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**Town of Tutwiler Mississippi
Financial Statements and
Reports of Independent Auditor
For the year ended September 30, 2013**

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**Bell & Associates, CPA
Certified Public Accountant
8 S. Michigan Ave, Suite 2016
Chicago, IL 60603**

Town of Tutwiler, Mississippi

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**Bell & Associates, CPA
Certified Public Accountants
8 S. Michigan Ave., Suite 2016
Chicago, IL 60603**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor & Members of the
Board of Aldermen
Town of Tutwiler, Mississippi

Report on the Financial Statements

I have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tutwiler Mississippi (the Town) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and cash flows, where applicable, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Basis for an Adverse Opinion on the Government-wide Statement of Net Position due to Certain GAAP Departures

Management has not recorded compensated absences to provide for vacation and sick leave liability/expense. Management historically recorded financial transactions on the cash receipts and disbursement basis, as opposed to the accrual basis, accordingly, management has provided no basis for the valuation of land, buildings, equipment, infrastructure (consisting of streets, roads, bridges, sidewalks, etc), nor adopted a methodology for compiling adequate subsidiary records documenting the existence, completeness and valuation of fixed assets required to be included in the Governmental Activities of the Government-wide statement of net assets. Management has not calculated or provided appropriate accumulated depreciation or depreciation expense or any provision for doubtful accounts related to court fines, or taxes receivables. Management did not amortize intangible assets, (loan/bond issuance costs) and omitted substantially all required disclosures. Management has not recorded nor disclosed certain debt disclosures required by accounting principles generally accepted in the United States of America. Therefore, I was unable to form an opinion as to completeness regarding revenues and expenses in the financial statements. Accounting principles generally accepted in the United States of America (GAAP) require that fixed assets, accumulated depreciation, depreciation expense, debt, loan/bond issuance cost and related provision for doubtful accounts be provided in the Government-wide Statement of Net Position. Fixed assets, accumulated depreciation, depreciation expense, and related provision for doubtful accounts would increase the assets, net assets and expenses of the Town. The amounts by which these departures would affect the assets, net position, revenues and expenses on the financial statements are not reasonably determinable, but considered material.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for an Adverse Opinion on the Government-wide Statement of Net Position due to Certain GAAP Departures" paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Tutwiler Mississippi as of September 30, 2013, or the changes in financial position or cash flows, where applicable, 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 discussion and analysis, which management has not presented, and the budgetary comparison information on page 21 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government 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. I 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 with management's responses to our inquiries, the basis financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Required Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information, schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information, schedule of expenditures of federal awards, and combining nonmajor fund financial statements, on Pages 21, 24, and 28 through 33, are the responsibility of management and was derived from, and relates 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 my opinion, the budgetary information, schedule of expenditures of federal awards, and combining nonmajor fund financial statements 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, I have also issued my report dated, March 4, 2013, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 and considering the Town's internal control over financial reporting and compliance.

Bell & Associates, CPA

Chicago, IL

March 4, 2014

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FINANCIAL STATEMENTS

Town of Tutwiler, Mississippi
Government-Wide Statement of Net Position
For the year ended September 30, 2013

Assets	Governmental Activities	Business-Type Activities	Total
Current assets			
Pooled cash and cash equivalents	\$ 1,042,584	\$ 720,512	\$ 1,763,096
Grants receivable	164,603	-	164,603
Property taxes receivable	25,877	-	25,877
Allowance for doubtful accounts, property taxes	(8,000)	-	(8,000)
Utilities & sales tx receivable	7,000	111,918	118,918
Allowance for doubtful accounts, utilities	(1,200)	(21,000)	(22,200)
Fines receivable	132,177	-	132,177
Allowance for doubtful accounts, fines	(96,000)	-	(96,000)
Due from other governments	5,606	-	5,606
Internal balances	(83,522)	83,522	-
Notes receivable	-	253,000	253,000
Restricted assets:			
Restricted assets-cash	2,542	121,482	124,024
Total current assets	<u>1,191,667</u>	<u>1,269,434</u>	<u>2,461,101</u>
Noncurrent assets			
<i>Capital assets (note 3)</i>			
Land and land improvements	75,000	-	75,000
Buildings and building improvements	334,832	624,857	959,689
Furniture & equipment	479,650	131,894	611,544
Mobile equipment	63,619	-	63,619
Infrastructure	1,179,940	6,284,502	7,464,442
Construction in progress	-	14,136	14,136
Total capital assets	<u>2,133,041</u>	<u>7,055,389</u>	<u>9,188,430</u>
Less accumulated depreciation	-	(653,244)	(653,244)
Capital assets, net	<u>2,133,041</u>	<u>6,402,145</u>	<u>8,535,186</u>
Deferred Outflows of Resources			
Prepaid expenses	18,634	-	18,634
Total deferred outflow	<u>18,634</u>	<u>-</u>	<u>18,634</u>
Total assets	<u>3,343,342</u>	<u>7,671,579</u>	<u>11,014,921</u>
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued expenses	20,005	22,744	42,749
Sales tax payable	-	2,180	2,180
Accrued salaries & wages	10,556	3,061	13,617
Accrued payroll taxes	4,766	244	5,010
State municipal fines	22,933	-	22,933
Customer deposits	-	64,951	64,951
Total current liabilities	<u>58,260</u>	<u>93,180</u>	<u>151,440</u>
<i>Noncurrent liabilities</i>			
Compensated absences, net of current portion	-	-	-
Long-term debt, net of current portion (note 6)	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>58,260</u>	<u>93,180</u>	<u>151,440</u>
Deferred Inflows of Resources			
Deferred revenue	-	-	-
Total deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Invested in capital assets, net of related debt	2,133,041	-	2,133,041
Restricted	2,542	121,482	124,024
Unrestricted	1,149,499	-	1,149,499
Retained earnings (deficit)	-	1,054,772	1,054,772
Surplus from grants	-	6,402,145	6,402,145
Total net position	<u>3,285,082</u>	<u>7,578,399</u>	<u>10,863,481</u>
Total liabilities and net assets	<u>\$ 3,343,342</u>	<u>\$ 7,671,579</u>	<u>\$ 11,014,921</u>

See independent auditor's report and notes to the financial statements.

Town of Tutwiler, Mississippi
Government-Wide Statement of Activities
For the year ended September 30, 2013

Functions/Programs	<u>Net (Expense) Revenue and Changes in Net Assets</u>						
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Administrative offices	\$ (347,800)	\$ 5,295	\$ -	\$ -	\$ (342,505)	\$ -	\$ (342,505)
Fire department	(16,251)	-	-	-	(16,251)	-	(16,251)
Streets, roads, highways, and airports	(144,463)	-	-	-	(144,463)	-	(144,463)
Parks and recreation	(20,300)	-	-	-	(20,300)	-	(20,300)
Sanitation	(54,482)	57,968	-	-	3,486	-	3,486
Public safety and judicial	(449,764)	23,424	21,814	-	(404,526)	-	(404,526)
Capital outlay	(336,926)	-	-	691,465	354,539	-	354,539
Interest expense	(879)	-	-	-	(879)	-	(879)
Total governmental activities	(1,370,865)	86,687	21,814	691,465	(570,899)	-	(570,899)
Business-type activities:							
Water and sewer	(429,684)	942,398	-	-	-	512,714	512,714
Interest expense	(35,985)	-	-	-	-	(35,985)	(35,985)
Total business-type	(465,669)	942,398	-	-	-	476,729	476,729
Total primary government	\$ (1,836,534)	\$ 1,029,085	\$ 21,814	\$ 691,465	(570,899)	476,729	(94,170)

General revenues:

Taxes:

Real property taxes	1,141,506	-	1,141,506
Ad valorem taxes	42,644	-	42,644
Sales taxes	42,811	-	42,811
Franchise taxes	25,633	-	25,633
Gasoline taxes	8,479	-	8,479
Investment income	227	76	303
Miscellaneous	29,895	-	29,895
Intergovernmental	4,101	-	4,101
Total general revenues	1,295,296	76	1,295,372

Changes in net position

	724,397	476,805	1,201,202
Net position, beginning of year	3,902,394	5,506,885	9,409,279
Prior year adjmnt, and transfer of equity (see note 8)	(1,341,709)	1,594,709	253,000
Net position, beginning of year, restated	2,560,685	7,101,594	9,662,279
Net position, end of year	\$ 3,285,082	\$ 7,578,399	\$ 10,863,481

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Town of Tutwiler, Mississippi
Governmental Funds Combined Balance Sheet
For the year ended September 30, 2013

	General	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and cash equivalents	\$ 1,037,251	\$ 5,333	\$ 1,042,584
Restricted cash	-	2,542	2,542
Property taxes receivable	25,877	-	25,877
Allowance for doubtful accounts, property taxes	(8,000)	-	(8,000)
Utilities receivable	7,000	-	7,000
Allowance for uncollectible accounts-utilities	(1,200)	-	(1,200)
Municipal fines receivable	132,177	-	132,177
Allowance for uncollectible accounts-fines	(96,000)	-	(96,000)
Due from other governments	5,606	-	5,606
Grants receivable	-	164,603	164,603
Prepaid expenses	18,634	-	18,634
Due from other funds	13,542	-	13,542
Total assets	<u>1,134,887</u>	<u>172,478</u>	<u>1,307,365</u>
Liabilities			
Accounts payable and accrued expenses	20,005	-	20,005
Accrued salaries & wages	10,556	-	10,556
Accrued payroll taxes	4,766	-	4,766
State municipal fines due	22,933	-	22,933
Due to other funds	97,565	-	97,565
Total liabilities	<u>155,825</u>	<u>-</u>	<u>155,825</u>
Fund balance			
Restricted	-	167,145	167,145
Unreserved, undesignated	979,062	5,333	984,395
Total fund balance	<u>979,062</u>	<u>172,478</u>	<u>1,151,540</u>
Total fund balance & liabilities	<u>\$ 1,134,887</u>	<u>\$ 172,478</u>	<u>\$ 1,307,365</u>

See independent auditor's report and notes to the financial statements.

Town of Tutwiler, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2013

Revenues	General	Non-Major Governmental Funds	Total Governmental Funds
Taxes			
Property taxes	\$ 1,141,506	\$ -	\$ 1,141,506
Ad valorem taxes	42,644	-	42,644
Sales taxes	42,811	-	42,811
Franchise taxes	25,633	-	25,633
Sanitation	57,968	-	57,968
Gasoline taxes	8,479	-	8,479
Fines, fees, licenses, and permits	28,719	-	28,719
Intergovernmental	27,567	689,813	717,380
Investment income	227	-	227
Miscellaneous	29,895	-	29,895
Total revenue	<u>1,405,449</u>	<u>689,813</u>	<u>2,095,262</u>
Expenditures			
Administrative offices	355,064	-	355,064
Streets, roads, highways, & airports	144,463	-	144,463
Public safety and judicial	449,764	-	449,764
Fire department	16,251	-	16,251
Parks and recreation	20,300	-	20,300
Sanitation	54,482	-	54,482
Capital outlay	1,065	702,201	703,266
Debt service	22,879	-	22,879
Total expenditures	<u>1,064,268</u>	<u>702,201</u>	<u>1,766,469</u>
Excess of revenues over (under) expenditures	<u>341,181</u>	<u>(12,388)</u>	<u>328,793</u>
Other financing sources (uses):			
Operating transfers in	703,333	923,139	1,626,472
Operating transfers out	(2,298,466)	(743,715)	(3,042,181)
Total other financing sources (uses)	<u>(1,595,133)</u>	<u>179,424</u>	<u>(1,415,709)</u>
Excess of revenues and other sources over (un der) expenditures and other uses	<u>(1,253,952)</u>	<u>167,036</u>	<u>(1,086,916)</u>
Fund balances, beginning of year	2,233,014	5,442	2,238,456
Prior period adjustmnts, and transfer of equity (note 8)	-	-	-
Fund balances, end of year	<u>\$ 979,062</u>	<u>\$ 172,478</u>	<u>\$ 1,151,540</u>

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Town of Tutwiler, Mississippi
Reconciliation of Total Governmental Fund Balance to Total Net Assets of Governmental Activities
For the year ended September 30, 2013

Governmental funds combined balance sheet--total fund balance and other credits	\$ 1,151,540
<p>Amounts reported for governmental activities of the statement of net assets are different because:</p>	
<p>Capital assets used in fund level statements are expensed upon use of financial resources to construct or acquire them. Capital assets for entity-wide statements are recognized as assets that are extinguished via depreciation charged over the life of the asset.</p>	
Capital assets, net of \$0 accumulated depreciation	2,133,041
<p>Long-term debt uses current financial resources to pay off the principle portion and related interest expense. For entity-wide statements, the unpaid principle portion is recognized as a future obligation to be repaid over time.</p>	
Internal balances	501
Long-term debt	-
Compensated absences payable	-
Total long-term debt	<u>501</u>
Statement of Net Assets--Total net assets of governmental activities	<u><u>\$ 3,285,082</u></u>

Town of Tutwiler, Mississippi
Reconciliation of Changes in Net Assets
For the year ended September 30, 2013

Statement of Revenues, Expenditures, and Changes in Fund Balances--Excess of revenues and other sources over (under) expenditures and other uses	\$ (1,086,916)
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Additions to capital assets and construction in progress are uses of current financial resources for fund level statements but are capitalized and depreciated for entity-wide statements. Therefore capitalized expenditures are not recognized as expenses but as capital assets that are depreciated. This expense, although not a use of current financial resources, is expensed on the entity-wide statements.

Capitalized expenditures	440,340
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Reductions of long-term debt are recognized as debt service and an expenditure in the fund level statements. However in the entity-wide statements, the principle portion is not an expense but a reduction in a liability. Therefore, the amount the liability is reduced by is not expensed. This includes the reduction in compensated absences.

Principle payments	22,000
Additions to compensated absences	-
Eliminate imbalanced transfer in/outs	1,348,973

Statement of Net Assets--change in net assets of governmental activities	<u>\$ 724,397</u>
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Town of Tutwiler, Mississippi
Reconciliation Matrix
For the year ended September 30, 2013

(modified accrual to full accrual balances)

	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Annual (Revenue) Expense</u>
Combined Fund Balance Sheet	\$ 1,307,365	\$ (155,825)	\$ (2,238,456)	\$ 1,086,916
Capital assets, beginning of year	1,692,701	-	(1,692,701)	-
Additions to capital assets	440,340	-	-	(440,340)
Internal imbalances written off	(97,064)	97,565	1,348,472	(1,348,973)
Long-term debt at beginning of year	-	(22,000)	22,000	-
Principle payments on long-term debt	-	22,000	-	(22,000)
Subtotals	<u>3,343,342</u>	<u>(58,260)</u>	<u>(2,560,685)</u>	<u>(724,397)</u>
Close income/expense to equity			(724,397)	724,397
Governmentwide Statement of Net Assets-Governmental Activities	<u>\$ 3,343,342</u>	<u>\$ (58,260)</u>	<u>\$ (3,285,082)</u>	<u>\$ -</u>

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Town of Tutwiler, Mississippi
Combining Statement of Net Position-Proprietary Funds
For the year ended September 30, 2013

Assets	Water	Operations &	Debt Svc	
Current assets	Construction	Maintenance	Fund	Total
Pooled cash and investments	\$ -	\$ 720,512	\$ -	\$ 720,512
Utilities receivable	-	111,918	-	111,918
Allowance for doubtful accounts, utilities	-	(21,000)	-	(21,000)
Notes receivable-CCA	-	253,000	-	253,000
Due from other funds	-	97,065	-	97,065
Restricted assets-cash	-	-	121,482	121,482
Total current assets	<u>-</u>	<u>1,161,495</u>	<u>121,482</u>	<u>1,282,977</u>
Noncurrent assets				
Capital assets (note 3)				
Buildings and building improvements	-	-	624,857	624,857
Water distribution systems	-	-	6,284,502	6,284,502
Furniture and equipment	-	-	131,894	131,894
Construction in progress	-	-	14,136	14,136
Total capital assets	<u>-</u>	<u>-</u>	<u>7,055,389</u>	<u>7,055,389</u>
Less: accumulated depreciation	-	-	(653,244)	(653,244)
Total capital assets, net	<u>-</u>	<u>-</u>	<u>6,402,145</u>	<u>6,402,145</u>
Total assets	<u>-</u>	<u>1,161,495</u>	<u>6,523,627</u>	<u>7,685,122</u>
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	-	22,744	-	22,744
Sales tax payable	-	2,180	-	2,180
Accrued salaries & wages	-	3,061	-	3,061
Payroll taxes & other withheld	-	244	-	244
Due to other funds	-	13,543	-	13,543
Customer deposits	-	64,951	-	64,951
Long-term debt, current portion (note 6)	-	-	-	-
Total current liabilities	<u>-</u>	<u>106,723</u>	<u>-</u>	<u>106,723</u>
Noncurrent liabilities (note 6)				
Accrued compensated absences, current portion	-	-	-	-
Notes payable	-	-	-	-
Revenue bonds-Rural Development, non-current	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>106,723</u>	<u>-</u>	<u>106,723</u>
Net assets				
Invested in capital assets, net of related debt	-	-	-	-
Restricted for debt service	-	-	-	-
Board restricted	-	-	121,482	121,482
Unrestricted	-	-	-	-
Retained earnings (deficit)	-	-	6,402,145	6,402,145
Surplus from grants	-	1,054,772	-	1,054,772
Total net assets	<u>-</u>	<u>1,054,772</u>	<u>6,523,627</u>	<u>7,578,399</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 1,161,495</u>	<u>\$ 6,523,627</u>	<u>\$ 7,685,122</u>

See independent auditor's report and notes to the financial statements.

	Water Construction	Operations & Maintenance Fund	Debt Serve Fund	Total
Operating revenues				
Sales to customers	\$ -	\$ 942,398	\$ -	\$ 942,398

Town of Tutwiler, Mississippi
Statement of Cash Flows--Proprietary Fund
For the year ended September 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 690,750
Payments to suppliers	(338,415)
Payments to employees for services	(127,295)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>225,040</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfer in	1,569,457
Notes issued	253,000
Operating transfers out	(227,748)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>1,594,709</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital debt	(1,331,383)
Investment in fixed assets	(29,699)
Interest paid on capital debt	(35,985)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,397,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	76
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>76</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>422,758</u>
BALANCES, BEGINNING OF YEAR	419,236
BALANCES, END OF YEAR	<u>\$ 841,994</u>
STATEMENT OF NET ASSETS-PROPRIETARY FUND-CASH RECONCILIATION	
Pooled cash	720,512
Restricted assets-cash	121,482
TOTAL CASH AND EQUIVALENTS	<u>\$ 841,994</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	<u>489,867</u>
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities	
(Increase) decrease in utilities receivable, net of allowance	(251,648)
Bad debt expense	22,847
Increase (decrease) in current liabilities	(36,026)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 225,040</u>
Noncash investing, capital, and financing activities	\$ -
Fair value of donated assets	-
Lease purchase agreements	-

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Town of Tutwiler, Mississippi
Statement of Fiduciary Net Assets
For the year ended September 30, 2013

	Total Fiduciary- net assets
Assets	
Pooled cash and investments	\$ -
Due from other funds	-
Total assets	<u>-</u>
Liabilities	
Due to other funds	-
Due to others	-
Total liabilities	<u>\$ -</u>

See independent auditor's report and notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Tutwiler operates under the Mayor/Board of Alderman form of government and provides services as authorized by law. The Town's population according to the 2000 census was 1,364. The accounting policies of the Town of Tutwiler conform to the laws of the State of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

A. Fund Accounting

The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into four generic fund types and three broad fund categories as follows:

Governmental Funds

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

Non-Major Governmental Funds – Non-Major Governmental Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Trust Funds - Trust Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, other governments, and/or other funds. This includes the Expendable Trust Funds, which are accounted for in essentially the same manner as governmental funds.

B. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources."

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Town officials have elected not to capitalize items with a cost of less than \$500 for financial statements purposes. These items are expensed in the year of acquisition.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective June 15, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class. Being a phase 3 government with annual revenue less than \$10 million, the Town is not required to retroactively report its infrastructure.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation is provided over the estimated useful lives of the capital assets using the straight-line method. The town did not report depreciation expense for the fiscal year ended September 30, 2013.

Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(contd)

B. Capital Assets and Long-Term Liabilities-cont'd

Expenditures for governmental fund types are required to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the Government-wide Statement of Net Assets.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into invested in capital assets, net of related debt, restricted, temporarily restricted, and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collection governments and are recognized as revenue at that time.

Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay, and other employee amounts, which are not accrued at the fund level.

The Proprietary Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Revenues of the Water and Sewer fund are recognized and recorded based on monthly cycle billings.

D. Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk submits to the Mayor and Board a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers comments on proposed revenue sharing expenditures.
3. The budget is legally enacted at the September Board meeting.
4. The budget for the General Fund is adopted on a cash basis.

Mississippi law requires that a municipality budget and maintain its books on a cash basis. Claims that have been incurred prior to the end of year and that are paid within 30 days are recorded under the modified-accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. Revenue is accounted for under the cash basis. Capital project funds are budgeted by project and do not lapse at year end. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statements of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (contd)

E. Cash and Investments

Cash and investments consist of bank deposits in the form of checking accounts, savings accounts and certificates of deposit with the Town's depository bank. At September 30, 2013, the carrying amount of the Town's deposits with financial institutions was \$1,887,120 and the bank balance was \$1,876,390. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through the collateral pool administered by the State Treasurer. Financial institutions holding deposits of the public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The bank balance is categorized as follows:

Amount insured by the FDIC-Regions Bank	\$ 250,000
Amount insured by the FDIC-Southern Bancorp	5,333
Amount collateralized through the Statewide Collateral Pool program sponsored by the State of Mississippi Treasury Department	1,898,775
Uncollateralized	-
Total Collateral Provided	\$ 2,154,108

F. Credit Risk

The town is not currently exposed to custodial credit or concentration risk as defined in GASBS-40. The town does not have an investment policy. Investments, when held by the town, consist of Certificates of deposits with maturities of one year or less.

G. Encumbrances

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

H. Compensated Absences

Employees are granted vacation and sick leave in varying amounts under terms of the Town's personnel policies based upon length of service. Amounts of vested or accumulated vacation and sick leave not expected to be liquidated with expendable available (i.e., current) financial resources are reported as the long-term portion of compensated absences. The Town did not report compensated absences in these financial statements.

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reduction of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. Reserve Fund Balances

Reserve balances are reported in various funds to indicate that a portion of the fund balance is restricted or segregated for a specific purpose.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 2 PROPERTY TAXES

Property taxes attached as an enforceable lien on property as of January 1. The Town bills and collects its own property taxes. The primary months of collection are December and January. The Town's millage rate for 2012 taxes, which were collected in the year ended September 30, 2013, was as follows:

	<u>2013</u>	<u>2012</u>
General fund	41	41
Debt service fund	4	4
Total	<u>45</u>	<u>45</u>

The Town utilized the county tax rolls and value in assessing the ad valorem taxes on real and personal property within the Town boundaries. Taxes on autos are billed and collected by the county and remitted to the Town in the month following the month of collection.

Property for which ad valorem taxes have not been paid is advertised for sale in April and September each year. Property not sold at auction reverts to the Town after three years of non-payment.

NOTE 3 CAPITAL ASSETS

Summary of governmental and business-type activities at September 30th follow:

Governmental Activities Funds					
<u>Capital Asset Class</u>	<u>Beginning of Year 9/30/12</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Prior Year Adjustments</u>	<u>End of Year 9/30/13</u>
Land and land improvements	\$ 1,000	\$ 74,000	\$ -	\$ -	\$ 75,000
Building and building improvements	334,832		-	-	334,832
Furniture and equipment	113,310	366,340	-	-	479,650
Vehicles & other mobile equipment	63,619		-	-	63,619
Infrastructure	1,179,940		-	-	1,179,940
Total capital assets	<u>1,692,701</u>	<u>440,340</u>	<u>-</u>	<u>-</u>	<u>2,133,041</u>
Less: accumulated depreciation	-	-	-	-	-
Gov'mnt fund capital assets, net	<u>\$ 1,692,701</u>	<u>\$ 440,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,133,041</u>

Enterprise Fund/Business-Type Activities					
<u>Capital Asset Class</u>	<u>Beginning of Year 9/30/12</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Prior Year Adjustments</u>	<u>End of Year 9/30/13</u>
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -
Building and building improvements	624,857		14,136		638,993
Furniture and equipment	102,195	29,699			131,894
Mobile equipment	-			-	-
Construction in progress	14,136		(14,136)		-
Infrastructure	6,284,502			-	6,284,502
Total capital assets	<u>7,025,690</u>	<u>29,699</u>	<u>-</u>	<u>-</u>	<u>7,055,389</u>
Less: accumulated depreciation	<u>(653,244)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(653,244)</u>
Enterprise fund capital assets, net	<u>\$ 6,372,446</u>	<u>\$ 29,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,402,145</u>
Total Capital Assets, net	<u>\$ 8,065,147</u>	<u>\$ 470,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,535,186</u>

Depreciation expense was not reported in the financial statements as required by U. S. generally accepted accounting principles.

Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 4 RURAL UTILITIES SERVICE BOND RESERVE REQUIREMENTS

The Town's Rural Utilities Service revenue bond covenants previously required the Town to make monthly deposits to reserve accounts until a maximum balance was attained. Prior written approval had to be obtained from Rural Utilities Service before withdrawals could be made from these accounts during the life of the loans. The bonds were extinguished at September 30, 2013, therefore restrictions were removed from the reserve account and the Board currently uses the account as a rainy day fund.

NOTE 5 PENSION PLAN

Plan Description

The Town of Tutwiler contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy- PERS members are required to contribute 9% of their annual covered salary and the Town of Tutwiler is required to contribute at an actuarially determined rate. The current rate is 15.75% (14.26% through May 2013) of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Tutwiler's contributions to PERS for the years ending September 30, 2013, 2012, and, 2011 were \$59,982, \$49,946, and \$50,283, respectively, equal to the required contributions for each year. The Town failed to report certain disclosures required by GASB's Nos. 25 & 27 that set forth certain items of information in the financial statements of the system and Town, such as the number of employees by type of membership, the annual Pension obligation, and the Actuarial Present Values at year end. The Town has no obligation under GASB-45, Post Employment Benefits.

Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

NOTE 6 LONG-TERM DEBT

The Town paid off all general obligation and revenue bonds during the year ended September 30, 2013. Activity for the year was as follows:

Definition & Purpose	Balance Outstanding	Transactions During Fiscal Yr		Balance Outstanding
	10/1/2012	Issued	Rede'md	9/30/2013
<u>General Obligation Building Bond</u>				
Town Hall Building, USDA Rural Development, issued 6/9/03, payment began 6/16/2004, mat 6/16/2023, 4.5% variable semi-annually interest rate, payable 6/16 and 12/16, original issue \$108,500	\$ 22,000		\$ (22,000)	\$ -
<u>Revenue Bonds</u>				
Combined Water & Sewer System Revenue Bond #92-01, USDA Rural Development, 4.5% annually interest rate, issued 1/17/2001, Interest only paid 1/17/2002, payments began 2-17-02, maturity 5/17/2032, original issue, \$566,200 principle & interest \$2,736.16 a month	464,711		(464,711)	-
Combined Water & Sewer System Revenue Bond #92-04, USDA Rural Development, 4.5% annually interest rate, issued 3/6/2003, Interest only paid 3/6/2004, payments began 4/6/04, maturity 7/6/2034, original issue, \$636,900 principle & interest \$3,077.82 a month	551,761		(551,761)	-
Combined Water & Sewer System Junior Revenue Bond, # 91-08 USDA Rural Development, 4.5% annually interest rate, issued 7/27/2003, Interest only paid 7/27/2005, payments began 8/27/05, maturity 11/27/2035, original issue, \$390,100 principle & interest \$1,888.06 a month	346,634		(346,634)	-
Totals	\$ 1,385,106	\$ -	\$ (1,385,106)	\$ -

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Town of Tutwiler, Mississippi
Notes to the Financial Statements
For the year ended September 30, 2013

Note 7 Contingencies and Litigation

The Town has recorded all known material liabilities in its financial statements. The Town was involved in several lawsuits at year-end, one of which involves certain city personnel and an inmate that was performing community service. It is too early to tell, at this time, what the potential outcome of this event maybe, however, management believes its insurance coverage will be adequate to cover losses, if any. No adjustments have been made in these financial statements as a result of these events. In the opinion of management, the Town's insurance policies are adequate to pay all known or pending claims.

The Town participates in some federally-assisted programs. These grants are subject to audit by the grantors. Such audits could result in request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, will be immaterial.

NOTE 8 ANALYSIS OF NET POSITION

Adjustments to net position were as follows:

	Governmental Activities	Business-Type Activities	Total
Net position, beginning of year	\$ 3,902,394	\$ 5,506,885	\$ 9,409,279
Prior year adjustments:			
a. Notes receivable-CCA (prior year unbilled utilities)	-	253,000	253,000
b.	-	-	-
Total prior period adjustments	-	253,000	253,000
Financial position, beginning of year, as restated	3,902,394	5,759,885	9,662,279
Transfer of equity	(1,341,709)	1,341,709	-
Change in financial position	724,397	476,805	1,201,202
Financial position, end of year	\$ 3,285,082	\$ 7,578,399	\$ 10,863,481

9. Subsequent Events

There were no significant events through March 4, 2014 that would have affected the Town's financial position at September 30, 2013.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Tutwiler, Mississippi
Budgetary Comparison Schedule
General Fund
For the year ended September 30, 2013

	General Fund			
	Budgeted Amounts		Cash Basis	Actual
	Original	Final	Actual	Over (Under) Final
Revenues:				
<i>Taxes:</i>				
Property taxes	\$ 895,000	\$ 900,000	1,181,911	\$ 281,911
Sales taxes	277,000	150,000	49,560	(100,440)
Franchise taxes	-	-	25,633	25,633
Sanitation	58,400	52,000	56,982	4,982
Gasoline taxes	-	-	8,479	8,479
Fines, forfeits, fees, licenses, and permits	85,500	45,000	26,250	(18,750)
Intergovernmental	153,200	639,400	648,407	9,007
Investment Income	-	500	259	(241)
Miscellaneous	5,000	5,000	31,048	26,048
Total revenue	<u>1,474,100</u>	<u>1,791,900</u>	<u>2,028,529</u>	<u>236,629</u>
Expenditures:				
General Government	348,765	348,765	357,127	(8,362)
Public works	554,110	182,510	144,095	38,415
Public safety and judicial	505,000	490,000	463,338	26,662
Fire department	19,625	19,626	14,635	4,991
Parks & Recreation	22,000	22,000	20,300	1,700
Sanitation	52,000	52,000	54,482	(2,482)
Capital outlay	200,000	277,202	274,283	2,919
<i>Debt Service:</i>				
Principal and interest	23,000	22,825	22,825	-
Total expenditures	<u>1,724,500</u>	<u>1,414,928</u>	<u>1,351,085</u>	<u>63,843</u>
Excess of revenues over (under) expenditures	<u>(250,400)</u>	<u>376,972</u>	<u>677,444</u>	<u>300,472</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	22,825	22,825
Operating transfers out	-	-	(1,938,176)	(1,938,176)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,915,351)</u>	<u>(1,915,351)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(250,400)</u>	<u>376,972</u>	<u>(1,237,907)</u>	<u>(1,614,879)</u>
Cash balances, beginning of year	748,813	748,813	2,275,158	1,526,345
Cash balances, end of year	<u>\$ 498,413</u>	<u>\$ 1,125,785</u>	<u>\$ 1,037,251</u>	<u>\$ (88,534)</u>
Adjustments necessary to convert the results of operation at end of year on the budget basis to the modified accrual basis (GAAP) are as follows:				
Excess of revenues and other sources over (under) expenditures and other uses per the budgetary comparison schedule			\$ (1,237,907)	
Accrued receivables and prepaids, net			326,821	
Accrued as liabilities, but not in budget			(175,830)	
Net change in fund balance per the statement of revenues, expenditures, and changes in fund balance			<u>\$ (1,086,916)</u>	

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SINGLE AUDIT SECTION

**Bell & Associates, CPA
Certified Public Accountant
8 S. Michigan Ave, Suite 2016
Chicago, Ill 60603**

**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***

Honorable Mayor
Members of the Board of Alderman
Town of Tutwiler, Mississippi

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tutwiler, Mississippi, (the Town) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated March 4, 2014.

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2013-1].

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [2013-1]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to Findings

The Town's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Bell & Associates, CPA

Chicago, IL
March 4, 2014

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**Bell & Associates, CPA
Certified Public Accountant
8 S. Michigan Ave, Suite 2016
Chicago, Ill 60603**

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Honorable Mayor
Members of the Board of Alderman
Town of Tutwiler, Mississippi

Report on Compliance for Each Major Federal Program

I have audited the Town of Tutwiler, Mississippi (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Town's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In my opinion, the Town of Tutwiler, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of the Town of Tutwiler, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Bell & Associates, CPA

Chicago, Illinois
March 4, 2014

Town of Tutwiler, Mississippi
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing & Urban Development</u>			
<i>Passed through the State of Mississippi Development Authority CSD Division:</i>			
Home Investment Partnerships Grant	14.239	1222-M 10-SG-280-162	\$ 316,547
Community Development Block Grant	14.228	1127-10-367-PF-01	167,108
Total U.S. Department of Housing & Urban Development			<u>483,655</u>
<u>U.S. Department of Justice</u>			
<i>Passed through Mississippi Department of Public Safety:</i>			
Community Oriented Policing	16.unk		21,814
Total U.S. Department of Justice			<u>21,814</u>
<u>U.S. Department of Agriculture</u>			
<i>Direct Grant: Rural Development</i>			
Loans & Grants	10.766	Police Truck	19,741
Total US Department of Agriculture			<u>19,741</u>
<u>U. S. Department of Homeland Security</u>			
<i>Passed through Federal Emergency Mgmt Agency to the State of Mississippi Emergency Management Agency to Tallahatchie County Emergency Management Agency:</i>			
Mitigation Grant	97.039	Tornado sirens &	22,863
Mitigation Grant	97.039	emergency generators	141,740
Total U.S. Department of Homeland Security			<u>164,603</u>
Total Expenditures of Federal Awards			<u>\$ 689,813</u>

Basis of Presentation:

The accompanying schedule of expenditures of federal awards is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of basic financial statements.

See independent auditor's report and notes to the financial statements

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Town of Tutwiler, Mississippi
Schedule of Findings and Questioned Costs
For the year ended September 30, 2013

Summary of Auditor's Results
Financial Statements

Type of auditor's report issued: Adverse

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of *OMB Circular A-133*? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.239	HOME Investment Partnerships Grant
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low risk auditee? yes X no

Section II- Financial Statements Findings

Finding 2013-1 Auditee has not adopted GASB S-34. Although the State allows cash basis reporting, the Town as a governmental entity, is required by the Government Audit Standards Board to adopt GASB S-34 providing for full accrual accounting.

Observation: Management has not recorded compensated absences to provide for vacation and sick leave liability/expense. Management historically recorded financial transactions on the cash receipts and disbursement basis, as opposed to the accrual basis, accordingly, management has provided no basis for the valuation of land, buildings, equipment, infrastructure (consisting of streets, roads, bridges, sidewalks, etc.), nor adopted a methodology for compiling adequate subsidiary records documenting the existence, completeness and valuation of fixed assets required to be included in the Governmental Activities of the Government-wide statement of net assets. Management has not calculated or provided appropriate accumulated depreciation or depreciation expense or any provision for doubtful accounts related to court fines, or taxes receivables. Management did not amortize intangible assets, (loan/bond issuance costs) and omitted substantially all required disclosures. Management has not recorded nor disclosed certain debt disclosures required by accounting principles generally accepted in the United States of America.

Effect: The lack of full accrual accounting necessitated an adverse audit opinion.

Cause: Lack of accounting expertise.

Recommendation: I recommend the Town obtain adequate accounting by either hiring or consulting with appropriate personnel.

Town's Response: We will determine the appropriate response to the auditor's finding & recommendation.

Section III- Federal Awards Findings and Questioned Costs None

**TOWN OF TUTWILER, MISSISSIPPI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The prior audit report issued for the year ended September 30, 2012, did not include audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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**TOWN OF TUTWILER, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Section .315 of *OMB Circular A-133* requires the auditee to prepare a Summary of Prior Audit Findings to report the status of all finding that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include finding reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of *OMB Circular A-133* requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Finding; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresent the status of any prior findings.

The prior audit report issued for the year ended September 30, 2012, included no audit finding that *OMB Circular A-133* requires to be reported for an audit of financial statements.

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SUPPLEMENTAL INFORMATION

Bell & Associates
Certified Public Accountant
8 S. Michigan Ave, Suite 2016
Chicago, IL 60603

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

Honorable Mayor and Board of Alderman
Town of Tutwiler
Tutwiler, Mississippi

I have audited the basic financial statements for the Town of Tutwiler for the year ended September 30, 2013, and have issued my report dated March 4, 2014. I conducted my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of those procedures and my audit of the basic financial statements disclosed the following material instances of noncompliance with state laws and regulations. My finding and recommendation and the Town's response follow:

Finding 2010-2

2011-5

2012-1

2013-2 The Town's inventory listing was substantially incomplete and not valued in accordance with state laws.

Status Unresolved.

Board's Response: We will determine the appropriate response to the auditor's findings and recommendations.

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, if any, has been taken.

This report is intended for the information of the Town of Tutwiler 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.

Bell & Associates, CPA

Chicago, IL

March 4, 2014

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Town of Tutwiler, Mississippi
 Non-Major Governmental Funds
 Combining Balance Sheet
 For the year ended September 30, 2013

	2010 HOME Grant	Emergency Mgmt Grant	Bancorp South	USDA Grant	COPS Grants	2010 CDBG Pgrm	Total Non-major Funds
Assets							
Cash-restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,542	\$ 2,542
Cash-unrestricted	-	-	5,333	-	-	-	5,333
Grants receivable-federal/state	-	164,603	-	-	-	-	164,603
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>-</u>	<u>164,603</u>	<u>5,333</u>	<u>-</u>	<u>-</u>	<u>2,542</u>	<u>172,478</u>
Liabilities							
Accounts payable and accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances							
Restricted	-	164,603	-	-	-	2,542	167,145
Unreserved, undesignated	-	-	5,333	-	-	-	5,333
Total fund balances	<u>-</u>	<u>164,603</u>	<u>5,333</u>	<u>-</u>	<u>-</u>	<u>2,542</u>	<u>172,478</u>
Total fund balance & liabilities	<u>\$ -</u>	<u>\$ 164,603</u>	<u>\$ 5,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ 172,478</u>

See independent auditor's report and notes to the financial statements.

Town of Tutwiler, Mississippi
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the year ended September 30, 2013

	2010 HOME Grant	Emergency Mgmt Grant	Bancorp South	USDA Grant	COPS Grant	CDBG Grant	Total Non-Major Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	316,547	164,603	-	19,741	21,814	167,108	689,813
Total revenue	<u>316,547</u>	<u>164,603</u>	<u>-</u>	<u>19,741</u>	<u>21,814</u>	<u>167,108</u>	<u>689,813</u>
Expenditures							
Capital outlay	314,047	173,266	-	25,952	21,814	167,122	702,201
Total expenditures	<u>314,047</u>	<u>173,266</u>	<u>-</u>	<u>25,952</u>	<u>21,814</u>	<u>167,122</u>	<u>702,201</u>
Excess of revenues over (under) expenditures	<u>2,500</u>	<u>(8,663)</u>	<u>-</u>	<u>(6,211)</u>	<u>-</u>	<u>(14)</u>	<u>(12,388)</u>
<i>Other financing sources (uses):</i>							
Operating transfers in	574,027	173,266	-	6,211	-	169,635	923,139
Operating transfers out	(576,607)	-	-	-	-	(167,108)	(743,715)
Total other financing sources (uses)	<u>(2,580)</u>	<u>173,266</u>	<u>-</u>	<u>6,211</u>	<u>-</u>	<u>2,527</u>	<u>179,424</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(80)</u>	<u>164,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,513</u>	<u>167,036</u>
Fund balances, beginning of year	80	-	5,333	-	-	29	5,442
Prior year adjustments	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 164,603</u>	<u>\$ 5,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ 172,478</u>

See independent auditor's report and notes to the financial statements.

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Town of Tutwiler, Mississippi
Non-Major Governmental Funds
Combining Statement of Fiduciary Net Assets
For the year ended September 30, 2013

Assets	Payroll	Fallen Soldiers Memorial	Total	Eliminations	Total Fiduciary- net assets
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Due to other funds	-	-	-	-	-
Due to others	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and notes to the financial statements.

Town of Tutwiler, Mississippi
Schedule of Surety Bonds
For the year ended September 30, 2013

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Expiration Date</u>	<u>Amount</u>	<u>Bond NO</u>
Genether Spurlock	Mayor	CNA Surety	07/06/13	\$ 25,000	
Nicole Harris	Mayor	CNA Surety	07/06/17	25,000	
Alma Harris	Town Clerk	CNA Surety	10/10/13	50,000	105181734
Modella Hayes	Deputy Town Clerk	CNA Surety	10/10/13	50,000	105181734
Rico Smith	Chief of Police	CNA Surety	10/10/13	50,000	105181734
Lashanda Harris	Court Clerk	Travelers Insurance	10/10/13	50,000	105181734
Donell Wiggins	Aldersperson	CNA Surety	07/01/17	25,000	
Christopher Hooper	Aldersperson	CNA Surety	07/01/17	25,000	
James Farmer	Aldersperson	CNA Surety	07/01/17	25,000	
Diann Pimpton	Aldersperson	CNA Surety	07/01/17	25,000	
Gregory Braggs	Aldersperson	CNA Surety	07/01/13	25,000	
Donnie C Powcll	Aldersperson	CNA Surety	07/01/17	25,000	
Doyle Moore	Policeman	CNA Surety		25,000	
Elliot Bravo	Policeman	CNA Surety		25,000	
Michael Daves	Policeman	CNA Surety		25,000	
Tommy L. Harris	Policeman	CNA Surety		25,000	
Jimmy Johnson	Policeman	CNA Surety		25,000	

Special bonds required by Rural Development:

Genether Spurlock	Mayor	Travellers' Insuranc	07/01/13	78,000	105221337
Nicole Harris	Mayor	Travellers' Insuranc	03/29/14	78,000	105221337
Angela Chandler	Town Clerk	Travellers' Insuranc	03/29/14	78,000	105221337

**Town of Tutwiler, Mississippi
 Schedule of Investments-All Funds
 For the year ended 09/30/2013**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acq'tn Date</u>	<u>Maturity Date</u>	<u>Investment Cost/Value</u>	<u>Annual Interest</u>
N/A						

Total Investments

<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
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Municipal Compliance Questionnaire

As part of the municipality's audit, the governing authorities of the municipality must make certain assertions with regard to legal compliance. The municipal compliance questionnaire was developed for this purpose.

The following questionnaire and related certification must be completed at the end of the municipality's fiscal year and entered into the official minutes of the governing authorities at their next regular meeting.

The governing authorities should take care to answer these questions accurately. Incorrect answers could reduce the auditor's reliance on the questionnaire responses, resulting in the need to perform additional audit procedures at added cost.

Information

Note: Due to the size of some municipalities, some of the questions may not be applicable. If so, mark N/A in answer blanks. Answers to other questions may require more than "yes" or "no," and, as a result, more information on this questionnaire may be required and/or separate work papers may be needed.

1. Name and address of municipality:
Town of Tutwiler
P.O. Box 176 Tutwiler, MS 38963
2. List the date and population of the latest official U.S. Census or most recent official census:
2010 1150
3. Names, addresses and telephone numbers of officials (include elected officials, chief administrative officer, and attorney).
See attached
4. Period of time covered by this questionnaire:
From: Oct. 1, 2012 To: Sept. 30, 2013
5. Expiration date of current elected officials' term: July 2017

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MUNICIPAL COMPLIANCE QUESTIONNAIRE
Year Ended September 30, 20__

Answer All Questions: Y - YES, N - NO, N/A - NOT APPLICABLE

PART I - General

- | | |
|---|---|
| 1. Have all ordinances been entered into the ordinance book and included in the minutes? (Section 21-13-13) | Y |
| 2. Do all municipal vehicles have public license plates and proper markings? (Sections 25-1-87 and 27-19-27) | Y |
| 3. Are municipal records open to the public? (Section 25-61-5) | Y |
| 4. Are meetings of the board open to the public? (Section 25-41-5) | Y |
| 5. Are notices of special or recess meetings posted? (Section 25-41-13) | Y |
| 6. Are all required personnel covered by appropriate surety bonds? | Y |
| · Board or council members (Sec. 21-17-5) | Y |
| · Appointed officers and those handling money, see statutes governing the form of government (i.e., Section 21-3-5 for Code Charter) | Y |
| · Municipal clerk (Section 21-15-38) | Y |
| · Deputy clerk (Section 21-15-23) | Y |
| · Chief of police (Section 21-21-1) | Y |
| · Deputy police (Section 45-5-9) (if hired under this law) | Y |
| 7. Are minutes of board meetings prepared to properly reflect the actions of the board? (Sections 21-15-17 and 21-15-19) | Y |
| 8. Are minutes of board meetings signed by the mayor or majority of the board within 30 days of the meeting? (Section 21-15-33) | Y |
| 9. Has the municipality complied with the nepotism law in its employment practices? (Section 25-1-53) | Y |
| 10. Did all officers, employees of the municipality, or their relatives avoid any personal interest in any contracts with the municipality during their term or within one year after their terms of office or employment? (Section 25-4-105) | Y |

11. Does the municipality contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of each fiscal year? (Section 21-35-31)

Y

12. Has the municipality published a synopsis or notice of the annual audit within 30 days of acceptance? (Section 21-35-31 or 21-17-19)

X

PART II - Cash and Related Records

1. Where required, is a claims docket maintained? (Section 21-39-7)

Y

2. Are all claims paid in the order of their entry in the claims docket? (Section 21-39-9)

Y

3. Does the claims docket identify the claimant, claim number, amount and fund from which each warrant will be issued? (Section 21-39-7)

Y

4. Are all warrants approved by the board, signed by the mayor or majority of the board, attested to by the clerk, and bearing the municipal seal? (Section 21-39-13)

Y

5. Are warrants for approved claims held until sufficient cash is available in the fund from which it is drawn? (Section 21-39-13)

X

6. Has the municipality adopted and entered on its minutes a budget in the format prescribed by the Office of the State Auditor? (Sections 21-35-5, 21-35-7 and 21-35-9)

Y

7. Does the municipality operate on a cash basis budget, except for expenditures paid within 30 days of fiscal year end or for construction in progress? (Section 21-35-23)

Y

8. Has the municipality held a public hearing and published its adopted budget? (Sections 21-35-5, 27-39-203, & 27-39-205)

Y

9. Has the municipality complied with legal publication requirements when budgetary changes of 10% or more are made to a department's budget? (Section 21-35-25)

Y

10. If revenues are less than estimated and a deficit is anticipated, did the board revise the budget by its regular July meeting? (Section 21-35-25)

Y

- 11. Have financial records been maintained in accordance with the chart of accounts prescribed by the State Auditor? (Section 21-35-11) Y
- 12. Does the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item? (Section 21-35-13) Y
- 13. Does the board avoid approving claims and the city clerk not issue any warrants which would be in excess of budgeted amounts, except for court-ordered or emergency expenditures? (Section 21-35-17) Y
- 14. Has the municipality commissioned municipal depositories? (Sections 27-105-353 and 27-105-363) Y
- 15. Have investments of funds been restricted to those instruments authorized by law? (Section 21-33-323) Y
- 16. Are donations restricted to those specifically authorized by law? [Section 21-17-5 (Section 66, Miss. Constitution) -- Sections 21-19-45 through 21-19-59, etc.] Y
- 17. Are fixed assets properly tagged and accounted for? (Section II - Municipal Audit and Accounting Guide) _____
- 18. Is all travel authorized in advance and reimbursements made in accordance with Section 25-3-41? Y
- 19. Are all travel advances made in accordance with the State Auditor's regulations? (Section 25-3-41) Y

PART III - Purchasing and Receiving

- 1. Are bids solicited for purchases, when required by law (written bids and advertising)? [Section 31-7-13(b) and (c)] Y
- 2. Are all lowest and best bid decisions properly documented? [Section 31-7-13(d)] Y
- 3. Are all one-source item and emergency purchases documented on the board's minutes? [Section 31-7-13(m) and (k)] Y
- 4. Do all officers and employees understand and refrain from accepting gifts or kickbacks from suppliers? (Section 31-7-23) Y

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PART IV - Bonds and Other Debt

- 1. Has the municipality complied with the percentage of taxable property limitation on bonds and other debt issued during the year? (Section 21-33-303) N/A
- 2. Has the municipality levied and collected taxes, in a sufficient amount for the retirement of general obligation debt principal and interest? (Section 21-33-87) N/A
- 3. Have the required trust funds been established for utility revenue bonds? (Section 21-27-65) N/A
- 4. Have expenditures of bond proceeds been strictly limited to the purposes for which the bonds were issued? (Section 21-33-317) N/A
- 5. Has the municipality refrained from borrowing, except where it had specific authority? (Section 21-17-5) Y

PART V - Taxes and Other Receipts

- 1. Has the municipality adopted the county ad valorem tax rolls? (Section 27-35-167) Y
- 2. Are interest and penalties being collected on delinquent ad valorem taxes? (Section 21-33-53) Y
- 3. Has the municipality conducted an annual land sale for delinquent ad valorem taxes? (Section 21-33-63) Y
- 4. Have the various ad valorem tax collections been deposited into the appropriate funds? (Separate Funds for Each Tax Levy) (Section 21-33-53) Y
- 5. Has the increase in ad valorem taxes, if any, been limited to amounts allowed by law? (Sections 27-39-320 and 27-39-321) Y
- 6. Are local privilege taxes collected from all businesses located within the municipality, except those exempted? (Section 27-17-5) Y
- 7. Are transient vendor taxes collected from all transient vendors within the municipality, except those exempted? (Section 75-85-1) Y
- 8. Is money received from the state's "Municipal Fire Protection Fund" spent only to improve municipal fire departments? (Section 83-1-37) Y

9. Has the municipality levied or appropriated not less than 1/4 mill for fire protection and certified to the county it provides its own fire protection or allowed the county to levy such tax? (Sections 83-1-37 and 83-1-39)

Y

10. Are state-imposed court assessments collected and settled monthly? (Section 99-19-73, 83-39-31, etc.)

Y

11. Are all fines and forfeitures collected when due and settled immediately to the municipal treasury? (Section 21-15-21)

Y

12. Are bids solicited by advertisement or, under special circumstances, three appraisals obtained when real property is sold? (Section 21-17-1)

NA

(MUNICIPAL NAME)

Certification to Municipal Compliance Questionnaire

Year Ended September 30, 2013

We have reviewed all questions and responses as contained in this Municipal Compliance Questionnaire for the Municipality of Town of Tutuila, and, to the best of our knowledge and belief, all responses are accurate.

Alma Harris
(City Clerk's Signature)

(Mayor's Signature)

9-3-2013
(Date)

(Date)

Minute Book References:

Book Number 26

Page _____

(Clerk is to enter minute book references when questionnaire is accepted by board.)

ELECTED OFFICIALS

**Nichole Harris
Mayor
P.O. Box 181
Tutwiler, MS 38963**

**Donell Wiggins
Alderman Ward 1
P.O. Box 262
Tutwiler, MS 38963
662-345-8556**

**Christopher Hooper
Alderman Ward 11
P.O. Box 203
Tutwiler, MS 38963
662-345-6357**

**James Farmer
Alderman Ward 111
P.O. Box 95
Tutwiler, MS 38963
662-345-6576**

**Diann Pimpton
Alderwoman Ward IV
P.O. Box 171
Sumner, MS 38957
662-345-6559**

**Donnie Cox Powell
Alderwoman Ward V
P.O. Box 612
Tutwiler, MS 38963
662-313-1331**

**Attorney Renetha Frieson
Post Office Box 1811
Greenville, MS 38702
662-335-3118**

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