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FINANCIAL STATEMENTS
CITY OF AMORY, MISSISSIPPI
Year Ended September 30, 2016

CITY OF AMORY, MISSISSIPPI
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen
City of Amory, Mississippi
Amory, Mississippi 38821

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 Amory, 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.

Auditors' 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 *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 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 auditors' 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 Amory, 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 on pages 5 through 13, the schedule of the City's proportionate share of the net pension liability on page 48, and the schedule of the City's contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The City of Amory – Electric Department's financial year ends on June 30, as required by regulatory bodies, and, therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Amory, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of surety bonds for municipal officials, the schedule of long-term debt and the schedule of funds received from the Mississippi Library Commission 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 and schedules, the schedule of surety bonds for municipal officials, the schedule of long-term debt and the schedule of funds received from the Mississippi Library Commission 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 and schedules, the schedule of surety bonds for municipal officials, the schedule of long-term debt and the schedule of funds received from the Mississippi Library Commission are fairly stated, in all material respects, in relation to the basic 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 February 27, 2017 on our consideration of the City of Amory, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 *Government Auditing Standards* in considering the City of Amory's internal control over financial reporting and compliance.

Franks, Franks, Jarrell & Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
February 27, 2017

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information for the Year ended September 30, 2016

This section of the City of Amory's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2016. Please read it in conjunction with the City of Amory financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$27,738,699. This compares to the previous year when assets exceeded liabilities by \$29,657,281.
- As of the close of the current fiscal year, the City of Amory governmental funds reported combined ending fund balances of \$3,830,395, a decrease of \$686,573 in comparison to the prior year. Approximately 62% of the combined fund balances, \$2,381,852 is considered unassigned and is available for spending at the City of Amory discretion.
- The City of Amory's total debt is \$2,485,212. No new debt was issued in the current fiscal year. Debt in the amount of \$283,469 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Amory.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Amory's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Amory's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City has four Governmental Fund types: the General, Special Revenue, Capital Project and Debt Service.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, and Solid Waste funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. In addition to these required elements, we included combining statements that provide details about non-major governmental funds, each of which are added together and presented in single columns in the financial statements.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Amory's financial statements, including the portion of the City of Amory they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City of Amory's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City of Amory as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Amory's net position and how they have changed. Net position—the difference between the City of Amory's assets and liabilities—is one way to measure the City of Amory's financial health, or position.

- Over time, increases or decreases in the city of Amory's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Amory, the reader should consider additional non-financial factors such as changes in the City of Amory's property tax base.
- *Governmental activities* –Most of the City of Amory's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Amory charges fees to customers to help it cover the costs of certain services it provides. The City of Amory's garbage pickup, water and sewer systems and electric department services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Amory's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Amory exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Amory has two types of funds:

- **Governmental funds**—most of the City of Amory's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Amory's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Amory utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
- **Proprietary funds**—Services for which the City of Amory charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City of Amory's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Amory's assets exceeded liabilities by \$27,738,699 at the close of the most recent fiscal year.

A large portion, 109%, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1
City of Amory's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets:	\$ 4,738,550	\$ 5,534,731	\$ 6,999,450	\$ 7,246,604	\$ 11,738,000	\$ 12,781,335
Capital Assets	14,310,944	14,603,668	18,683,043	18,593,482	32,993,987	33,197,150
Total Assets	19,049,494	20,138,399	25,682,493	25,840,086	44,731,987	45,978,485
Deferred Outflows:	1,241,725	1,137,355	680,421	538,118	1,922,146	1,675,473
Total Deferred Outflows	1,241,725	1,137,355	680,421	538,118	1,922,146	1,675,473
Current and Other Liabilities:	941,460	976,873	3,156,881	3,175,827	4,098,341	4,152,700
Long-Term Liabilities	9,275,681	8,159,281	5,166,474	4,964,458	14,442,155	13,123,739
Total Liabilities	10,217,141	9,136,154	8,323,355	8,140,285	18,540,496	17,276,439
Deferred Inflows:	257,793	346,242	117,145	373,996	374,938	720,238
Total Deferred Inflows	257,793	346,242	117,145	373,996	374,938	720,238
Net Position:						
Net Investment in						
Capital Assets	12,680,732	12,816,669	17,428,096	17,611,800	30,108,828	30,428,469
Restricted	646,372	1,774,499	161,027	160,553	807,399	1,935,052
Unrestricted (Deficit)	(3,510,819)	(2,797,810)	333,291	91,570	(3,177,528)	(2,706,240)
Total Net Position	\$ 9,816,285	\$11,793,358	\$ 17,922,414	\$ 17,863,923	\$ 27,738,699	\$ 29,657,281

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of our business-type activities were \$333,291 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Amory generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position. Approximately 9.81 percent of the City of Amory's revenue comes from property taxes, with 24.81 percent of all revenue coming from some type of tax. (See Table A-2.) Another 72.57 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2

Changes in The City of Amory's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 456,939	\$ 586,017	\$ 16,404,591	\$ 16,431,173	\$16,861,530	\$17,017,190
Operating Grants & Contributions	15,334	0	0	0	15,334	0
Capital Grants & Contributions	135,068	508,084	0	0	135,068	508,084
General Revenues:						
Property Taxes	2,278,485	2,125,547	0	0	2,278,485	2,125,547
Other Taxes	3,486,800	3,303,007	0	0	3,486,800	3,303,007
Intergovernmental Revenues	303,686	204,770	0	0	303,686	204,770
Investment Income	3,657	3,290	2,525	2,106	6,182	5,396
Other	<u>80,152</u>	<u>(289,488)</u>	<u>68,369</u>	<u>18,395</u>	<u>148,521</u>	<u>(271,093)</u>
Total Revenues	6,760,121	6,441,227	16,475,485	16,451,674	23,235,606	22,892,901
Expenses						
General Government	1,247,252	1,218,299	0	0	1,247,252	1,218,299
Public Safety	3,611,238	3,010,017	0	0	3,611,238	3,010,017
Public Works	2,474,985	1,146,317	0	0	2,474,985	1,146,317
Urban & Economic Development	180,150	154,557	0	0	180,150	154,557
Culture & Recreation	1,175,645	1,017,426	0	0	1,175,645	1,017,426
Water & Sewer	0	0	1,956,022	2,192,753	1,956,022	2,192,753
Electric	0	0	13,414,638	13,516,856	13,414,638	13,516,856
Solid Waste Management	0	0	1,046,334	891,586	1,046,334	891,586
Interest on Long-Term Debt	<u>47,924</u>	<u>8,097</u>	<u>0</u>	<u>0</u>	<u>47,924</u>	<u>8,097</u>
Total Expenses	<u>8,737,194</u>	<u>6,554,713</u>	<u>16,416,994</u>	<u>16,601,195</u>	<u>25,154,188</u>	<u>23,155,908</u>
Excess of Revenue Over Expenses	(1,977,073)	(113,486)	58,491	(149,521)	(1,918,582)	(263,007)
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	<u>(1,977,073)</u>	<u>(113,486)</u>	<u>58,491</u>	<u>(149,521)</u>	<u>(1,918,582)</u>	<u>(263,007)</u>
Net Position—Beginning, as previously stated	11,793,358	17,086,197	17,863,923	21,616,428	29,657,281	38,702,625
Prior Period Adjustment	<u>0</u>	<u>(5,179,353)</u>	<u>0</u>	<u>(3,602,984)</u>	<u>0</u>	<u>(8,782,337)</u>
Net Position—Beginning, as restated	<u>11,793,358</u>	<u>11,906,844</u>	<u>17,863,923</u>	<u>18,013,444</u>	<u>29,657,281</u>	<u>29,920,288</u>
Net Position—Ending	<u>\$ 9,816,285</u>	<u>\$ 11,793,358</u>	<u>\$ 17,922,414</u>	<u>\$ 17,863,923</u>	<u>\$ 27,738,699</u>	<u>\$ 29,657,281</u>

Governmental Activities

Governmental activities decreased the City's net position by \$1,977,073, thereby accounting for 100% of the total decrease in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

other taxes (52%), property taxes (34%), and charges for services (7%).

The largest expense category for the City's governmental activities are public safety (41%), public works (28%), and general government (14%).

Business-type Activities

Business-type activities increased the City's net position by \$58,491, accounting for 0 percent of the decrease in the City's net position.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$1,872,016 for water and sewer, \$13,667,027 for electric, and \$865,548 for solid waste management.

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 near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,381,852, which comprised 75 percent of the fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 51% of total fund expenditures. The fund balance of the City's general fund increased by \$457,440 during the current fiscal year.

Debt Service Fund—The debt service fund has a total fund balance of \$13,693, all of which is committed for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$15,886.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$341,029, which will be used for future expenditures.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$305,343. The net decrease in fund balance during the current year in capital projects fund was \$1,150,982.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$17,922,414. Changes in net position, which totaled an increase of \$58,491, were as follows: the electric fund increased by \$254,485, the water & sewer fund decreased by \$83,894, and the solid waste management fund decreased by \$112,100.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2015 - 16 general fund operating budget increased by approximately \$52,800 during the current fiscal year. This increase was primarily related to increases in other general government capital outlay expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$32,594,040, net of accumulated depreciation of \$32,184,990. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3
City of Amory's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,243,571	\$ 1,243,571	\$ 231,679	\$ 231,679	\$ 1,475,250	\$ 1,475,250
Buildings	5,682,684	5,644,413	706,491	690,617	6,389,175	6,335,030
Improvements (other than buildings)	5,738,157	5,716,268	30,768,858	29,982,880	36,507,015	35,699,148
Machinery & Equipment	3,186,123	3,090,586	2,907,520	3,302,436	6,093,643	6,393,022
Infrastructure	13,526,244	13,380,534	0	0	13,526,244	13,380,534
Construction-in-progress	58,782	191,395	728,921	1,037,277	787,703	1,228,672
Accumulated Depreciation	(15,124,617)	(14,663,099)	(17,060,373)	(16,651,407)	(32,184,990)	(31,314,506)
Total	\$ 14,310,944	\$ 14,603,668	\$18,283,096	\$18,593,482	\$ 32,594,040	\$ 33,197,150

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt—At year-end, the city had \$2,485,212 in bonds and notes outstanding. More detailed information about the city of Amory's long-term liabilities is presented in the notes to the financial statements.

Table A-4

	City of Amory's Outstanding Debt					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$ 1,470,000	\$ 1,500,000	\$ 0	\$ 0	\$ 1,470,000	\$ 1,500,000
Revenue Bonds	0	0	855,000	930,000	855,000	930,000
CAP Loans	36,928	79,802	0	0	36,928	79,802
Promissory Notes	123,284	207,197	0	51,682	123,284	258,879
Total	\$ 1,630,212	\$ 1,786,999	\$ 855,000	\$ 981,682	\$ 2,485,212	\$ 2,768,681

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2017 budget. The total budgeted appropriations for the City operations in the general fund are \$7,406,477. This budget reflects an increase of approximately \$13,300 over the prior year budget.

CONTACTING THE CITY OF AMORY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Amory finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Amory's Finance Department, P.O. Drawer 457 Amory, MS 38821.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash on Deposit	\$ 3,542,143	\$ 2,574,586	\$ 6,116,729
Money Market, CD's	603,910	855,070	1,458,980
Accounts Receivable, Net	-	2,425,836	2,425,836
Court Fines Receivable, Net	111,186	-	111,186
Property Taxes Receivable	83,705	-	83,705
Other Receivables	33,418	-	33,418
Notes Receivable	1,223	-	1,223
Lease Payments Receivable	46,811	-	46,811
Due From Other Funds	95,462	663,608	759,070
Due From Other Governments	220,341	-	220,341
Accrued Interest	351	-	351
Prepaid Expenses	-	21,983	21,983
Inventories	-	456,385	456,385
Deferred Debits	-	1,982	1,982
Notes Receivable	-	108,154	108,154
Nonutility Property, net	-	291,793	291,793
Capital Assets:			
Land	1,243,571	231,679	1,475,250
Improvements Other than Buildings	5,738,157	30,768,858	36,507,015
Plant, Buildings and Improvements	5,682,684	706,491	6,389,175
Machinery and Equipment	3,186,123	2,907,520	6,093,643
Infrastructure	13,526,244	-	13,526,244
Construction in Progress	58,782	728,921	787,703
Accumulated Depreciation	(15,124,617)	(17,060,373)	(32,184,990)
TOTAL ASSETS	\$ 19,049,494	\$ 25,682,493	\$ 44,731,987
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	\$ 1,241,725	\$ 680,421	\$ 1,922,146
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,241,725	\$ 680,421	\$ 1,922,146

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Checks Issued in Excess of Cash Deposits	\$ 11,647	\$ -	\$ 11,647
Accounts Payable and Accrued Expenses	492,322	1,629,106	2,121,428
Due to Other Funds	838	527,910	528,748
Due to Other Industries	3,453	-	3,453
Unearned Revenue	158,193	-	158,193
Long-Term Liabilities, Due Within one Year			
General Obligation Bonds	30,000	-	30,000
Revenue Bonds	-	75,000	75,000
Notes Payable	122,608	-	122,608
Long-Term Liabilities, Due in More Than one Year			
General Obligation Bonds	1,440,000		1,440,000
Revenue Bonds	-	780,000	780,000
Notes Payable	37,604	-	37,604
Net Pension Liability	7,798,077	4,265,869	12,063,946
Customer Deposits	-	854,394	854,394
Accrued Compensated Absences	122,399	70,471	192,870
Dererred Credits	-	-	-
Advances TVA - Home Insulation Loans	-	120,605	120,605
TOTAL LIABILITIES	10,217,141	8,323,355	18,540,496
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Amounts Related to Pensions	\$ 257,793	\$ 117,145	\$ 374,938
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 257,793	\$ 117,145	\$ 374,938
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,680,732	17,428,096	30,108,828
Restricted for:			
Debt Service	13,693	161,027	174,720
Capital Projects	305,343	-	305,343
Special Revenue	341,029	-	341,029
Unrestricted (Deficit)	(3,524,512)	333,291	(3,191,221)
TOTAL NET POSITION	\$ 9,816,285	\$ 17,922,414	\$ 27,738,699

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position PRIMARY GOVERNMENT		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 1,247,252	\$ 102,814	\$ 3,648	\$ -	\$ 106,462	\$ (1,140,790)	\$ -	\$ (1,140,790)
Public Safety	3,611,238	112,660	11,686	48,433	172,779	(3,438,459)	-	(3,438,459)
Public Works	2,474,985	-	-	-	-	(2,474,985)	-	(2,474,985)
Urban and Economic Development	180,150	98,653	-	-	98,653	(81,497)	-	(81,497)
Culture and Recreation	1,175,645	142,812	-	86,635	229,447	(946,198)	-	(946,198)
Capital Projects	-	-	-	-	-	-	-	-
Debt Service	47,924	-	-	-	-	(47,924)	-	(47,924)
TOTAL GOVERNMENTAL ACTIVITIES	8,737,194	456,939	15,334	135,068	607,341	(8,129,853)	-	(8,129,853)
Business-Type Activities:								
Water and Sewer	1,956,022	1,872,016	-	-	1,872,016	-	(84,006)	(84,006)
Electric	13,414,638	13,667,027	-	-	13,667,027	-	252,389	252,389
Solid Waste Management	1,046,334	865,548	-	-	865,548	-	(180,786)	(180,786)
TOTAL BUSINESS-TYPE ACTIVITIES	16,416,994	16,404,591	-	-	16,404,591	-	(12,403)	(12,403)
TOTAL PRIMARY GOVERNMENT	\$ 25,154,188	\$ 16,861,530	\$ 15,334	\$ 135,068	\$ 17,011,932	\$ (8,129,853)	\$ (12,403)	\$ (8,142,256)
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes					\$ 2,278,446	\$ -	\$ -	\$ 2,278,446
Property Taxes, Levied for Debt Service					39	-	-	39
Sales Taxes					1,981,152	-	-	1,981,152
County Pro Rata Taxes					537,374	-	-	537,374
Franchise Taxes					92,218	-	-	92,218
In Lieu Taxes					855,283	-	-	855,283
Gasoline Taxes & Other Taxes					20,773	-	-	20,773
Homestead Reimbursement					166,862	-	-	166,862
Fire Protection Allocation					46,921	-	-	46,921
Grants and Contributions not Restricted to Specific Programs					89,903	-	-	89,903
Investment Earnings					3,657	-	2,525	6,182
Gain (Loss) on Asset Disposal					58,848	-	68,369	127,217
Miscellaneous					21,304	-	-	21,304
Transfers					-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					6,152,780	70,894		6,223,674
CHANGE IN NET POSITION					(1,977,073)	58,491		(1,918,582)
NET POSITION--BEGINNING					11,793,358	17,863,923		29,657,281
NET POSITION--ENDING					\$ 9,816,285	\$ 17,922,414		\$ 27,738,699

The accompanying notes are an integral part of these financial statements.

**CITY OF AMORY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash on Deposit	\$ 2,820,018	\$ 722,125	\$ 3,542,143
Money Market, CD's	421,384	182,526	603,910
Other Receivables	33,418	-	33,418
Notes Receivable	-	1,223	1,223
Lease Payments Receivable	46,811	-	46,811
Due From Other Funds	95,462	-	95,462
Due From Other Governments	220,341	-	220,341
Accrued Interest	351	-	351
TOTAL ASSETS	\$ 3,637,785	\$ 905,874	\$ 4,543,659
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Checks Issued in Excess of Cash Deposits	\$ -	\$ 11,647	\$ 11,647
Accounts Payable and Accrued Expenses	258,160	234,162	492,322
Due to Other Funds	838	-	838
Due to Other Industries	3,453	-	3,453
Deferred Revenues - Lease Payments	46,811	-	46,811
Unearned Revenue	158,193	-	158,193
TOTAL LIABILITIES	\$ 467,455	\$ 245,809	\$ 713,264
<u>FUND BALANCES:</u>			
Nonspendable	43,535	-	43,535
Committed			
BiCentennial CD	2,625	-	2,625
Debt Service Funds	-	13,693	13,693
Library	138,231	-	138,231
Restricted			
Capital Projects	-	305,343	305,343
Fire Protection	-	309,656	309,656
Police/Narcotics	-	13,985	13,985
CDBG Repayment	-	17,388	17,388
Assigned	604,087	-	604,087
Unassigned	2,381,852	-	2,381,852
TOTAL FUND BALANCES	\$ 3,170,330	\$ 660,065	\$ 3,830,395

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	3,830,395
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		14,310,944
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(1,630,212)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.		(122,399)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.		83,705
Net pension liability are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.		(7,798,077)
Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the governmental funds balance sheet.		
Deferred outflows of resources related to defined benefit pension plan		1,241,725
Deferred inflows of resources related to defined benefit pension plan		(257,793)
Deferred revenues for capital lease receivables deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.		46,811
Accrual of court fine revenues to qualify as financial resources.		111,186
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	9,816,285

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
General Property Taxes	\$ 2,268,819	\$ 39	\$ 2,268,858
Sales and Use Taxes	1,981,152	-	1,981,152
Licenses and Permits	42,008	-	42,008
Franchise Fees	92,218	-	92,218
Penalties and Interest	60,806	-	60,806
Intergovernmental Revenues	1,644,059	46,921	1,690,980
Grant Income	126,635	-	126,635
Charges for Services	142,812	-	142,812
Fines and Forfeits	136,062	-	136,062
Interest Income	3,204	453	3,657
Wharfage Fees	85,323	-	85,323
Donations/Contributions	49,903	-	49,903
Miscellaneous Revenues	21,304	-	21,304
TOTAL REVENUES	<u>6,654,305</u>	<u>47,413</u>	<u>6,701,718</u>
EXPENDITURES:			
Current:			
General Government	1,076,340	-	1,076,340
Public Safety	2,921,918	24,454	2,946,372
Public Works	1,162,315	1,150,982	2,313,297
Culture and Recreation	928,658	-	928,658
Urban and Economic Development	50,130	-	50,130
Capital Projects	-	-	-
Debt Service	76,697	128,014	204,711
TOTAL EXPENDITURES	<u>6,216,058</u>	<u>1,303,450</u>	<u>7,519,508</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>438,247</u>	<u>(1,256,037)</u>	<u>(817,790)</u>
OTHER FINANCING SOURCES (USES):			
Transfers to Other Funds	(112,024)	-	(112,024)
Transfers from Other Funds	-	112,024	112,024
Lease Payments	59,648	-	59,648
Proceeds from Sale of Capital Assets	71,569	-	71,569
Proceeds from Issuance of Debt	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,193</u>	<u>112,024</u>	<u>131,217</u>
NET CHANGE IN FUND BALANCES	457,440	(1,144,013)	(686,573)
FUND BALANCES - Beginning	<u>2,712,890</u>	<u>1,804,078</u>	<u>4,516,968</u>
FUND BALANCES - Ending	<u>\$ 3,170,330</u>	<u>\$ 660,065</u>	<u>\$ 3,830,395</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(686,573)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		292,637
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(577,442)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		4,802
Proceeds from the disposition of capital assets is reported as income in the Governmental Funds. The gain or loss on the sale of the capital assets and not the gross proceeds are reported as income in the Government-Wide Statement of Activities.		(12,721)
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		9,627
Revenues related to court fines in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		(23,402)
Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received.		(46,318)
(Increase) decrease in accrual of compensated absences.		(18,081)
Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.		(1,076,389)
Bond and debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.		
This amount represents bond and debt proceeds and premiums.		-
This amount represents long-term debt repayments and issuance costs.		156,787
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(1,977,073)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2016

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
General Property Taxes	\$ 2,191,073	\$ 2,191,073	\$ 2,267,545	\$ 76,472
Sales and Use Taxes	1,850,000	1,850,000	1,966,402	116,402
Licenses and Permits	27,900	27,900	42,008	14,108
Franchise Fees	72,000	72,000	92,218	20,218
Penalties and Interest	22,500	22,500	60,806	38,306
Intergovernmental Revenues	1,485,700	1,485,700	1,595,626	109,926
Grant Income	552,250	552,250	175,068	(377,182)
Charges for Services	132,573	132,573	142,812	10,239
Fines and Forfeits	147,700	147,700	136,062	(11,638)
Interest Income	50	50	3,204	3,154
Wharfage Fees	90,000	90,000	82,858	(7,142)
Donations/Contributions	-	-	49,903	49,903
Miscellaneous Revenues	8,700	8,700	42,563	33,863
TOTAL REVENUES	<u>6,580,446</u>	<u>6,580,446</u>	<u>6,657,075</u>	<u>76,629</u>
EXPENDITURES:				
Current:				
General Government	1,228,656	1,276,456	1,076,340	200,116
Public Safety	3,005,786	3,010,786	2,921,918	88,868
Public Works	1,385,435	1,385,435	1,162,315	223,120
Culture and Recreation	970,591	970,591	928,658	41,933
Urban and Economic Development	669,900	669,900	50,130	619,770
Debt Service	80,000	80,000	76,697	3,303
TOTAL EXPENDITURES	<u>7,260,368</u>	<u>7,393,168</u>	<u>6,216,058</u>	<u>1,173,807</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(679,922)</u>	<u>(812,722)</u>	<u>441,017</u>	<u>1,250,436</u>
OTHER FINANCING SOURCES (USES):				
Transfers (to) from Other Funds	(116,208)	(116,208)	(112,024)	4,184
Proceeds from Sale of Capital Assets	10,000	10,000	71,569	61,569
Proceeds from Issuance of Debt	-	150,000	-	(150,000)
Lease Payments	49,211	49,211	59,648	10,437
TOTAL OTHER FINANCING SOURCES (USES)	<u>(56,997)</u>	<u>93,003</u>	<u>19,193</u>	<u>(73,810)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	<u>\$ (736,919)</u>	<u>\$ (719,719)</u>	<u>\$ 460,210</u>	<u>\$ 1,176,626</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUNDS			
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	TOTAL
ASSETS:				
<u>Current Assets:</u>				
Cash	\$ 2,335,847	\$ 165,463	\$ 73,276	\$ 2,574,586
Money Market, CD's	616,342	111,687	127,041	855,070
Accounts Receivables	2,038,099	274,251	113,486	2,425,836
Due from Other Funds	515,590	75,654	72,364	663,608
Inventories	375,444	80,941	-	456,385
Deferred Debits	-	1,982	-	1,982
Prepaid Expenses	8,400	13,583	-	21,983
Total Current Assets	<u>5,889,722</u>	<u>723,561</u>	<u>386,167</u>	<u>6,999,450</u>
<u>Noncurrent Assets:</u>				
<u>Restricted Assets:</u>				
Due From Home Owner For				
Conservation Loans	108,154	-	-	108,154
Nonutility Property, net	291,793	-	-	291,793
<u>Capital Assets:</u>				
Land	106,483	125,196	-	231,679
Buildings	342,043	251,909	112,539	706,491
Improvements Other Than Building	16,091,014	14,677,844	-	30,768,858
Machinery & Equipment	1,406,478	1,183,376	317,666	2,907,520
Accumulated Depreciation	(9,051,298)	(7,677,351)	(331,724)	(17,060,373)
Construction Work In Progress	462,062	266,859	-	728,921
Total Noncurrent Assets	<u>9,756,729</u>	<u>8,827,833</u>	<u>98,481</u>	<u>18,683,043</u>
Total Assets	<u>\$ 15,646,451</u>	<u>\$ 9,551,394</u>	<u>\$ 484,648</u>	<u>\$ 25,682,493</u>
<u>Deferred Outflows of Resources:</u>				
Deferred Amounts Related to Pensions	\$ 373,094	\$ 187,376	\$ 119,951	\$ 680,421
Total Deferred Outflows of Resources	<u>\$ 373,094</u>	<u>\$ 187,376</u>	<u>\$ 119,951</u>	<u>\$ 680,421</u>

**CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2016**

	BUSINESS-TYPE ACTIVITIES- PROPRIETARY FUNDS			
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	TOTAL
LIABILITIES				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 1,490,820	\$ 79,708	\$ 58,578	\$ 1,629,106
Compensated Absences	39,338	26,355	4,778	70,471
Due to Other Funds	23,535	504,375	-	527,910
Long-Term Debt Due Within One Year	75,000	-	-	75,000
Deferred Credits	-	-	-	-
Customer Deposits	846,285	8,109	-	854,394
Total Current Liabilities	<u>2,474,978</u>	<u>618,547</u>	<u>63,356</u>	<u>3,156,881</u>
<u>Long-Term Liabilities:</u>				
Net Pension Liability	2,318,704	1,187,176	759,989	4,265,869
Long-Term Debt Due in More than One Year	780,000	-	-	780,000
Advances from Others- TVA	120,605	-	-	120,605
Total Long-Term Liabilities	<u>3,219,309</u>	<u>1,187,176</u>	<u>759,989</u>	<u>5,166,474</u>
Total Liabilities	<u>\$ 5,694,287</u>	<u>\$ 1,805,723</u>	<u>\$ 823,345</u>	<u>\$ 8,323,355</u>
<u>Deferred Inflow of Resources:</u>				
Deferred Amounts Related to Pensions	\$ 49,821	\$ 41,047	\$ 26,277	\$ 117,145
Total Deferred Inflows of Resources	<u>\$ 49,821</u>	<u>\$ 41,047</u>	<u>\$ 26,277</u>	<u>\$ 117,145</u>
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	8,501,782	8,827,833	98,481	17,428,096
Restricted for:				
Debt Service	161,027	-	-	161,027
Unrestricted	1,612,628	(935,833)	(343,504)	333,291
Total Net Position (Deficit)	<u>\$ 10,275,437</u>	<u>\$ 7,892,000</u>	<u>\$ (245,023)</u>	<u>\$ 17,922,414</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION-
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			TOTALS
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 13,667,027	\$ 1,872,016	\$ 865,548	\$ 16,404,591
Total Operating Revenue	<u>13,667,027</u>	<u>1,872,016</u>	<u>865,548</u>	<u>16,404,591</u>
<u>OPERATING EXPENSES:</u>				
Operations	11,627,073	1,060,298	1,006,903	13,694,274
Maintenance	341,442	453,445	13,597	808,484
Depreciation	587,167	396,804	24,557	1,008,528
Taxes	820,871	44,919	-	865,790
Total Operating Expenses	<u>13,376,553</u>	<u>1,955,466</u>	<u>1,045,057</u>	<u>16,377,076</u>
Net Operating Income (Loss)	<u>290,474</u>	<u>(83,450)</u>	<u>(179,509)</u>	<u>27,515</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	2,096	112	317	2,525
Gain (Loss) on Sale of Equipment	-	-	68,369	68,369
Miscellaneous Income (Expense)	-	(556)	-	(556)
Interest Expense	<u>(38,085)</u>	<u>-</u>	<u>(1,277)</u>	<u>(39,362)</u>
Total Non-Operating Income (Loss)	<u>(35,989)</u>	<u>(444)</u>	<u>67,409</u>	<u>30,976</u>
Income (Loss) before Operating Transfers	254,485	(83,894)	(112,100)	58,491
<u>OPERATING TRANSFERS IN (OUT)</u>				
Change in Net Position	254,485	(83,894)	(112,100)	58,491
Total Net Position (Deficit)-Beginning of Year	<u>10,020,952</u>	<u>7,975,894</u>	<u>(132,923)</u>	<u>17,863,923</u>
Total Net Position (Deficit)-End of Year	<u>\$ 10,275,437</u>	<u>\$ 7,892,000</u>	<u>\$ (245,023)</u>	<u>\$ 17,922,414</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2016

	BUSINESS-TYPE ACTIVITIES--			TOTALS
	PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 13,779,915	\$ 1,852,491	\$ 871,337	\$ 16,503,743
Payments to Suppliers	(9,826,824)	(1,211,423)	(654,425)	(11,692,672)
Payments to Employees	(1,139,357)	(456,194)	(282,665)	(1,878,216)
Payments for Other Services and Charges	(970,687)	-	-	(970,687)
Other Receipts (Payments)	(776,470)	(130,932)	-	(907,402)
Net Cash Provided by (Used in) Operating Activities	<u>1,066,577</u>	<u>53,942</u>	<u>(65,753)</u>	<u>1,054,766</u>
Cash Flows from Noncapital Financing Activities:				
Due To Other Funds	-	20,021	-	20,021
Due From Other Funds	(27,596)	-	714	(26,882)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(27,596)</u>	<u>20,021</u>	<u>714</u>	<u>(6,861)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(665,372)	(114,372)	(1,399)	(781,143)
Proceeds From Sale of Capital Assets	-	-	133,307	133,307
Principal Paid on Capital Debt	(75,000)	-	(51,682)	(126,682)
Interest Paid on Capital Debt	(38,825)	-	(1,277)	(40,102)
Other Receipts (Payments)	(169,064)	(556)	-	(169,620)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(948,261)</u>	<u>(114,928)</u>	<u>78,949</u>	<u>(984,240)</u>
Cash Flows from Investing Activities:				
Interest and Dividends	1,804	112	317	2,233
Other Receipts (Payments)	46,302	-	-	46,302
Net Cash Provided By (Used In) Investing Activities	<u>48,106</u>	<u>112</u>	<u>317</u>	<u>48,535</u>
Net Increase (Decrease) In Cash and Cash Equivalents	138,826	(40,853)	14,227	112,200
Cash and Cash Equivalents--Beginning	2,813,363	318,003	186,090	3,317,456
Cash and Cash Equivalents--Ending	<u>\$ 2,952,189</u>	<u>\$ 277,150</u>	<u>\$ 200,317</u>	<u>\$ 3,429,656</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:				
Operating Income (Loss)	\$ 290,474	\$ (83,450)	\$ (179,509)	\$ 27,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) In Operating Activities:				
Depreciation Expense	587,167	396,804	24,557	1,008,528
Net Pension Expense	230,688	(228,861)	89,259	91,086
(Increase) Decrease in Accounts Receivable	39,115	(19,925)	5,789	24,979
(Increase) Decrease in Deferred Credits	-	(2,329)	-	(2,329)
(Increase) Decrease in Prepaid Expenses	(826)	(8,616)	-	(9,442)
(Increase) Decrease in Inventories	(66,880)	(9,675)	-	(76,555)
Increase (Decrease) in Accounts Payable	(63,609)	2,579	(1,385)	(62,415)
Increase (Decrease) in Accrued Liabilities	1,423	7,015	(4,464)	3,974
Increase (Decrease) in Customer Deposits	49,025	400	-	49,425
Total Adjustments	<u>776,103</u>	<u>137,392</u>	<u>113,756</u>	<u>1,027,251</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ 1,066,577</u>	<u>\$ 53,942</u>	<u>\$ (65,753)</u>	<u>\$ 1,054,766</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES

The City of Amory, Mississippi operates under a Mayor - Alderman form of government and provides the following services: public safety (police & fire), public works (street and waste collection), recreation, building and ground improvements, utilities (electricity and water & sewer), community services, urban redevelopment and housing, public improvements and general administrative services.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statement distinguishes between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Debt Service Fund – The Debt Service Fund was established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. This is a non-major governmental fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a non-major governmental fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources from debt issuances, transfers, and or grants provided for the specific purpose of constructing or acquiring capital improvements for governmental activities. This is a non-major fund.

The City reports the following major proprietary funds:

The Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Amory.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

The Water and Sewer Fund – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Amory.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Included within the reporting entity:

City of Amory electric, water and sewer system, and solid waste management fund. The rates for user charges and bond issuance authorizations also are approved by the governments governing body and the legal liability for the general obligation portion of the electric, water and sewer debt remains with the government.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Budgets and Budgetary Accounting

The Mayor and Board of Aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and Board of Aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Budgetary data for the Capital Projects Fund has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

General Obligation Enterprise Bonds

The Enterprise Funds provide the annual debt service requirements on certain general obligation enterprise bonds (not secured by system revenues) issued to finance system improvements. Since the Enterprise Funds provide the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Enterprise Funds and have been reported on the balance sheets of the Enterprise Funds.

Although the general obligation enterprise bonds are reported on the balance sheets of the Enterprise Funds, they are backed by the full faith and credit of the City and are therefore a contingent liability to the general government.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the City does not employ an encumbrance system.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less when acquired are considered to be cash equivalents.

Receivables

Receivables at September 30, 2016, consisted primarily of property and other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. Management believes that all accounts receivables as of September 30, 2016 were fully collectible except as discussed below.

The accrual amount of court fine receivables on the Statement of Net Position has been reduced by \$321,614 to reflect the provision for uncollectible fines as determined by management's estimate.

Business Information

The City of Amory, Mississippi provides electric, water and sewer and solid waste collection services to customers located within the city limits of Amory, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Inventories

Inventories for proprietary fund types are valued at cost. The City does not maintain inventory records for any other fund types.

Prepaid Items

Prepaid items, such as prepaid insurance, are not reported for governmental fund types. This is permitted by generally accepted accounting principles.

Compensated Absences

The City's policy allows employees to accumulate unused vacation leave up to 15 days. Upon termination, any accumulated vacation will be paid to the employee. Sick leave will be paid only upon illness while an employee of the City.

Cash and Investments

The City deposits funds in the financial institutions selected by the Board of Alderman in accordance with state statutes.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entities' 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 FDIC.

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

Fund Balance Classification

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has an obligation to maintain unemployment revolving fund funds intact in lieu of periodic contributions to the state unemployment insurance program. The City has classified all funds associated with the unemployment revolving fund as nonspendable.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified unexpended fire rebate funds as being restricted because their use is restricted by State Statute. Also, police/ narcotics and CDBG repayment funds are classified as restricted because the underlying grant restricts the use of the remaining funds.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has classified the library department funds and a bicentennial certificate of deposit, both in the general fund, as being committed because they were set aside for specific purposes by the Board of Aldermen. The City also considers the balance in the debt service fund as committed based on Board authorization.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has \$604,087 of assigned fund balances as of September 30, 2016.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Use of Restricted/ Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Amory's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Amory's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS).

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 2 - PROPERTY TAXES

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1st. The City bills and collects its own property taxes, except motor vehicle taxes, and also collects taxes for the Separate School District. Motor vehicle taxes are collected by the County Tax Collector and remitted to the City. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

The millage was allocated as follows:

	2016		2015	
	City	School District	City	School District
General Fund	36.40	0.00	34.90	0.00
Library Fund	3.00	0.00	3.00	0.00
School Debt Service Fund				
2010 Three Mill Note	0.00	2.00	0.00	2.08
2013 Three Mill Note	0.00	0.84	0.00	0.81
2013 Shortfall Note	0.00	0.87	0.00	0.89
2014 Shortfall Note	0.00	0.33	0.00	0.38
School Maintenance Fund	0.00	37.50	0.00	36.78
Total	39.40	41.54	37.90	40.94

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES

A summary of proprietary fund types property, plant and equipment follows:

	Enterprise	
	2016	2015
Electric Fund	\$ 18,408,080	\$ 17,961,368
Solid Waste Management Fund	430,205	891,282
Combined Water & Sewer Fund	16,505,184	16,392,239
Total	35,343,469	35,244,889
Less: Accumulated Depreciation	17,060,373	16,651,407
Net	\$ 18,283,096	\$ 18,593,482

The Solid Waste Management Fund was established on October 1, 1992. As required by the State Department of Audit, costs listed above are from historical records of buildings and equipment acquired by the City of Amory, Mississippi.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES (continued)

For the Enterprise Funds, the accumulated provision for depreciation is charged with retirements together with removal cost less salvage. Generally, because of the composite character of the provision no other adjustments of accumulated depreciation are made in recording retirements.

The Water and Sewer Fund and Solid Waste Management Fund equipment is carried at cost, less depreciation, except for the water plant existing on October 1, 1958.

The Electric Fund was established on September 3, 1934, at an appraised value of \$17,423. Additions subsequent to that time have been at cost.

The valuation of the water plant in service at October 1, 1958, was based on actual cost for all possible items. In those cases where actual cost could not be determined, the calculation of plant items was based on engineering estimates and/or consultant's appraisals. It is noted that this is a variation from the generally accepted accounting principals that require assets be recorded at cost. Asset values were adjusted to reflect estimated net book value as of October 1, 1958. However, all plant additions in later periods were recorded at cost and depreciation of the water plant was recognized in the statement.

NOTE 4 - RISK MANAGEMENT

The City of Amory is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2016, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

**CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 5 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2016:

Primary Government:

Governmental Activities:

	Balance 10/1/2015	Additions	Reclass/ Disposals	Balance 9/30/2016
Capital Assets, not being depreciated:				
Land	\$ 1,243,571	\$ 0	\$ 0	\$ 1,243,571
Construction in Progress	191,395	34,986	(167,599)	58,782
Total Capital Assets, not being depreciated	1,434,966	34,986	(167,599)	1,302,353
Capital Assets being depreciated				
Plant, Buildings & Improvements	11,360,681	38,271	21,889	11,420,841
Infrastructure	13,380,534	0	145,710	13,526,244
Machinery & Equipment	3,090,586	224,182	(128,645)	3,186,123
Total Capital Assets being depreciated	27,831,801	262,453	38,954	28,133,208
Less: Accumulated Depreciation for:				
Plant, Buildings & Improvements	(4,442,006)	(344,483)	0	(4,786,489)
Machinery & Equipment	(2,538,959)	(113,712)	115,924	(2,536,747)
Infrastructure	(7,682,134)	(119,247)	0	(7,801,381)
Total Accumulated Depreciation	(14,663,099)	(577,442)	115,924	(15,124,617)
Total Capital Assets, depreciated, net	13,168,702	(314,989)	154,878	13,008,591
Primary Government Capital Assets, net	\$ 14,603,668	\$ (280,003)	\$ (12,721)	\$ 14,310,944

The City has adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets. The City has retroactively applied these thresholds to all general fixed assets in service. The City also retroactively capitalized infrastructure assets in service.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2016 follows:

Business-Type Activities:

	<u>Balance</u> 10/1/2015	<u>Additions</u>	<u>Reclass/ Disposals</u>	<u>Balance</u> 9/30/2015
Capital Assets, not being depreciated:				
Land	\$ 231,679	\$ 0	\$ 0	\$ 231,679
Construction in Progress	1,037,277	239,918	(548,274)	728,921
Total Capital Assets, not being depreciated	1,268,956	239,918	(548,274)	960,600
Capital Assets being depreciated				
Plant, Buildings & Improvements	30,673,497	451,800	350,052	31,475,349
Machinery & Equipment	3,302,436	121,581	(516,497)	2,907,520
Total Capital Assets being depreciated	33,975,933	573,381	(166,445)	34,382,869
Less: Accumulated Depreciation for:				
Plant, Buildings & Improvements	(14,429,011)	(879,739)	222,697	(15,086,053)
Machinery & Equipment	(2,222,396)	(128,789)	376,865	(1,974,320)
Total Accumulated Depreciation	(16,651,407)	(1,008,528)	599,562	(17,060,373)
Total Capital Assets, depreciated, net	17,324,526	(435,147)	433,117	17,322,496
Primary Government Capital Assets, net	\$ <u>18,593,482</u>	\$ <u>(195,229)</u>	\$ <u>(115,157)</u>	\$ <u>18,283,096</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 49,346
Public Safety	107,797
Public Works	140,065
Urban and Economic Development	138,416
Culture & Recreation	<u>141,818</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 577,442</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - FIXED ASSETS (continued)

Business-type Activities:	
Electric Department	\$ 587,167
Water and Sewer	396,804
Solid Waste	<u>24,557</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 1,008,528</u>

NOTE 6 - LONG-TERM DEBT

General obligation bonds include a G.O. Street Improvement Bond. Resolutions adopted by the City authorizing the issuance of Water and Sewer Department bonds set forth certain accounting requirements concerning revenues. The City is in compliance with these accounting requirements. The City is required to transfer revenues into restricted funds on a monthly basis until certain maximum fund balances have been achieved. All restricted funds had either attained their maximum balances or required transfers were being made.

The annual requirements to amortize all general obligation bonds, electric revenue bonds and notes outstanding including interest payments of \$662,329 as of September 30, 2016 are as follows:

Fiscal Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 152,608	\$ 47,239	\$ 75,000	\$ 35,647	\$ 310,494
2018	40,362	44,114	80,000	32,648	197,124
2019	40,757	43,044	85,000	29,447	198,248
2020	41,167	41,959	90,000	25,963	199,089
2021	65,318	40,888	95,000	22,272	223,478
2022-2026	435,000	182,568	430,000	46,930	1,094,498
2027-2030	<u>855,000</u>	<u>69,610</u>	<u>0</u>	<u>0</u>	<u>924,610</u>
Total	<u>\$ 1,630,212</u>	<u>\$ 469,422</u>	<u>\$ 855,000</u>	<u>\$ 192,907</u>	<u>\$ 3,147,541</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - LONG-TERM DEBT (continued)

A summary of general long-term debt is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>09/30/16</u>	<u>Current</u> <u>Maturity</u>
State of Mississippi - CAP Loan \$500,000 with interest at 3.0% maturing on August 1, 2017	\$ 79,802	\$ 0	\$ 42,874	\$ 36,928	\$ 36,928
MDA Rail Loan - \$133,464 with interest at 3.75%, maturing on April 1, 2021	57,197	0	9,612	47,585	9,981
Promissory Note - \$150,000 with interest at 2%, maturing on July 15, 2017	150,000	0	74,301	75,699	75,699
General Obligation Bond Series 2015 - \$1,500,000 with interest at 2.250% to 3.200%, maturing on July 1, 2030	<u>1,500,000</u>	<u>0</u>	<u>30,000</u>	<u>1,470,000</u>	<u>30,000</u>
	<u>\$ 1,786,999</u>	<u>\$ 0</u>	<u>\$ 156,787</u>	<u>\$ 1,630,212</u>	<u>\$ 152,608</u>
 <u>Business-Type Activities</u>	 <u>Balance</u> <u>10/01/15</u>	 <u>Issued</u>	 <u>Retired</u>	 <u>Balance</u> <u>09/30/16</u>	 <u>Current</u> <u>Maturity</u>
Revenue Bonds Series 2005-\$1,500,000 original issue with an average interest rate of 4.42%, maturing May 1, 2025	\$ 930,000	\$ 0	\$ 75,000	\$ 855,000	\$ 75,000
Capital Lease - \$124,627 with interest at 2.47% maturing on May 17, 2016	<u>51,682</u>	<u>0</u>	<u>51,682</u>	<u>0</u>	<u>0</u>
	<u>\$ 981,682</u>	<u>\$ 0</u>	<u>\$ 126,682</u>	<u>\$ 855,000</u>	<u>\$ 75,000</u>

**CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 7 - DUE FROM/TO INTERFUND BALANCES

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 95,462	\$ 838
Special Revenue Funds	0	0
Enterprise Funds:		
Solid Waste Management Fund	72,364	0
Water and Sewer Fund	75,654	504,375
Electric Department	<u>515,590</u>	<u>23,535</u>
Total	<u>\$ 759,070</u>	<u>\$ 528,748</u>

Due from Other Funds and Due to Other Funds do not equal because the statements included herein for the Electric Fund are for the fiscal year ended June 30, 2016. The following is a reconciliation of the difference:

Due from Water and Sewer Fund on June 30, 2016 per Electric Fund	\$ 515,590	
Due to Water and Sewer Fund on June 30, 2016 per Electric Fund	(23,535)	
Due to General Fund on June 30, 2016 per Electric Fund	<u>(838)</u>	\$ 491,217
Due from Electric Fund on September 30, 2016 per General Fund	95,462	
Due from Electric Fund on September 30, 2016 per Solid Waste Fund	72,364	
Due from Electric Fund on September 30, 2016 Per Water and Sewer Fund	75,654	
Due to Electric Fund on September 30, 2016 per Water and Sewer Fund	<u>(504,375)</u>	<u>(260,895)</u>
		<u>\$ 230,322</u>

These balances represent temporary timing differences related to reimbursement for administrative expenses paid by proprietary funds to the general fund and for reimbursements related to grant income received by the special revenue fund. All balances are expected to be repaid within the next fiscal year.

NOTE 8 - ECONOMIC DEPENDENCY

Sales to one major customer during the Electric Fund's year ended June 30, 2016 totaled approximately \$1,553,880. This represented approximately 11% of this Enterprise Fund's total revenues.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Plan Description- Employees of the City of Amory are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. 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.

Benefits Provided- For the cost-sharing plan participating members who are vested and retire at or after age 60 or those retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, the COLA is equal to 3% of your annual base benefit for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 % compounded for each fiscal year thereafter.

Employee membership data related to the Plan, as of June 30, 2016 was as follows:

Retirees and Survivors	99,483
Terminated Vested Employees	19,400
Inactive Nonvested Members	123,235
Active Members	<u>154,104</u>
Total	<u><u>396,222</u></u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Employee membership data related to the Plan, as of June 30, 2015 was as follows:

Retirees and Survivors	96,338
Terminated Vested Employees	19,005
Inactive Nonvested Members	118,021
Active Members	<u>157,215</u>
Total	<u>390,579</u>

Contributions- The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Amory is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2016, the City of Amory's total payroll for all employees was \$4,783,201. Total covered payroll was also \$4,726,777. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions- At September 30, 2015, the City of Amory (including the Amory Municipal Library), reported a liability of \$7,798,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the City of Amory-Electric Department reported a liability of \$4,265,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Amory's proportion of the net pension liability was based on a projection of the City of Amory's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City of Amory's proportion was 0.055%. At June 30, 2015, The City of Amory-Electric's proportion was 0.015%.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2016, the City of Amory recognized pension expense of \$1,469,636. At September 30, 2016, the City of Amory reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Results - Pensions	\$ 271,821	\$ 0
City Pension Contributions Subsequent to the Measurement Date	146,448	0
Changes of Assumptions	459,412	25,895
Net Difference Between Projected and Actual Investment Earnings on Investments	660,192	0
Changes in Proportion and Differences Between ER Contributions and Proportionate Share Of ER Contributions	11,179	299,222
Total	<u>\$ 1,549,052</u>	<u>\$ 325,117</u>

For the year ended June 30, 2016, the City of Amory-Electric Department recognized pension expense of \$249,779. At June 30, 2016, the City of Amory-Electric Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Results - Pensions	\$ 210,241	\$ 0
City Pension Contributions Subsequent to the Measurement Date	162,853	0
Net Difference Between Projected and Actual Earnings on Pension Plan Assets	0	49,821
Total	<u>\$ 373,094</u>	<u>\$ 49,821</u>

The \$162,853 of deferred outflows of resources resulting from the City of Amory-Electric Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	<u>Amount</u>
2017	\$ 64,839
2018	64,839
2019	43,197
2020	(12,455)
Total	<u>\$ 160,420</u>

**CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

The \$146,448 of deferred outflows of resources resulting from the City of Amory's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2017	\$ 357,933
2018	240,800
2019	286,234
2020	192,520
Total	\$ <u>1,077,487</u>

Actuarial Assumptions-The City of Amory-Electric pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Actuarial Assumptions-The City of Amory pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with male rates set forward one year for the City of Amory.

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 and 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	(0.50)%
Total	100.00%	

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

Sensitivity of the City of Amory's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate-The following presents the City of Amory-Electric Department's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the City of Amory-Electric Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$3,056,265
Current discount rate	7.75%	\$2,318,704
1% increase	8.75%	\$1,706,667

**CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$12,495,586
Current discount rate	7.75%	\$9,745,242
1% increase	8.75%	\$7,463,349

Plan Fiduciary Net Position-Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

NOTE 10 - FUND BALANCE RECONCILIATION - GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes – General Fund" are eliminated for budget purposes. In the current fiscal year, accrued revenues were \$2,770 less than cash revenues.

NOTE 11 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditures over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. Expenditures over appropriations at the legal level of budgetary control are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund:			
Police Department			
Other Services and Charges	\$ 139,680	\$ 142,501	\$ 2,821
Library			
Personnel Services	186,000	187,305	1,305

NOTE 12 - DEFICIT FUND BALANCE

The following funds have a deficit fund balance at September 30, 2016:

<u>FUND NAME</u>	<u>AMOUNT</u>
Solid Waste Management	\$ <u>245,023</u>
TOTAL	\$ <u>245,023</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 13 - ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines and the net pension liability as mentioned in Note 1 and Note 9, respectively. It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 14 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the city if disposed of unfavorably.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2017, the date on which the financial statements were available to be issued.

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CITY OF AMORY, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years
For the Year Ended September 30, 2016

	2016	2015
A. Amory's proportion of net pension liability (%)	0.0700%	0.0710%
B. Amory's proportionate share of net pension liability	\$12,063,946	\$10,452,243
C. Amory's covered employee payroll	\$4,726,777	\$4,281,305
D. Amory's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	255.23%	244.14%
E. Plan fiduciary net position as a percentage of total pension liability	57.47%	61.70%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS
For the Last 10 Fiscal Years
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Statutorily required contributions	\$744,467	\$674,305	\$670,590
B. Contributions in relation to statutorily required contributions	\$744,467	\$674,305	\$670,590
C. Contribution deficiency (excess)	\$0	\$0	\$0
D. Amory's covered employee payroll	\$4,726,777	\$4,281,305	\$4,257,717
E. Contributions as a percentage of covered employee payroll	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

CITY OF AMORY, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2016

Pension Schedules

(1) Changes in benefit provisions

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(2) Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(3) The comparative information presented on the Schedule of the Department's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

**CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2016**

	Non-Major Debt Service	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<u>ASSETS:</u>				
Cash	\$ -	\$ 189,266	\$ 532,859	\$ 722,125
Money Market, CD's	26,311	156,215	-	182,526
Notes Receivable	-	1,223	-	1,223
TOTAL ASSETS	\$ 26,311	\$ 346,704	\$ 532,859	\$ 905,874
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Checks Issued In Excess of Cash Deposits	\$ 11,647	\$ -	\$ -	\$ 11,647
Accounts Payable	971	5,675	227,516	234,162
TOTAL LIABILITIES	12,618	5,675	227,516	245,809
<u>FUND BALANCES:</u>				
Committed	13,693	-	-	13,693
Restricted				
Capital Projects	-	-	305,343	305,343
Fire Protection	-	309,656	-	309,656
Police/Narcotics	-	13,985	-	13,985
CDBG Repayment	-	17,388	-	17,388
TOTAL FUND BALANCES	13,693	341,029	305,343	660,065
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,311	\$ 346,704	\$ 532,859	\$ 905,874

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2016

	Non-Major Debt Service	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$ 39	\$ -	\$ -	\$ 39
Intergovernmental Revenues	-	46,921	-	46,921
Interest	65	388	-	453
TOTAL REVENUES	<u>104</u>	<u>47,309</u>	<u>-</u>	<u>47,413</u>
EXPENDITURES:				
Current:				
Public Safety	-	24,454	-	24,454
Public Works	-	-	1,150,982	1,150,982
Debt Service	128,014	-	-	128,014
TOTAL EXPENDITURES	<u>128,014</u>	<u>24,454</u>	<u>1,150,982</u>	<u>1,303,450</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(127,910)</u>	<u>22,855</u>	<u>(1,150,982)</u>	<u>(1,256,037)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	112,024	-	-	112,024
TOTAL OTHER FINANCING SOURCES (USES)	<u>112,024</u>	<u>-</u>	<u>-</u>	<u>112,024</u>
NET CHANGE IN FUND BALANCES	(15,886)	22,855	(1,150,982)	(1,144,013)
FUND BALANCES - Beginning	<u>29,579</u>	<u>318,174</u>	<u>1,456,325</u>	<u>1,804,078</u>
FUND BALANCES - Ending	<u>\$ 13,693</u>	<u>\$ 341,029</u>	<u>\$ 305,343</u>	<u>\$ 660,065</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
ASSETS:		
Cash	\$ 2,820,018	\$ 2,670,900
Money Market, CD's	421,384	420,152
Accrued Interest Receivable	351	351
Lease Payments Receivable	46,811	93,129
Due From Other Governments	220,341	204,317
Due From Other Funds	95,462	76,528
Other Receivables	33,418	52,212
Total Assets	\$ <u>3,637,785</u>	\$ <u>3,517,589</u>
LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 258,160	\$ 543,969
Due to Other Funds	838	838
Due to Other Industries	3,453	3,453
Unearned Revenue	158,193	163,310
Deferred Revenues - Lease Payments	46,811	93,129
Total Liabilities	<u>467,455</u>	<u>804,699</u>
FUND BALANCE:		
Nonspendable	43,535	43,427
Committed		
BiCentennial CD	2,625	2,625
Library	138,231	142,769
Restricted	-	-
Assigned	604,087	523,208
Unassigned	2,381,852	2,000,861
Total Fund Balance	<u>3,170,330</u>	<u>2,712,890</u>
Total Liabilities and Fund Balance	\$ <u>3,637,785</u>	\$ <u>3,517,589</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
REVENUES:		
Ad Valorem Taxes:		
Real & Personal	\$ 2,268,819	\$ 2,121,979
Penalties and Interest	60,806	53,301
Licenses and Permits	42,008	38,832
State of Mississippi:		
Sales Tax	1,981,152	1,925,333
Municipal Aid	3,648	3,648
Gasoline Tax	6,352	6,352
Homestead Reimbursement	166,862	160,548
Law Enforcement Assistance	11,686	766
In Lieu - TVA	69,619	122,649
Monroe County:		
Pro Rata Tax	537,374	476,701
Vehicle Rental & Rail Car	14,421	14,852
In Lieu - Other:		
Utility Department	785,058	660,000
Housing Authority	606	902
State and Federal Grants	175,068	457,340
Recreation Fee	13,490	16,210
Fines and Forfeitures	136,062	139,922
Rentals	113,125	111,048
Interest	3,204	3,109
Library Income	9,927	11,303
Special Assessment Charges	6,270	54,825
Franchise Fee	92,218	96,218
Wharfage Fees	85,323	108,416
Donations/Contributions	49,903	50,744
Sundry	21,304	32,756
Total Revenues	\$ 6,654,305	\$ 6,667,754
EXPENDITURES:		
General Government:		
Legislative:		
Personnel Services	\$ 63,618	\$ 64,635
Supplies	635	547
Other Services and Charges	172,516	170,589
Capital Outlay	-	-
Total	236,769	235,771

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
Judicial:		
Personnel Services	\$ -	\$ -
Supplies	451	520
Other Services and Charges	39,930	42,371
Capital Outlay	-	-
Total	40,381	42,891
Executive:		
Personnel Services	104,087	101,210
Supplies	848	539
Other Services and Charges	6,860	8,048
Capital Outlay	363	-
Total	112,158	109,797
Planning/Zoning:		
Personnel Services	202,012	191,545
Supplies	2,006	1,667
Other Services and Charges	9,633	6,430
Capital Outlay	649	1,348
Total	214,300	200,990
Elections:		
Personnel Services	-	-
Supplies	-	80
Other Services and Charges	-	10,728
Total	-	10,808
Finance:		
Personnel Services	181,581	189,946
Supplies	8,349	5,538
Other Services and Charges	72,708	81,088
Capital Outlay	400	-
Debt Service	-	-
Total	263,038	276,572

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
Legal:		
Personnel Services	\$ -	\$ -
Supplies	-	-
Other Services and Charges	<u>18,263</u>	<u>25,173</u>
Total	<u>18,263</u>	<u>25,173</u>
Other General Government Bldg. & Plant:		
Personnel Services	60	1,062
Supplies	19,284	26,395
Other Services and Charges	141,144	153,214
Capital Outlay	<u>30,943</u>	<u>66,547</u>
Total	<u>191,431</u>	<u>247,218</u>
Total General Government	<u>1,076,340</u>	<u>1,149,220</u>
Public Safety:		
Police Department:		
Personnel Services	1,617,130	1,374,320
Supplies	105,763	131,401
Other Services and Charges	142,501	108,044
Capital Outlay	104,321	25,304
Debt Service	<u>-</u>	<u>-</u>
Total	<u>1,969,715</u>	<u>1,639,069</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
Narcotics Division of Police Department:		
Personnel Services	\$ 69,267	\$ 67,911
Supplies	343	1,182
Other Services and Charges	253	255
Capital Outlay	765	982
Total	<u>70,628</u>	<u>70,330</u>
Fire Department:		
Personnel Services	800,403	775,435
Supplies	26,928	24,071
Other Services and Charges	30,036	28,400
Capital Outlay	24,208	3,310
Total	<u>881,575</u>	<u>831,216</u>
Total Public Safety	<u>2,921,918</u>	<u>2,540,615</u>
Public Works:		
Street Department:		
Personnel Services	424,104	273,417
Supplies	136,166	122,941
Other Services and Charges	458,631	430,358
Capital Outlay	84,224	199,863
Debt Service	76,697	-
Total	<u>1,179,822</u>	<u>1,026,579</u>
City Garage Department		
Personnel Services	49,095	46,399
Supplies	6,827	6,204
Other Services and Charges	3,162	4,129
Capital Outlay	106	70
Total	<u>59,190</u>	<u>56,802</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
Total Public Works	\$ 1,239,012	\$ 1,083,381
Parks and Recreation:		
Personnel Services	314,834	291,011
Supplies	58,269	57,905
Other Services and Charges	107,097	88,628
Capital Outlay	8,947	53,482
Total	489,147	491,026
Library		
Personnel Services	187,305	158,256
Supplies	59,932	49,273
Other Services and Charges	30,774	28,201
Capital Outlay	21,668	3,396
Total	299,679	239,126
Museum Department:		
Personnel Services	88,246	87,465
Supplies	2,159	2,085
Other Services and Charges	48,977	42,828
Capital Outlay	450	1,000
Total	139,832	133,378
Total Culture and Recreation	928,658	863,530
Urban & Economic Development:		
Economic Development:		
Other Services and Charges	41,840	37,857
Capital Outlay	8,290	634,555
Total	50,130	672,412

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2016 and 2015

	TOTALS	TOTALS
	2016	2015
Total Urban & Economic Development	\$ <u>50,130</u>	\$ <u>672,412</u>
Total Expenditures	<u>6,216,058</u>	<u>6,309,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>438,247</u>	<u>358,596</u>
Other Financing Sources (Uses):		
Proceeds from Issuance of Debt	-	150,000
Proceeds from Sale of Capital Assets	71,569	36,643
Transfers (to) from Other Funds	(112,024)	(136,063)
Lease Payments	<u>59,648</u>	<u>49,400</u>
Total Other Financing Sources (Uses)	<u>19,193</u>	<u>99,980</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	457,440	458,576
Fund Balance:		
October 1, as previously stated	2,712,890	2,171,740
Prior Period Adjustment	<u>-</u>	<u>82,574</u>
October 1, as restated	<u>2,712,890</u>	<u>2,254,314</u>
September 30,	\$ <u><u>3,170,330</u></u>	\$ <u><u>2,712,890</u></u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Ad Valorem Taxes:			
Real & Personal	\$ 2,191,073	\$ 2,267,545	\$ 76,472
Penalties and Interest	22,500	60,806	38,306
Licenses and Permits	27,900	42,008	14,108
State of Mississippi:			
Sales Tax	1,850,000	1,966,402	116,402
Municipal Aid	3,600	3,648	48
Gasoline Tax	10,000	6,352	(3,648)
Homestead Reimbursement	125,000	166,862	41,862
Law Enforcement Assistance	-	11,686	11,686
In Lieu - TVA	125,000	69,619	(55,381)
Monroe County:			
Pro Rate Tax	425,000	537,374	112,374
Vehicle Rental & Rail Car	11,500	14,421	2,921
In Lieu - Other:			
Utility Department	785,000	785,058	58
Housing Authority	600	606	6
State & Local Grants	552,250	175,068	(377,182)
TVA & State - Waterway Road Project	-	-	-
Recreation Fee	11,500	13,490	1,990
Fines and Forfeitures	147,700	136,062	(11,638)
Rentals	103,500	113,125	9,625
Interest	50	3,204	3,154
Library Income	7,573	9,927	2,354
Special Assessment Charges	10,000	6,270	(3,730)
Franchise Fee	72,000	92,218	20,218
Wharfage Fees	90,000	82,858	(7,142)
Donations/Contributions	-	49,903	49,903
Sundry	8,700	42,563	33,863
Total Receipts	\$ 6,580,446	\$ 6,657,075	\$ 76,629
EXPENDITURES:			
General Government:			
Legislative:			
Personnel Services	\$ 71,638	\$ 63,618	\$ 8,020
Supplies	1,000	635	365
Other Services and Charges	177,915	172,516	5,399
Capital Outlay	-	-	-
Total	250,553	236,769	13,784

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial:			
Personnel Services	\$ -	\$ -	\$ -
Supplies	650	451	199
Other Services and Charges	42,085	39,930	2,155
Capital Outlay	-	-	-
Total	<u>42,735</u>	<u>40,381</u>	<u>2,354</u>
Executive:			
Personnel Services	111,244	104,087	7,157
Supplies	2,200	848	1,352
Other Services and Charges	7,775	6,860	915
Capital Outlay	1,000	363	637
Total	<u>122,219</u>	<u>112,158</u>	<u>10,061</u>
Planning/Zoning:			
Personnel Services	204,348	202,012	2,336
Supplies	2,900	2,006	894
Other Services and Charges	14,580	9,633	4,947
Capital Outlay	1,750	649	1,101
Total	<u>223,578</u>	<u>214,300</u>	<u>9,278</u>
Elections:			
Personnel Services	-	-	-
Supplies	-	-	-
Other Services and Charges	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Finance:			
Personnel Services	230,036	181,581	48,455
Supplies	9,700	8,349	1,351
Other Services and Charges	91,035	72,708	18,327
Capital Outlay	2,000	400	1,600
Total	<u>332,771</u>	<u>263,038</u>	<u>69,733</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Legal:			
Personnel Services	-	-	-
Supplies	-	-	-
Other Services and Charges	40,000	18,263	21,737
Total	<u>40,000</u>	<u>18,263</u>	<u>21,737</u>
Other General Government Bldg. & Plant:			
Personnel Services	1,500	60	1,440
Supplies	23,650	19,284	4,366
Other Services and Charges	186,450	141,144	45,306
Capital Outlay	53,000	30,943	22,057
Total	<u>264,600</u>	<u>191,431</u>	<u>73,169</u>
Total General Government	<u>1,276,456</u>	<u>1,076,340</u>	<u>200,116</u>
Public Safety:			
Police Department:			
Personnel Services	1,627,729	1,617,130	10,599
Supplies	134,550	105,763	28,787
Other Services and Charges	139,680	142,501	(2,821)
Capital Outlay	110,000	104,321	5,679
Total	<u>2,011,959</u>	<u>1,969,715</u>	<u>42,244</u>
Narcotics Division of Police Department:			
Personnel Services	71,684	69,267	2,417
Supplies	1,000	343	657
Other Services and Charges	320	253	67
Capital Outlay	850	765	85
Total	<u>73,854</u>	<u>70,628</u>	<u>3,226</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department:			
Personnel Services	\$ 840,153	\$ 800,191	\$ 39,962
Supplies	28,150	27,140	1,010
Other Services and Charges	31,670	30,036	1,634
Capital Outlay	<u>25,000</u>	<u>24,208</u>	<u>792</u>
Total	<u>924,973</u>	<u>881,575</u>	<u>43,398</u>
Total Public Safety	<u>3,010,786</u>	<u>2,921,918</u>	<u>88,868</u>
Public Works:			
Street Department:			
Personnel Services	501,030	424,104	76,926
Supplies	147,250	136,166	11,084
Other Services and Charges	489,900	458,631	31,269
Capital Outlay	<u>172,500</u>	<u>84,224</u>	<u>88,276</u>
Total	<u>1,310,680</u>	<u>1,103,125</u>	<u>207,555</u>
City Garage Department			
Personnel Services	61,655	49,095	12,560
Supplies	7,700	6,827	873
Other Services and Charges	4,900	3,162	1,738
Capital Outlay	<u>500</u>	<u>106</u>	<u>394</u>
Total	<u>74,755</u>	<u>59,190</u>	<u>15,565</u>
Total Public Works	<u>1,385,435</u>	<u>1,162,315</u>	<u>223,120</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks and Recreation:			
Personnel Services	\$ 320,486	\$ 314,834	\$ 5,652
Supplies	60,900	58,269	2,631
Other Services and Charges	112,675	107,097	5,578
Capital Outlay	<u>10,000</u>	<u>8,947</u>	<u>1,053</u>
Total	<u>504,061</u>	<u>489,147</u>	<u>14,914</u>
Library			
Personnel Services	186,000	187,305	(1,305)
Supplies	81,000	59,932	21,068
Other Services and Charges	34,000	30,774	3,226
Capital Outlay	<u>5,500</u>	<u>21,668</u>	<u>(16,168)</u>
Total	<u>306,500</u>	<u>299,679</u>	<u>6,821</u>
Museum Department:			
Personnel Services	107,180	88,246	18,934
Supplies	3,100	2,159	941
Other Services and Charges	49,250	48,977	273
Capital Outlay	<u>500</u>	<u>450</u>	<u>50</u>
Total	<u>160,030</u>	<u>139,832</u>	<u>20,198</u>
Total Culture & Recreation	<u>970,591</u>	<u>928,658</u>	<u>41,933</u>
Urban & Economic Development:			
Economic Development:			
Other Services and Charges	129,900	41,840	88,060
Capital Outlay	<u>530,000</u>	<u>8,290</u>	<u>521,710</u>
Total	<u>659,900</u>	<u>50,130</u>	<u>609,770</u>
TVA Lieu:			
Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Urban & Economic Development	<u>669,900</u>	<u>50,130</u>	<u>619,770</u>
Debt Service			
Principal	77,500	74,301	3,199
Interest	<u>2,500</u>	<u>2,396</u>	<u>104</u>
Total	<u>80,000</u>	<u>76,697</u>	<u>3,303</u>
Total Expenditures	<u>7,393,168</u>	<u>6,216,058</u>	<u>1,177,110</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2016

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (812,722)	\$ 441,017	\$ 1,253,739
Other Financing Sources (Uses):			
Proceeds from Issuance of Debt	150,000	-	(150,000)
Proceeds from Sale of Capital Assets	10,000	71,569	61,569
Transfers (to) From Other Funds	(116,208)	(112,024)	4,184
Lease Payments	49,211	59,648	10,437
Total Other Financing Sources (Uses)	93,003	19,193	(73,810)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(719,719)	460,210	1,179,929
Fund Balance:			
(Non-GAAP Budgetary Basis) October 1,	2,712,890	2,712,890	-
(Non-GAAP Budgetary Basis) September 30,	\$ 1,993,171	3,173,100	\$ 1,179,929
Adjustments to GAAP Basis:			
Accrued Revenue		(2,770)	
Fund Balance (GAAP) September 30,		\$ 3,170,330	

**CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
September 30, 2016**

	FIRE PROTECTION FUND	POLICE/ NARCOTICS	CDBG REPAYMENT FUND	TOTALS 2016	TOTALS 2015
ASSETS:					
Cash	\$ 175,281	\$ 13,985	\$ -	\$ 189,266	\$ 140,157
Money Market, CD's	140,050	-	16,165	156,215	155,670
Notes Receivable	-	-	1,223	1,223	1,223
Total Assets	<u>315,331</u>	<u>13,985</u>	<u>17,388</u>	<u>346,704</u>	<u>297,050</u>
LIABILITIES:					
Accounts Payable	<u>5,675</u>	<u>-</u>	<u>-</u>	<u>5,675</u>	<u>1,489</u>
Total Liabilities	<u>5,675</u>	<u>-</u>	<u>-</u>	<u>5,675</u>	<u>1,489</u>
FUND BALANCE:					
Restricted	<u>309,656</u>	<u>13,985</u>	<u>17,388</u>	<u>341,029</u>	<u>295,561</u>
Total Liabilities and Fund Balance	<u>\$ 315,331</u>	<u>\$ 13,985</u>	<u>\$ 17,388</u>	<u>\$ 346,704</u>	<u>\$ 297,050</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
Year Ended September 30, 2016

	FIRE PROTECTION FUND	POLICE/ NARCOTICS	CDBG REPAYMENT FUND	TOTALS 2016	TOTALS 2015
REVENUES:					
Intergovernmental	\$ 46,921	\$ -	\$ -	\$ 46,921	\$ 39,808
Interest	348	-	40	388	155
Other	-	-	-	-	500
Total Revenues	<u>47,269</u>	<u>-</u>	<u>40</u>	<u>47,309</u>	<u>40,463</u>
EXPENDITURES:					
Supplies	15,281	-	-	15,281	9,538
Other Services and Charges	1,870	-	-	1,870	-
Capital Outlay	7,303	-	-	7,303	8,312
Total Expenditures	<u>24,454</u>	<u>-</u>	<u>-</u>	<u>24,454</u>	<u>17,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,815	-	40	22,855	22,613
OTHER SOURCES (USES):					
Transfers from (to) Other Funds	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	22,815	-	40	22,855	22,613
Fund Balance - October 1,	<u>286,841</u>	<u>13,985</u>	<u>17,348</u>	<u>318,174</u>	<u>295,561</u>
Fund Balance - September 30,	<u>\$ 309,656</u>	<u>\$ 13,985</u>	<u>\$ 17,388</u>	<u>\$ 341,029</u>	<u>\$ 318,174</u>

CITY OF AMORY, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/16			F.Y.E. 9/30/15 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES:				
Intergovernmental	\$ 37,000	\$ 46,921	\$ 9,921	\$ 39,808
Interest	-	388	388	155
Other	1,000	-	(1,000)	500
TOTAL REVENUES	<u>38,000</u>	<u>47,309</u>	<u>9,309</u>	<u>40,463</u>
EXPENDITURES:				
Supplies	21,500	15,281	6,219	9,538
Other Services and Charges	2,000	1,870	130	-
Capital Outlay	66,000	7,303	58,697	8,312
TOTAL EXPENDITURES	<u>89,500</u>	<u>24,454</u>	<u>65,046</u>	<u>17,850</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,500)	22,855	74,355	22,613
OTHER FINANCING SOURCES (USES):				
Transfers to/from Other Funds	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(51,500)	22,855	74,355	22,613
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	<u>318,174</u>	<u>318,174</u>	-	<u>295,561</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 266,674</u>	\$ 341,029	<u>\$ 74,355</u>	\$ 318,174
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 341,029</u>		<u>\$ 318,174</u>

CITY OF AMORY, MISSISSIPPI
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 September 30, 2016

	STREET IMPROVEMENT FUND	TOTALS 2016	TOTALS 2015
<u>ASSETS:</u>			
Cash	\$ 532,859	\$ 532,859	\$ 1,456,325
Total Assets	<u>532,859</u>	<u>532,859</u>	<u>1,456,325</u>
<u>LIABILITIES:</u>			
Accounts Payable	<u>227,516</u>	<u>227,516</u>	<u>-</u>
Total Liabilities	<u>227,516</u>	<u>227,516</u>	<u>-</u>
<u>FUND BALANCE:</u>			
Restricted	<u>305,343</u>	<u>305,343</u>	<u>1,456,325</u>
Total Liabilities and Fund Balance	<u>\$ 532,859</u>	<u>\$ 532,859</u>	<u>\$ 1,456,325</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
Year Ended September 30, 2016

	STREET IMPROVEMENT FUND	TOTALS 2016	TOTALS 2015
<u>REVENUES:</u>			
Grant Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXPENDITURES:</u>			
Other Services and Charges	<u>1,150,982</u>	<u>1,150,982</u>	<u>43,675</u>
Total Expenditures	<u>1,150,982</u>	<u>1,150,982</u>	<u>43,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,150,982)	(1,150,982)	(43,675)
OTHER SOURCES (USES):			
Proceeds from Issuance of Debt	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	(1,150,982)	(1,150,982)	1,456,325
Fund Balance - October 1,	<u>1,456,325</u>	<u>1,456,325</u>	<u>-</u>
Fund Balance - September 30,	<u>\$ 305,343</u>	<u>\$ 305,343</u>	<u>\$ 1,456,325</u>

CITY OF AMORY, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL NON-MAJOR CAPITAL PROJECTS FUNDS
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	F.Y.E. 9/30/16			F.Y.E. 9/30/15 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES:				
Grant Income	\$ 80,000	\$ -	\$ (80,000)	\$ -
Other	50,000	-	(50,000)	-
TOTAL REVENUES	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>
EXPENDITURES:				
Other Services and Charges	1,500,000	1,150,982	349,018	43,675
Capital Outlay	130,000	-	130,000	-
TOTAL EXPENDITURES	<u>1,630,000</u>	<u>1,150,982</u>	<u>479,018</u>	<u>43,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,500,000)	(1,150,982)	349,018	(43,675)
OTHER FINANCING SOURCES (USES):				
Proceeds from Issuance of Debt	-	-	-	1,500,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(1,500,000)	(1,150,982)	349,018	1,456,325
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	1,456,325	1,456,325	-	-
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ <u>(43,675)</u>	\$ 305,343	\$ <u>349,018</u>	\$ 1,456,325
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ <u>305,343</u>		\$ <u>1,456,325</u>

CITY OF AMORY, MISSISSIPPI
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 September 30, 2016 and 2015

	TOTALS	
	2016	2015
<u>ASSETS:</u>		
Cash	\$ -	\$ 4,304
Money Market, CD's	26,311	26,246
Total Assets	\$ 26,311	\$ 30,550
<u>LIABILITIES</u>		
Checks Issued In Excess of Cash Deposits	11,647	-
Accounts Payable	971	971
Total Liabilities	12,618	971
<u>FUND BALANCE:</u>		
Committed	\$ 13,693	\$ 29,579
Total Liabilities and Fund Balance	\$ 26,311	\$ 30,550

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
Years Ended September 30, 2016 and 2015

	PUBLIC IMPROVEMENTS	TOTALS	
		2016	2015
<u>REVENUE:</u>			
Taxes	\$ 39	\$ 39	\$ 6
Interest	65	65	26
Total Revenue	<u>104</u>	<u>104</u>	<u>32</u>
<u>EXPENDITURES:</u>			
Bond Retired	30,000	30,000	-
Interest Paid	41,479	41,479	-
Notes Retired	52,486	52,486	127,966
Interest Paid	4,049	4,049	8,097
Total Expenditures	<u>128,014</u>	<u>128,014</u>	<u>136,063</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(127,910)</u>	<u>(127,910)</u>	<u>(136,031)</u>
<u>OTHER FINANCING SOURCES(USES):</u>			
Transfers from Other Funds	<u>112,024</u>	<u>112,024</u>	<u>136,063</u>
Total Other Financing Sources(Uses)	<u>112,024</u>	<u>112,024</u>	<u>136,063</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Sources	<u>(15,886)</u>	<u>(15,886)</u>	<u>32</u>
Fund Balance - October 1,	<u>29,579</u>	<u>29,579</u>	<u>29,547</u>
Fund Balance - September 30,	\$ <u>13,693</u>	\$ <u>13,693</u>	\$ <u>29,579</u>

CITY OF AMORY, MISSISSIPPI
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	FYE 9/30/16		Variance Favorable (Unfavorable)	F.Y.E. 9/30/15 Actual
	Budget	Actual		
REVENUES:				
Taxes	\$ -	\$ 39	\$ 39	\$ 6
Interest	-	65	65	26
TOTAL REVENUES	<u>-</u>	<u>104</u>	<u>39</u>	<u>32</u>
EXPENDITURES:				
Bond Retired	30,000	30,000	-	-
Interest Paid	48,750	41,479	7,271	-
Notes Retired	58,081	52,486	5,595	127,966
Interest Paid	2,003	4,049	(2,046)	8,097
TOTAL EXPENDITURES	<u>138,834</u>	<u>128,014</u>	<u>10,820</u>	<u>136,063</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(138,834)</u>	<u>(127,910)</u>	<u>10,859</u>	<u>(136,031)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	131,834	112,024	(19,810)	136,063
TOTAL OTHER FINANCING SOURCES (USES)	<u>131,834</u>	<u>112,024</u>	<u>(19,810)</u>	<u>136,063</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	<u>(7,000)</u>	<u>(15,886)</u>	<u>(8,951)</u>	<u>32</u>
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	29,579	29,579	-	29,547
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	<u>\$ 22,579</u>	<u>\$ 13,693</u>	<u>\$ (8,951)</u>	<u>\$ 29,579</u>
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		-		-
FUND BALANCE (GAAP BASIS) -				
End of Year		<u>\$ 13,693</u>		<u>\$ 29,579</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
September 30, 2016

	BUSINESS-TYPE ACTIVITIES--			
	PROPRIETARY FUND			TOTAL
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	
ASSETS:				
<u>Current Assets:</u>				
Cash	\$ 73,276	\$ 2,335,847	\$ 165,463	\$ 2,574,586
Money Market, CD's	127,041	616,342	111,687	855,070
Accounts Receivables, net	113,486	2,038,099	274,251	2,425,836
Due from Other Funds	72,364	515,590	75,654	663,608
Inventories	-	375,444	80,941	456,385
Deferred Debits	-	-	1,982	1,982
Prepaid Expenses	-	8,400	13,583	21,983
Total Current Assets	<u>386,167</u>	<u>5,889,722</u>	<u>723,561</u>	<u>6,999,450</u>
<u>Noncurrent Assets:</u>				
<u>Restricted Assets:</u>				
Due From Home Owner For				
Conservation Loans	-	108,154	-	108,154
Nonutility Property, net	-	291,793	-	291,793
<u>Capital Assets:</u>				
Land	-	106,483	125,196	231,679
Buildings	112,539	342,043	251,909	706,491
Improvements Other Than Building	-	16,091,014	14,677,844	30,768,858
Machinery & Equipment	317,666	1,406,478	1,183,376	2,907,520
Accumulated Depreciation	(331,724)	(9,051,298)	(7,677,351)	(17,060,373)
Construction Work In Progress	-	462,062	266,859	728,921
Total Noncurrent Assets	<u>98,481</u>	<u>9,756,729</u>	<u>8,827,833</u>	<u>18,683,043</u>
Total Assets	<u>\$ 484,648</u>	<u>\$ 15,646,451</u>	<u>\$ 9,551,394</u>	<u>\$ 25,682,493</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred Amounts Related to Pensions	<u>\$ 119,951</u>	<u>\$ 373,094</u>	<u>\$ 187,376</u>	<u>\$ 680,421</u>
Total Deferred Outflows of Resources	<u>\$ 119,951</u>	<u>\$ 373,094</u>	<u>\$ 187,376</u>	<u>\$ 680,421</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
September 30, 2016

	BUSINESS-TYPE ACTIVITIES--			
	PROPRIETARY FUND			TOTAL
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	
LIABILITIES				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 58,578	\$ 1,490,820	\$ 79,708	\$ 1,629,106
Compensated Absences	4,778	39,338	26,355	70,471
Due to Other Funds	-	23,535	504,375	527,910
Long-Term Debt Due Within One Year	-	75,000	-	75,000
Customer Deposits	-	846,285	8,109	854,394
Total Current Liabilities	<u>63,356</u>	<u>2,474,978</u>	<u>618,547</u>	<u>3,156,881</u>
<u>Long-Term Liabilities:</u>				
Net Pension Liability	759,989	2,318,704	1,187,176	4,265,869
Long-Term Debt Due in More than One Year	-	780,000	-	780,000
Advances from Others- TVA	-	120,605	-	120,605
Total Long-Term Liabilities	<u>759,989</u>	<u>3,219,309</u>	<u>1,187,176</u>	<u>5,166,474</u>
Total Liabilities	<u>\$ 823,345</u>	<u>\$ 5,694,287</u>	<u>\$ 1,805,723</u>	<u>\$ 8,323,355</u>
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Deferred Amounts Related to Pensions	\$ 26,277	\$ 49,821	\$ 41,047	\$ 117,145
Total Deferred Inflows of Resources	<u>\$ 26,277</u>	<u>\$ 49,821</u>	<u>\$ 41,047</u>	<u>\$ 117,145</u>
<u>Net Position</u>				
Net Investment in Capital Assets	98,481	8,501,782	8,827,833	17,428,096
Restricted for:				
Debt Service	-	161,027	-	161,027
Unrestricted	<u>(343,504)</u>	<u>1,612,628</u>	<u>(935,833)</u>	<u>333,291</u>
Total Net Position	<u>\$ (245,023)</u>	<u>\$ 10,275,437</u>	<u>\$ 7,892,000</u>	<u>\$ 17,922,414</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended September 30, 2016

	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	TOTALS
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 865,548	\$ 13,667,027	\$ 1,872,016	\$ 16,404,591
Total Operating Revenue	<u>865,548</u>	<u>13,667,027</u>	<u>1,872,016</u>	<u>16,404,591</u>
<u>OPERATING EXPENSES:</u>				
Operations	1,006,903	11,627,073	1,060,298	13,694,274
Maintenance	13,597	341,442	453,445	808,484
Depreciation	24,557	587,167	396,804	1,008,528
Taxes	-	820,871	44,919	865,790
Total Operating Expenses	<u>1,045,057</u>	<u>13,376,553</u>	<u>1,955,466</u>	<u>16,377,076</u>
Net Operating Income (Loss)	<u>(179,509)</u>	<u>290,474</u>	<u>(83,450)</u>	<u>27,515</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	317	2,096	112	2,525
Gain (Loss) on Sale of Equipment	68,369	-	-	68,369
Miscellaneous Income (Expense)	-	-	(556)	(556)
Interest Expense	(1,277)	(38,085)	-	(39,362)
Total Non-Operating Income (Loss)	<u>67,409</u>	<u>(35,989)</u>	<u>(444)</u>	<u>30,976</u>
<u>INCOME BEFORE OPERATING TRANSFERS:</u>	<u>(112,100)</u>	<u>254,485</u>	<u>(83,894)</u>	<u>58,491</u>
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(112,100)</u>	<u>254,485</u>	<u>(83,894)</u>	<u>58,491</u>
Total Net Position - Beginning of Year,	<u>(132,923)</u>	<u>10,020,952</u>	<u>7,975,894</u>	<u>17,863,923</u>
Total Net Position - Ending	<u>\$ (245,023)</u>	<u>\$ 10,275,437</u>	<u>\$ 7,892,000</u>	<u>\$ 17,922,414</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2016

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			TOTALS
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUND	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 13,779,915	\$ 1,852,491	\$ 871,337	\$ 16,503,743
Payments to Suppliers	(9,826,824)	(1,211,423)	(654,425)	(11,692,672)
Payments to Employees	(1,139,357)	(456,194)	(282,665)	(1,878,216)
Payments for Other Services and Charges	(970,687)	-	-	(970,687)
Other Receipts (Payments)	(776,470)	(130,932)	-	(907,402)
Net Cash Provided (Used) In Operating Activities	<u>1,066,577</u>	<u>53,942</u>	<u>(65,753)</u>	<u>1,054,766</u>
Cash Flows from Noncapital Financing Activities:				
Due To Other Funds	-	20,021	-	20,021
Due From Other Funds	(27,596)	-	714	(26,882)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(27,596)</u>	<u>20,021</u>	<u>714</u>	<u>(6,861)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(665,372)	(114,372)	(1,399)	(781,143)
Proceeds From Sale of Capital Assets	-	-	133,307	133,307
Principal Paid on Capital Debt	(75,000)	-	(51,682)	(126,682)
Interest Paid on Capital Debt	(38,825)	-	(1,277)	(40,102)
Other Receipts (Payments)	(169,064)	(556)	-	(169,620)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(948,261)</u>	<u>(114,928)</u>	<u>78,949</u>	<u>(984,240)</u>
Cash Flows from Investing Activities:				
Interest and Dividends	1,804	112	317	2,233
Other Receipts (Payments)	46,302	-	-	46,302
Net Cash Provided By (Used In) Investing Activities	<u>48,106</u>	<u>112</u>	<u>317</u>	<u>48,535</u>
Net Increase (Decrease) In Cash and Cash Equivalents	138,826	(40,853)	14,227	112,200
Cash and Cash Equivalents--Beginning	2,813,363	318,003	186,090	3,317,456
Cash and Cash Equivalents--Ending	<u>\$ 2,952,189</u>	<u>\$ 277,150</u>	<u>\$ 200,317</u>	<u>\$ 3,429,656</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:				
Operating Income (Loss)	\$ 290,474	\$ (83,450)	\$ (179,509)	\$ 27,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) In Operating Activities:				
Depreciation Expense	587,167	396,804	24,557	1,008,528
Net Pension Expense	230,688	(228,861)	89,259	91,086
(Increase) Decrease in Accounts Receivable	39,115	(19,925)	5,789	24,979
(Increase) Decrease in Deferred Credits	-	(2,329)	-	(2,329)
(Increase) Decrease in Prepaid Items	(826)	(8,616)	-	(9,442)
(Increase) Decrease in Inventory	(66,880)	(9,675)	-	(76,555)
Increase (Decrease) in Accounts Payable	(63,609)	2,579	(1,385)	(62,415)
Increase (Decrease) in Accrued Liabilities	1,423	7,015	(4,464)	3,974
Increase (Decrease) in Customer Deposits	49,025	400	-	49,425
Increase (Decrease) in Deferred Revenue	-	-	-	-
Total Adjustments	<u>776,103</u>	<u>137,392</u>	<u>113,756</u>	<u>1,027,251</u>
Net Cash Provided (Used) In Operating Activities	<u>\$ 1,066,577</u>	<u>\$ 53,942</u>	<u>\$ (65,753)</u>	<u>\$ 1,054,766</u>

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2016

NAME	POSITION	COMPANY	BOND AMOUNT	BOND EXPIRATION
Judy Tyree	Court	GCM Insurance	\$50,000	6/11/2017
Russell Butler	Zoning	GCM Insurance	\$50,000	6/11/2017
Angie Whitlock	Zoning/Planning	GCM Insurance	\$50,000	7/5/2017
Rose Morgan	Finance	GCM Insurance	\$50,000	7/1/2016
Sandra Crook	Finance/Taxes	GCM Insurance	\$50,000	7/1/2017
Jamie E. Morgan	Finance/AP	GCM Insurance	\$50,000	4/4/2017
Natasha Pack	Dispatcher	GCM Insurance	\$50,000	12/22/2016
Martha Reeves	Admin PD	GCM Insurance	\$50,000	6/1/2017
Karin Beth Hughes	Dispatcher	GCM Insurance	\$50,000	12/22/2016
Jennifer Wise	Patrol Officer	GCM Insurance	\$50,000	7/1/2017
Catherine Ligon Houston	Dispatcher	GCM Insurance	\$50,000	7/1/2017
Patricia Gleghorn	Dispatcher	GCM Insurance	\$50,000	3/29/2017
Eric Wiginton	Patrol Officer	GCM Insurance	\$50,000	7/17/2017
Nicholaus L. Weaver	Patrol Officer	GCM Insurance	\$50,000	7/17/2017
Bradley N. Taylor	Patrol Officer	GCM Insurance	\$50,000	7/17/2017
Tracie Carol Poole	Dispatcher	GCM Insurance	\$50,000	12/22/2016
Jamica Stalling	P&R	GCM Insurance	\$50,000	11/17/2016
Angela D. Westbrook	P&R	GCM Insurance	\$50,000	11/30/2016
Rory Owen Thornton	P&R Admin	GCM Insurance	\$50,000	12/16/2016
Linda Adams	Utilities	FCCI Insurance Group	\$50,000	7/23/2017
Debra L. Harris	Utilities	FCCI Insurance Group	\$50,000	6/11/2017
Mollye Walsh	Utilities	FCCI Insurance Group	\$50,000	6/11/2017
Amy G. McCarley	Utilities	FCCI Insurance Group	\$50,000	6/11/2017
Debra Kay Coleman	Utilities	FCCI Insurance Group	\$50,000	6/8/2017
Dana Baxter	Utilities	FCCI Insurance Group	\$50,000	6/11/2017
Michael P. King	Public Works Utilities Director	FCCI Insurance Group	\$50,000	4/6/2017
Ronnie Bowen	Police Chief	C.N.A. Surety	\$50,000	7/5/2017
Holman Lee Barnett	City Clerk/Tax Collector	Clyde C Scott Insurance	\$200,000	7/21/2017
Brad Blalock	Mayor	Clyde C Scott Insurance	\$100,000	7/1/2017
Tyrone James	Alderman	Clyde C Scott Insurance	\$100,000	7/1/2017
Buddy Carlsile	Alderman	Clyde C Scott Insurance	\$100,000	7/1/2017
John Darden	Alderman	Clyde C Scott Insurance	\$100,000	7/1/2017
Tony Poss	Alderman	Clyde C Scott Insurance	\$100,000	7/1/2017
Glen R. Bingham	Alderman	Clyde C Scott Insurance	\$100,000	7/1/2017

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2016

	INTEREST RATE	BALANCE 9-30-15	DEBT ISSUED	DEBT RETIRED	BALANCE 9-30-16	CURRENT MATURITIES
LONG-TERM DEBT:						
Governmental Funds						
General Obligations:						
Series 2015	2.250 -3.200%	\$ 1,500,000	\$ -	\$ (30,000)	\$ 1,470,000	\$ 30,000
Total General Obligation Bonds		<u>1,500,000</u>	<u>-</u>	<u>(30,000)</u>	<u>1,470,000</u>	<u>30,000</u>
Other Long-Term Debt:						
CAP Loan - State of Mississippi	3.00%	79,802	-	(42,874)	36,928	36,928
Freight Rail Revolving Loan	3.75%	57,197	-	(9,612)	47,585	9,981
Promissory Note-TRPDD	2.00%	<u>150,000</u>	<u>-</u>	<u>(74,301)</u>	<u>75,699</u>	<u>75,699</u>
		<u>286,999</u>	<u>-</u>	<u>(126,787)</u>	<u>160,212</u>	<u>122,608</u>
Total Governmental Funds		<u>1,786,999</u>	<u>-</u>	<u>(156,787)</u>	<u>1,630,212</u>	<u>152,608</u>
Proprietary Fund Types Debt						
Other Long-Term Debt:						
Revenue Bonds Series 2005	4.42%	930,000	-	(75,000)	855,000	75,000
Equipment Lease	2.47%	<u>51,682</u>	<u>-</u>	<u>(51,682)</u>	<u>-</u>	<u>-</u>
Total Proprietary Fund Type Debt		<u>981,682</u>	<u>-</u>	<u>(126,682)</u>	<u>855,000</u>	<u>75,000</u>
Total Long-Term Debt		<u>\$ 2,768,681</u>	<u>\$ -</u>	<u>\$ (283,469)</u>	<u>\$ 2,485,212</u>	<u>\$ 227,608</u>

**CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FUNDS RECEIVED FROM
THE MISSISSIPPI LIBRARY COMMISSION
September 30, 2016**

CONTRACT NUMBER	DATE	PROGRAM	PAYMENT RECEIVED
SH16-360-98-0	10/22/2015	Health Insurance Grant	\$ 1,068
SH16-360-98-0	11/13/2015	Health Insurance Grant	1,068
SH16-360-98-0	12/16/2015	Health Insurance Grant	1,068
SH16-360-98-0	1/13/2016	Health Insurance Grant	1,068
SH16-360-98-0	2/19/2016	Health Insurance Grant	1,068
SH16-360-98-0	3/21/2016	Health Insurance Grant	1,068
SH16-360-98-0	4/19/2016	Health Insurance Grant	1,068
SH17-360-98-0	7/28/2016	Health Insurance Grant	1,068
SH17-360-98-0	7/29/2016	Health Insurance Grant	1,068
SH17-360-98-0	8/3/2016	Health Insurance Grant	1,068
SH17-360-98-0	8/17/2016	Health Insurance Grant	1,068
SH17-360-98-0	9/15/2016	Health Insurance Grant	1,068
SH16-361-98-0	10/22/2015	Life Insurance Grant	12
SH16-361-98-0	11/13/2015	Life Insurance Grant	12
SH16-361-98-0	12/16/2015	Life Insurance Grant	12
SH16-361-98-0	1/13/2016	Life Insurance Grant	12
SH16-361-98-0	2/19/2016	Life Insurance Grant	12
SH16-361-98-0	3/21/2016	Life Insurance Grant	12
SH16-361-98-0	4/19/2016	Life Insurance Grant	12
SH17-361-98-0	7/28/2016	Life Insurance Grant	12
SH17-361-98-0	7/29/2016	Life Insurance Grant	12
SH17-361-98-0	8/3/2016	Life Insurance Grant	12
SH17-361-98-0	8/17/2016	Life Insurance Grant	12
SH17-361-98-0	9/15/2016	Life Insurance Grant	12
Total Funds Received			\$ <u>12,960</u>

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**INDEPENDENT AUDITORS' 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**

To the Mayor and Board of Aldermen
City of Amory, 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 City of Amory, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Amory, Mississippi's basic financial statements and have issued our report thereon dated February 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Amory, 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 City of Amory, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Amory, 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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2016-01 that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Amory, 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 an instance of noncompliance or other matter that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2016-01.

City of Amory, Mississippi's Response to Findings

City of Amory, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Amory, 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.

Franks, Franks, Jarrell + Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Tupelo, Mississippi
February 27, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
City of Amory, Mississippi

We have audited the general purpose financial statements of City of Amory, Mississippi as of and for the year ended September 30, 2016 and have issued our report dated February 27, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed one material instance of noncompliance with state laws and regulations as reported in Finding No. 2016-01.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Tupelo, Mississippi
February 27, 2017

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2016

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

FINDING NO. 2016-01 (material weakness, noncompliance)

Criteria: The City is required, by state statutes, to prepare a budget for all funds of the City and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts. Also, Section 21-35-13, Mississippi Code Ann. (1972), requires the City Clerk to prepare a budget report to be presented to the governing authority at the regular meeting each month.

Cause of Condition: The City had two budget overages in expenditure categories for the year ended September 30, 2016.

Recommendation: The City should ensure that all expenditures are within the final amended budget amounts.

Response: The City will take steps necessary to ensure that budgets are amended prior to budget overages occurring.

* Finding 2016-01 is considered a material weakness and noncompliance finding.