



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

FINANCIAL STATEMENTS

**Town of Hatley, Mississippi**

For the year ended  
September 30, 2014

2014

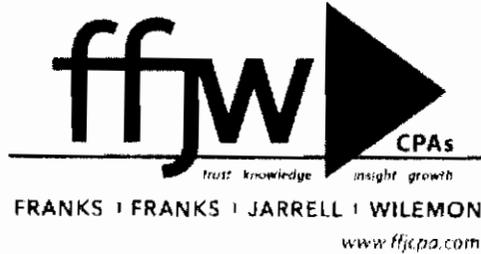
**TOWN OF HATLEY, MISSISSIPPI  
TABLE OF CONTENTS  
September 30, 2014**

---

Independent Accountants' Report on Agreed-Upon Procedures.....	1
Independent Accountants' Compilation Report.....	4
Statement of Cash Receipts and Disbursements .....	5
Selected Information .....	7
Schedule of Investments .....	8
Schedule of Surety Bonds for Town Officials.....	9
Schedule of Long-Term Debt.....	10
Independent Accountants' Report on Compliance with State Laws and Regulations.....	11

P.O. Box 731  
 Tupelo, MS 38801  
 (662) 844-5226

P.O. Box 355  
 Fulton, MS 38843  
 (662) 862-4967



Partners  
 Gary Franks, CPA  
 Greg Jarrell, CPA  
 Bryon Wilemon, CPA  
 Jonathan Hageood, CPA  
 Rudolph Franks, CPA (emeritus)

## INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen  
 Town of Hatley, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Hatley, Mississippi, as of September 30, 2014, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Hatley, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 178,585
Community Bank	General Fund	<u>54,949</u>
<b>Total General Fund</b>		<b>\$ <u>233,534</u></b>
Community Bank	Special Revenue	\$ 10,005
Renasant Bank	Special Revenue	<u>15,355</u>
<b>Total Special Revenue Fund</b>		<b>\$ <u>25,360</u></b>
Renasant Bank	Proprietary Fund	\$ 285,898
Community Bank	Proprietary Fund	20,859
Community Bank	Proprietary Fund	63,833
Community Bank	Proprietary Fund	<u>156,179</u>
<b>Total Proprietary Fund</b>		<b>\$ <u>526,769</u></b>

2. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:
  - a. Trace levies to governing body minutes;
  - b. Traced distribution of taxes collected to proper funds; and

- c. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

- 3. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 5,079
Gasoline Tax	General Fund	1,288
TVA In Lieu	General Fund	4,149
Municipal Aid	General Fund	240
Homestead Exemption Reim.	General Fund	2,795

- 4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code, 1972, if applicable.

The sample consisted of the following:

Number of Sample Items	11
Dollar Value of Sample	\$ 7,283

We have found the Town of Hatley's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

- 5. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance Administration.

We found the municipality to be in agreement with the requirements of the above mentioned sections.

- 6. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate noncompliance with state requirements:

- 1. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section II – Municipal Audit and Accounting Guide)

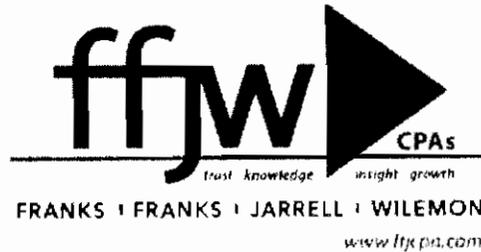
Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Hatley, Mississippi, for the year ended September 30, 2014.

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

Franks, Franks, Jarrell & Wilemon, P.A.  
April 17, 2015

P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



Partners  
Gary Franks, CPA  
Greg Jarrell, CPA  
Bryon Wilemon, CPA  
Jonathan Hagood, CPA  
Rudolph Franks, CPA (emeritus)

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Hatley  
Hatley, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Hatley, Mississippi, for the year ended September 30, 2014. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash receipts and disbursement basis of accounting.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash receipts and disbursement basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### Auditor's Responsibility

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The Town's management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash receipts and disbursement basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 7 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and accordingly, do not express an opinion or provide any assurance on such supplementary information.

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

Franks, Franks, Jarrell & Wilemon, P.A.  
April 17, 2015

**TOWN OF HATLEY, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS- ALL FUND TYPES**  
For the year ended September 30, 2014

	Governmental Activities		Business-Type Activities		Total
	General	Special Revenue	Water Fund	Government-wide	
<b>CASH RECEIPTS</b>					
Property Taxes	\$ 28,525	\$ 296	\$	\$	\$ 28,821
Auto Ad Valorem Tax	13,747	140			13,887
Franchise Tax on Utilities	12,218				12,218
Privilege Tax Revenue	40				40
Intergovernmental Revenues:					
State Shared Revenues:					
General Municipal Aid	240				240
Sales Tax	5,079				5,079
Gasoline Tax	1,288				1,288
TVA In Lieu of Tax	4,149				4,149
Homestead Exemption Reimbursement	2,795				2,795
Fire Protection		2,627			2,627
Local Shared Revenues		5,000			5,000
Charges for Services:					
Water System			238,609		238,609
Fines and Forfeits:					
Police Fines	7,070				7,070
Miscellaneous Receipts:					
Interest Income	270	20	928		1,218
Donations		500			500
Customer Deposits			3,143		3,143
Community Center Rent	1,700				1,700
Other Income	103		1,875		1,978
<b>Total Cash Receipts</b>	<b>77,224</b>	<b>8,583</b>	<b>244,555</b>		<b>330,362</b>

**TOWN OF HATLEY, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES**  
For the year ended September 30, 2014

	Governmental Activities		Total	Business-Type Activities		Total Government-wide
	General	Special Revenue		Water Fund		
<b>CASH OPERATING DISBURSEMENTS</b>						
General Administration and Finance	44,956		44,956			44,956
Public Safety: Police	12,965		12,965			12,965
Public Works		6,580	6,580			6,580
Capital Outlay	0	2,407	2,407	0		2,407
Enterprise: Water				126,605		126,605
RLF Loan:						
Principal		0	0	54,569		54,569
Interest		0	0	18,533		18,533
<b>Total Cash Operating Disbursements</b>	<b>57,921</b>	<b>8,987</b>	<b>66,908</b>	<b>199,707</b>		<b>266,615</b>
Excess (Deficiency) of receipts over disbursements	19,303	(404)	18,899	44,848		63,747
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers	(2,304)	6,497	4,193	(4,193)		0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,304)</b>	<b>6,497</b>	<b>4,193</b>	<b>(4,193)</b>		<b>0</b>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	16,999	6,093	23,092	40,655		63,747
<b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR</b>	<b>216,535</b>	<b>19,267</b>	<b>235,802</b>	<b>486,114</b>		<b>721,916</b>
<b>CASH BASIS FUND BALANCE - END OF YEAR</b>	<b>\$ 233,534</b>	<b>\$ 25,360</b>	<b>\$ 258,894</b>	<b>\$ 526,769</b>		<b>\$ 785,663</b>

See accountants' compilation report

**TOWN OF HATLEY, MISSISSIPPI**  
**SELECTED INFORMATION - Substantially all disclosures required**  
**by generally accepted accounting principles are not included**  
**September 30, 2014**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town includes all the funds of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

**NOTE B – REPORT CLASSIFICATIONS**

Receipts and disbursements were classified according to requirements for small towns in the state of Mississippi as prescribed by the Office of the State Auditor.

**NOTE C - LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2014, including interest payments of \$106,175 are as follows:

Fiscal Year Ended September 30,	RLF	Interest	Total
2015	\$ 55,833	\$ 17,269	\$ 73,102
2016	57,245	15,857	73,102
2017	58,693	14,409	73,102
2018	60,177	12,925	73,102
2019	61,699	11,403	73,102
2020-2024	332,702	32,807	365,509
2025-2026	<u>85,272</u>	<u>1,505</u>	<u>86,777</u>
	<u>\$ 711,621</u>	<u>\$ 106,175</u>	<u>\$ 817,796</u>

The Town does not maintain any debt service funds to service the above notes.

**TOWN OF HATLEY, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS - ALL FUNDS**  
September 30, 2014

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund:	Certificate of Deposit	0.2498%	3/15/2011	1/8/2015	Community Bank	54,949
Special Revenue Fund:	Certificate of Deposit	0.1498%	1/8/2010	10/1/2015	Community Bank	10,005
Water Fund:	Certificate of Deposit	0.2498%	10/7/2011	1/8/2015	Community Bank	63,833
Water Fund:	Certificate of Deposit	0.2498%	1/8/2010	4/5/2015	Community Bank	156,179
Water Fund:	Certificate of Deposit	0.2498%	1/8/2010	1/8/2015	Community Bank	20,859
<b>Total Investments</b>						<u><u>305,825</u></u>

**TOWN OF HATLEY, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
September 30, 2014

Name	Position	Company	Bond
Amber Rowland	Town Clerk	Travelers Casualty & Surety Company	\$50,000
Brenda Irvin	Deputy Town Clerk	Travelers Casualty & Surety Company	\$50,000
E.L. Vaughn III	Mayor	MS Municipal Bond Program	\$50,000
Eric Sloan	Police Chief	Travelers Casualty & Surety Company	\$50,000
Patrick Chism	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sam Mitchell	Police Officer	Travelers Casualty & Surety Company	\$25,000
George King	Alderman	MS Municipal Service Co.	\$50,000
Kenneth Benton	Alderman	MS Municipal Service Co.	\$50,000
Gary Johnson	Alderman	MS Municipal Service Co.	\$50,000
Sarah Morgan	Alderman	MS Municipal Service Co.	\$50,000
Robert Ausbon	Alderman	MS Municipal Service Co.	\$50,000

**TOWN OF HATLEY, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
For the year ended September 30, 2014

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2013</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2014</u>
Notes Payable:			
RLF Water Improvement Loan	\$ <u>766,190</u>	\$ <u>54,569</u>	\$ <u>711,621</u>
<b>TOTAL</b>	<b>\$ <u>766,190</u></b>	<b>\$ <u>54,569</u></b>	<b>\$ <u>711,621</u></b>

P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



Partners  
Gary Franks, CPA  
Greg Jarrell, CPA  
Bryan Wilemon, CPA  
Jonathan Hagood, CPA  
Rudolph Franks, CPA (emeritus)

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Mayor and Board of Alderman  
Town of Hatley, Mississippi

We have compiled the financial statement of the Town of Hatley, Mississippi, as of and for the year ended September 30, 2014, and have issued our report thereon dated April 17, 2015. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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 engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the general purpose financial statement disclosed the following material instances of noncompliance with state laws and regulations.

1. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section 7-7-211 - Municipal Audit and Accounting Guide)

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

This report is intended for the information of 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.  
April 17, 2015