455)
Privilege licenses and permits	14,963	14,963	9,741	(5,222)
Intergovernmental revenues	298,818	298,818	217,144	(81,674)
Franchise taxes	69,868	69,868	56,369	(13,499)
Rent	92,175	92,175	19,500	(72,675)
Fines and report fees	249,234	249,234	26,833	(222,401)
Interest	-	-	357	357
Miscellaneous	12,989	12,989	14,991	2,002
TOTAL REVENUES	<u>1,284,460</u>	<u>1,284,460</u>	<u>728,893</u>	<u>(555,567)</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	599,179	599,179	331,876	267,303
Judicial	35,400	35,400	24,500	10,900
Public Safety				
Police and fire protection	729,552	729,552	254,763	474,789
Public Works				
Streets improvements	78,945	78,945	18,891	60,054
Total Expenditures	<u>1,443,076</u>	<u>1,443,076</u>	<u>630,030</u>	<u>813,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(158,616)</u>	<u>(158,616)</u>	<u>98,863</u>	<u>257,479</u>
Other Financing Sources:				
Operating transfers out	<u>(36,237)</u>	<u>(36,237)</u>	<u>(2,300)</u>	<u>33,937</u>
Total Other Financing Sources	<u>(36,237)</u>	<u>(36,237)</u>	<u>(2,300)</u>	<u>33,937</u>
Net Change in Fund Balance	(194,853)	(194,853)	96,563	291,416
Fund Balance at Beginning of Year	374,547	374,547	374,547	-
Fund Balance at End of Year	<u>\$ 179,694</u>	<u>179,694</u>	<u>471,110</u>	<u>\$ 291,416</u>

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

CITY OF FAYETTE, MISSISSIPPI
Statement of Net Positions
Proprietary Fund
For the Year Ended September 30, 2016

	Business - Type Activities Water/Sewer Fund
Assets	
Cash and cash equivalents	\$ 8,209
Accounts receivable, net of allowances	103,546
Other receivables	7,959
Due from other funds	<u>15</u>
Total Current Assets	<u>119,729</u>
Restricted Assets:	
Cash and cash equivalents	35,845
Property, plant and Equipment, at Cost	
Land	6,120
Buildings	27,500
Water plant, distribution system and equipment	<u>4,990,392</u>
	5,024,012
Less: accumulated depreciation	<u>(4,668,359)</u>
	<u>355,653</u>
Total Assets	<u>\$ 511,227</u>
Liabilities and Net Assets	
Accounts payable	\$ 36,345
Due to other funds	112,326
Current portion of long term debt:	
Compensated absences	<u>4,038</u>
Total current liabilities	<u>152,709</u>
Current Liabilities Payable from restricted Assets:	
Customer deposits	33,375
Accrued interest payable	1,721
Current portion of revenue bonds payable	<u>104,961</u>
Total Current liabilities payable from restricted assets	<u>140,057</u>
Long-Term Debt (less amounts classified as current)	
Revenue bonds (net of unamortized discount /premium)	609,413
Compensated absences	<u>4,038</u>
Total long-term debt	<u>613,451</u>
Total Liabilities	<u>906,217</u>
Net Positions	
Investment in Capital Assets, net of related debt	(253,760)
Restricted for debt service	35,845
Unrestricted	<u>(177,075)</u>
Total Net Positions	<u>(394,990)</u>
Total Liabilities and Net Positions	<u>\$ 511,227</u>

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

CITY OF FAYETTE, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Positions
Proprietary Funds
For the Year Ended September 30, 2016

	<u>Business - Type Activities</u>
Operating Revenues:	
Sales to customers	\$ 526,067
Franchise taxes	<u>27,747</u>
Total Operating Revenues	<u>553,814</u>
Operating Expenses:	
Personnel services	272,085
Supplies	75,753
Other services and charges	91,527
Depreciation	<u>34,109</u>
Total Operating Expenses	<u>473,474</u>
Operating Income (Loss)	<u>80,340</u>
Nonoperating revenues	
Interest income	106
Other income	18,321
Interest and service charges on long-term debt	<u>(32,189)</u>
Total nonoperating revenues	<u>(13,762)</u>
Net Income Before Operating Transfers	<u>66,578</u>
Net Income (Loss)	66,578
Retained Earnings October 1	<u>(461,568)</u>
Retained Earnings/Fund Balance September 30	<u>\$ (394,990)</u>

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

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

	Business-Type Activities
	Water/Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 526,067
Receipts from other revenue	27,747
Payments to employees	(272,085)
Payments to suppliers	(167,281)
Net cash provided by (used for) operating activities	114,448
 (Increase) Decrease in:	
Accounts receivable	2,778
Accounts receivable, other	2,479
 Increase (Decrease) in:	
Accounts payable	(4,012)
Compensated absences payable	2,435
Due to other funds	8,578
Customer's deposits	1,780
Accrued interest payable	(498)
NET CASH PROVIDED BY OPERATING ACTIVITIES	127,988
 CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES	
NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES	-
 CASH FLOWS USED IN INVESTING ACTIVITIES:	
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Interest earned on account	106
Interest paid on retirement of long-term debt	(32,189)
Other income	18,321
Repayment of long-term debt	(103,021)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	(116,783)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,205
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	32,849
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 44,054
 <u>Supplemental cash flow information:</u>	
Cash paid during the year:	
Interest Expense	\$ 32,189

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

CITY OF FAYETTE, MISSISSIPPI
Statement of Assets and Liabilities
Fiduciary Fund
For the Year Ended September 30, 2016

	<u>Agency Funds</u>
ASSETS	
Due from other funds	\$ 5,454
Total Assets	<u>\$ 5,454</u>
LIABILITIES	
Intergovernmental payables	\$ 2,533
Bank overdraft	3,678
Due to other funds	8,733
Internal balances	<u>(9,490)</u>
Total Liabilities	<u>\$ 5,454</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's accompanying policies conform to generally accepted accounting 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 City's more significant accounting policies are described as follows:

FINANCIAL REPORTING ENTITY

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

BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

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

MAJOR BUSINESS- TYPE FUNDS

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

Sewer System - The sewer system fund is used to account for the operation of the City's sewer system, which is 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.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

Investments are reported at fair value.

Receivables

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

INTERFUND TRANSACTIONS AND BALANCES

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

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

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

CITY OF FAYETTE, MISSISSIPPI
Notes to Financial Statements
September 30, 2016

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

INTERNAL ACTIVITY

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

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

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

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

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

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

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

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

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

CITY OF FAYETTE, MISSISSIPPI
Notes to Financial Statements
September 30, 2016

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

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

NOTE 2 - BUDGETARY CONTROL

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

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

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$185,542 and \$44,054, respectively. The carrying amount of deposits reported in the government-wide financial statements were: Cash and Cash Equivalents - \$193,751 and Restricted Assets - \$35,845. 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 City's programs.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institutions, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of *September 30, 2016*, none of the City's bank balance of \$244,766 was exposed to custodial credit risk.

CITY OF FAYETTE, MISSISSIPPI
Notes to Financial Statements
September 30, 2016

NOTE 4 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2016, the City levied and collected 46.48 mills of taxes for general corporate purposes of the City.

NOTE 5 - INTERFUND BALANCES

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 109,035	\$ -
Water/Sewer System Fund	15	112,326
Fiduciary Fund	5,454	8,733
Non Major Fund		
Sanitation Fund	10,909	1,401
Fire Fund	-	2,953
Total	<u>\$ 125,413</u>	<u>\$ 125,413</u>

Individual fund interfund transfers are presented as of September 30, 2016 as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ -	\$ 2,300
Non Major Fund:		
Sanitation Fund	<u>2,300</u>	<u>-</u>
Total	<u>\$ 2,300</u>	<u>\$ 2,300</u>

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

NOTE 6 - RECEIVABLES

Receivables at September 30, 2016 consisted of the following:

	General Fund	Non-Major Funds	Business-Type Activities	Total
Accounts Receivable				
Charges for services	\$ -	\$ -	\$ 386,428	\$ 386,428
Franchise taxes	3,443	-	-	3,443
Property taxes	59,492	-	-	59,492
Accounts receivable, other	66,685	1,083	-	67,768
Total accounts receivable	<u>129,620</u>	<u>1,083</u>	<u>386,428</u>	<u>517,131</u>
Due From Other Governments				
Sales Taxes	17,538	-	-	17,538
Total due from other governments	17,538	-	-	17,538
Less: allowance for uncollectibles	-	-	(282,882)	(282,882)
Receivables, net of allowance	<u>\$ 147,158</u>	<u>\$ 1,083</u>	<u>\$ 103,546</u>	<u>\$ 251,787</u>

NOTE 7 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Non Depreciable Capital Assets				
Construction in process	\$ 601,412	-	-	\$ 601,412
Total non depreciable capital assets	<u>601,412</u>	<u>-</u>	<u>-</u>	<u>601,412</u>
Depreciable Capital Assets				
Buildings and Improvements	273,591	-	-	273,591
Automotive and equipment	319,293	-	-	319,293
Machinery and Equipment	128,708	11,233	-	139,941
Total depreciable capital assets	721,592	11,233	-	732,825
Accumulated Depreciation	(551,606)	(8,264)	-	(559,871)
Net depreciable capital assets	169,986	2,969	-	172,954
Total Governmental Activities	<u>\$ 771,398</u>	<u>2,969</u>	<u>-</u>	<u>\$ 774,366</u>
Business-Type Activities:				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 6,120	-	-	\$ 6,120
Total nondepreciable capital assets	<u>6,120</u>	<u>-</u>	<u>-</u>	<u>6,120</u>
Depreciable Capital Assets				
Building	27,500	-	-	27,500
Water/Sewer system	4,623,214	-	-	4,623,214
Automotive and equipment	134,199	-	-	134,199
Machinery and equipment	232,979	-	-	232,979
Total depreciable capital assets	5,017,892	-	-	5,017,892
Accumulated Depreciation	(4,634,250)	(34,109)	-	(4,668,359)
Net depreciable capital assets	383,642	(34,109)	-	349,533
Total Business-Type Activities	<u>\$ 389,762</u>	<u>(34,109)</u>	<u>-</u>	<u>\$ 355,653</u>

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

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

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 3,873	-	\$ 3,873
Fire Protection	3,140	-	3,140
Police Protection	(6,620)	-	(6,620)
Public Works	376	-	376
Parks and Recreation	7,495	-	7,495
Water/Sewer System	-	34,109	34,109
Total Depreciation Expense	<u>\$ 8,264</u>	<u>34,109</u>	<u>\$ 42,373</u>

NOTE 8 - LONG-TERM DEBT

Governmental Activities

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

Governmental activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 2,845	8,540	(4,304)	\$ 7,081	\$ 3,541
Total	<u>\$ 2,845</u>	<u>8,540</u>	<u>(4,304)</u>	<u>\$ 7,081</u>	<u>\$ 3,541</u>

Business-Type Activities

Long-term debt activity for the year ended September 30, 2016, 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>
Revenue bonds payable	\$ 817,395	-	(103,021)	\$ 714,374	\$ 104,961
Compensated absences	5,641	7,076	(4,641)	8,076	4,038
Totals	<u>\$ 823,036</u>	<u>7,076</u>	<u>(107,662)</u>	<u>\$ 722,450</u>	<u>\$ 108,999</u>

Revenue Bond

- On November 28, 1984, the City of Fayette issued a Combined Water and Sewer System Revenue Bond (the "Bond") of the City of Fayette, Mississippi (the "Municipality"), in the principal amount of one million two hundred eighty three thousand six hundred dollars (\$1,283,600), dated the date of delivery thereof, November 28, 1984, bearing interest at the rate of 5% per annum and being payable as to interest only on the 28th day of November in each of the years 1985 and 1986, and being payable as to principal and interest in equal monthly installments of \$6,686 in each of the years 1987 to 2019, inclusive.

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

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 City of Fayette.

This bond was purchased by the USDA Rural Development Administration.

The annual requirement to amortize all bonded debt outstanding as of September 30, 2016 including interest payments of \$80,232 are as follows:

Year Ended September 30,	Principal	Interest	Total
2017	\$ 72,821	74,111	\$ 146,932
2018	76,547	3,685	80,232
2019	31,852	368	32,220
	<u>\$ 181,220</u>	<u>\$ 78,164</u>	<u>\$ 259,384</u>

2. On November 2, 1995, the City of Fayette issued a combined water and sewer system revenue bond (the "Bond") of the City of Fayette, Mississippi (the "Municipality"), in the principal amount of nine hundred forty four thousand dollars (\$944,000), dated the date of delivery thereof, November 2, 1995. The water revenue bond consisted of an issue in the amount of \$140,000 bearing interest at a rate of 4.50% per annum and issued in the amount of \$804,000 bearing interest at a rate of 5.0% per annum each being payable of interest only on the first and second anniversary dates of the bond. Principal payments with interest on the unpaid principal balance from date thereof, and paid in equal monthly installments of principal and interest in the amount of \$686 for the \$140,000 bond issue and three thousand nine hundred thirty seven dollars (\$3,937) monthly payments for the \$804,000 bond issue. The payments will begin on the third anniversary date of the bond and continuing through the thirty-fifth anniversary date of the bond; provided that the final payment of the entire indebtedness, if no sooner paid, shall be due and payable thirty-five (35) years from the date thereof.

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 City of Fayette.

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

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

The annual requirement to amortize the bonded debt outstanding as of September 30, 2016 including interest payments of \$729,531 are as follows for the Enterprise Fund:

Year Ended September 30,	Water Bond		Sewer Bond	
	Principal	Interest	Principal	Interest
2017	\$ 27,437	19,807	4,703	\$ 3,529
2018	28,697	18,546	4,919	3,313
2019	30,016	17,228	5,145	3,087
2020	31,395	15,849	5,381	2,851
2021	32,837	14,407	5,629	2,603
2022 to 2026	188,246	47,974	32,267	8,893
2027 to 2029	113,967	6,895	22,515	1,556
	<u>\$ 452,595</u>	<u>140,706</u>	<u>80,559</u>	<u>\$ 25,832</u>

NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The City adopted GASB Statement 54 during the year ended September 30, 2016 as such, fund balance of the governmental funds are classified by specific purpose as follows:

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

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

Fund Balances:	General Fund	Nonmajor Funds	Total
Restricted for:			
Public safety	\$ -	34,954	\$ 34,954
Unassigned:			
Other purposes	375,700	613	376,313
Total Fund Balances	<u>\$ 375,700</u>	<u>35,567</u>	<u>\$ 411,267</u>

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The City does not offer any type of retirement or pension plan to its employees.

NOTE 11 - COMPENSATION OF ELECTED OFFICIALS

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended September 30, 2016 were as follows:

City Official	Position	Amount
Rogers King	Mayor	\$ 20,988
Kenneth Coffie	Alderman	6,000
Marcus Walton	Alderman	6,000
Arnold E. Clark, Jr.	Alderman	6,000
Deliquin D. James, Sr.	Alderman	6,000
Cedric W. Doss	Alderman	6,000
Hattie Davis	City Clerk	32,266
Denise Wilson	Deputy City Clerk	14,828
Litricia King	Deputy City Clerk	23,808
David Houston	Police Chief	34,644

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in several lawsuits as of September 30, 2016. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. Losses, if any, are not expected to exceed available insurance coverage.

NOTE 13 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City 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 14 - RISK MANAGEMENT

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

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

NOTE 15 - 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 receivables 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. Jefferson County bill and collect the real, personal, and ad valorem taxes for the City of Fayette, Mississippi. The taxes are remitted to the City on a monthly basis.

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

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 26, 2017, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 17 - NEW ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

The impact of these pronouncements on the City's financial statements has not been determined.

CITY OF FAYETTE, MISSISSIPPI

SUPPLEMENTARY INFORMATION

September 30, 2016

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS-NONMAJOR GOVERNMENTAL FUNDS

CITY OF FAYETTE, MISSISSIPPI
Nonmajor Governmental Funds
September 30, 2016

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.

Garbage Fund - This fund is used to account for the charges for services which include the collection of garbage.

SCHEDULE A

CITY OF FAYETTE, MISSISSIPPI
 Combined Balance Sheet
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	Special Revenue Funds		
	Fire Fund	Garbage Fund	Total
ASSETS			
Cash	\$ 39,085	3,604	\$ 42,689
Accounts receivable	-	1,083	1,083
Due from other funds	-	10,909	10,909
TOTAL ASSETS	<u>\$ 39,085</u>	<u>15,596</u>	<u>\$ 54,681</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payables	\$ 1,178	8,382	\$ 9,560
Payroll taxes payable	-	5,200	5,200
Due to other funds	<u>2,953</u>	<u>1,401</u>	<u>4,354</u>
Total Liabilities	<u>4,131</u>	<u>14,983</u>	<u>19,114</u>
Fund Balances:			
Restricted	34,954	-	34,954
Unassigned	<u>-</u>	<u>613</u>	<u>613</u>
Total Fund Balances	<u>34,954</u>	<u>613</u>	<u>35,567</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,085</u>	<u>15,596</u>	<u>\$ 54,681</u>

SCHEDULE B

CITY OF FAYETTE, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year ended September 30, 2016

	Special Revenue Funds		
	Fire Fund	Garbage Fund	Total
Revenues			
Intergovernmental revenues	\$ 10,351	-	\$ 10,351
Charges for services	-	42,369	42,369
Interest income	88	2	90
Total Revenues	<u>10,439</u>	<u>42,371</u>	<u>52,810</u>
EXPENDITURES:			
Public safety	16,525	-	16,525
Sanitation	-	36,042	36,042
Total Expenditures	<u>16,525</u>	<u>36,042</u>	<u>52,567</u>
Excess of Revenues Over (Under Expenditures)	<u>(6,086)</u>	<u>6,329</u>	<u>- 243</u>
Other Financing Sources (Uses)			
Operating transfers in	-	2,300	2,300
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,300</u>	<u>2,300</u>
Net Change in Fund Balance	(6,086)	8,629	2,543
Fund Balance, October 1, 2015	<u>41,040</u>	<u>(8,016)</u>	<u>33,024</u>
Fund Balance, September 30, 2016	<u>\$ 34,954</u>	<u>613</u>	<u>\$ 35,567</u>

SCHEDULE C

CITY OF FAYETTE, MISSISSIPPI
 Schedule of Cash Receipts and Disbursements
 Reserve Accounts Required by Rural Development
 Enterprise Fund
 Year Ended September 30, 2016

	Depreciation Fund	Contingency Fund	Bond Cushion Fund	Total
Cash and investment at beginning of year	\$ 9,499	9,499	13,851	\$ 32,849
Cash Receipts:				
Transfer from Operating account	728	728	1,456	2,912
Interest income	24	24	36	84
Total Receipts	<u>752</u>	<u>752</u>	<u>1,492</u>	<u>2,996</u>
Total cash and investments available	<u>10,251</u>	<u>10,251</u>	<u>15,343</u>	<u>35,845</u>
Cash Disbursements:				
Cash and Investment at End of Year	<u>\$ 10,251</u>	<u>10,251</u>	<u>15,343</u>	<u>\$ 35,845</u>



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

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

The Honorable Mayor Rogers King
and Honorable Members of the Board of Alderman
Fayette, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayette, Mississippi (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Fayette, Mississippi's basic financial statements and have issued our report thereon dated October 26, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2016-001 and 2016-002)

Compliance and Other Matters

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

City of Fayette's Response to Findings

The City of Fayette, Mississippi response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Fayette, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Patey, White & Co.

Jackson, Mississippi
October 26, 2017

CITY OF FAYETTE, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2016

Prior year audit findings are listed below as follows:

Finding 2011-01, 2012-01, 2013-01, 2014-01, 2015-01 - Preparation of Annual Financial Statements

Current Status - Not corrected, repeated finding

Finding 2009-1, 2010-2, 2011-02, 2012-02, 2013-02, 2014-01, 2015-01 - Collection of Utility Accounts Receivable

Current Status - Corrected

CITY OF FAYETTE, MISSISSIPPI
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended September 30, 2016

Finding 2016-001

Preparation of Annual Financial Statements

Finding

The City's annual financial statements, including the notes, are the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the annual financial statements and notes. The City management has requested that we prepare the City's financial statements, including the related notes, because the City does not have the necessary internal expertise to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America. As is the case with many municipalities of similar size, the City has determined that it is more cost efficient to utilize the expertise of the auditor for preparation of the annual financial statements as opposed to hiring an employee with comparable expertise. While we have implemented appropriate controls over the financial statement preparation process within our CPA firm, our controls cannot be considered as part of the City's controls. Accordingly, a material weakness in the City's internal controls exists in the annual financial statement reporting function.

Auditor's Recommendation

The City should take the necessary steps to ensure that the City's annual financial statements, including the notes, are prepared by an individual who have the expertise to prepare such financial statements to ensure that the statements are complete and accurate.

Auditee's Response

The City's management has determined that it remains more cost efficient to utilize the auditor for preparation of the annual financial statements. However, management thoroughly reviews and approves the annual financial statements prior to issuance.

Finding 2015-002

Collection of Utility Accounts Receivable

Finding

During our water and sewer testwork, we found that twenty three (23) instances out of a sample of forty (40) transactions, water/sewer customers were delinquent on their outstanding balances and been granted extensions beyond a reasonable period of time to pay thier unitly bill.

CITY OF FAYETTE, MISSISSIPPI
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended September 30, 2016

Auditor's Recommendation

We strongly suggest that the City strictly enforce its collection policies. In addition, the City should implement administrative control procedures to ensure that collection procedures are properly executed in a timely manner. The City should discontinue the services for any and all customers that has exceeded the grace period to pay their utility bill. This will help to improve collections and thereby increase the profitability and the availability of funds.

Auditee's Response

The City will adopt procedures to ensure that the collection policy is enforced for all customers and proper action will be taken to enforce procedures for nonpaying customers.



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

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

To the Honorable Mayor Rogers King, and
Honorable Members of the Board of Alderman
of the City of Fayette, Mississippi

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayette, Mississippi (the City) as of and for the year ended September 30, 2016, which collectively comprise the City of Fayette, Mississippi's basic financial statements and have issued our report thereon dated October 26, 2017. 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.

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

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

Banks, Finley, White & Co.

Jackson, Mississippi
October 26, 2017

SCHEDULE D

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

Official Name	Position	Insured By	Bond Amount
Rogers King	Mayor	U S F & G	\$ 50,000
Kenneth Coffie	Alderman	U S F & G	15,000
Arnold Clark, Jr.	Alderman	U S F & G	50,000
Marcus Walton	Alderman	U S F & G	50,000
Deliquin D. James	Alderman	U S F & G	50,000
Cedric Doss	Alderman	U S F & G	50,000
Hattie Davis	City Clerk	U S F & G	50,000
Denise Wilson	Deputy Clerk	U S F & G	50,000
Litricia King	Deputy Clerk	U S F & G	50,000
David Lee Houston, Sr.	Police Chief	U S F & G	50,000

SCHEDULE E

CITY OF FAYETTE, MISSISSIPPI
Schedule of Capital Assets
September 30, 2016

A. All Governmental Funds

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Construction in progress	\$ 601,412	-	-	\$ 601,412
Total Non Depreciable Capital Assets	601,412	-	-	601,412
Depreciable Capital Assets				
Building and improvements	273,591	-	-	273,591
Automotive and equipment	319,293	-	-	319,293
Machinery and equipment	128,708	11,233	-	139,941
Total Depreciable Capital Assets	721,592	11,233	-	732,825
Accumulated Depreciation				
Building and improvements	101,765	13,336	-	115,101
Automotive and equipment	326,318	(7,025)	-	319,293
Machinery and equipment	123,523	1,953	-	125,477
Total Accumulated Depreciation	551,606	8,264	-	559,871
Capital Assets Net Book Value	\$ 771,398	2,969	-	\$ 774,366

B. All Enterprise Funds

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Land and right of ways	\$ 6,120	-	-	\$ 6,120
Total Non Depreciable Capital Assets	6,120	-	-	6,120
Depreciable Capital Assets				
Building	27,500	-	-	27,500
Water/sewer system	4,623,214	-	-	4,623,214
Automotive and equipment	134,199	-	-	134,199
Machinery and equipment	232,979	-	-	232,979
Total Depreciable Capital Assets	5,017,892	-	-	5,017,892
Accumulated Depreciation				
Building	27,500	-	-	27,500
Water/sewer system	4,249,379	45,507	-	4,294,886
Automotive and equipment	134,199	-	-	134,199
Machinery and equipment	177,665	20,150	-	197,815
Total Accumulated Depreciation	4,588,743	65,657	-	4,654,400
Capital Assets Net Book Value	\$ 435,269	(65,657)	-	\$ 369,612

SCHEDULE F

CITY OF FAYETTE, MISSISSIPPI
Statement of Investments
September 30, 2016

The City of Fayette, Mississippi did not have any investments for the year ended September 30, 2016.

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

Authorized Debt Limit Percent Rule

	10%	15%
Authorized Debt Limit Percent		
2015 Tax Roll Estimation	\$ 6,280,959	\$ 6,280,959
Less: Homestead Exemption	(23,145)	(23,145)
Net 2015 Estimation Tax Roll	<u>\$ 6,257,814</u>	<u>\$ 6,257,814</u>
Assessed Valuation under respective debt limit	<u>\$ 625,781</u>	<u>\$ 938,672</u>
Less: All Bonded Indebtness	714,374	714,374
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	<u>714,374</u>	<u>714,374</u>
Margin for further debt under respective debt limits	<u>\$ 625,781</u>	<u>\$ 938,672</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.

SCHEDULE H

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

	Authorized	Issued	Balance Outstanding Oct. 1, 2015	During Fiscal Year		Balance Outstanding Sept. 30, 2016
				Issued	Retired	
<u>Proprietary:</u>						
Revenue Bonds						
91-01 Revenue Bond	\$ 1,283,600	\$ 1,283,600	\$ 253,507	\$ -	\$ 72,288	\$ 181,219
92-03 Revenue Bond	804,000	804,000	478,831	-	26,236	452,595
91-05 Revenue Bond	140,000	140,000	85,057	-	4,497	80,560
Total Revenue Bonds	<u>2,227,600</u>	<u>2,227,600</u>	<u>817,395</u>	<u>-</u>	<u>103,021</u>	<u>714,374</u>
Total Long-Term Debt	<u>\$ 2,227,600</u>	<u>\$ 2,227,600</u>	<u>\$ 817,395</u>	<u>\$ -</u>	<u>\$ 103,021</u>	<u>\$ 714,374</u>