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DAVID SMITH
MAYOR

PATRICIA S. LOCKETT
CLERK

BETTIE JO JONES
COURT CLERK

TOWN OF INVERNESS

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August 25, 2016

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

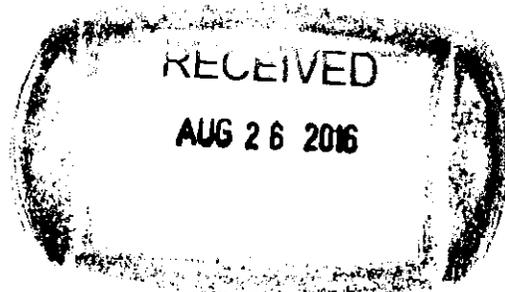
Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual compilation of the Town of Inverness, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the Town in connection with this audit.

Sincerely,

David Smith
David Smith
Mayor

Patricia S. Lockett, Clerk



TOWN OF INVERNESS, MISSISSIPPI

**COMPILED FINANCIAL STATEMENTS
AND
AGREED UPON PROCESURES**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

CUNNINGHAM CPAs, PLLC
Certified Public Accountants

TOWN OF INVERNESS, MISSISSIPPI

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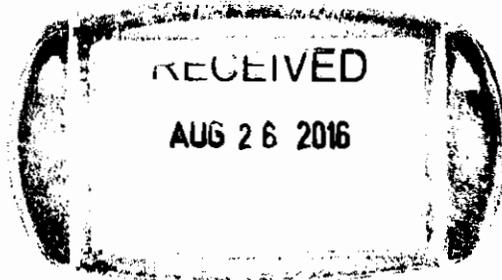
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CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

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Fairhope, Alabama 36532
Office: (251) 929-7778
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Accountant's Compilation Report

The Honorable Mayor and Board of Aldermen
Town of Inverness, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Inverness, Mississippi as of September 30, 2015, and the related notes to the financial statement in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the management's discussion and analysis, budgetary comparison information, and the schedules related to the net pension liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. However, under the cash basis of accounting, this information is not required and as such, is not presented.

Other Supplementary Information

The supplementary information contained on pages 14 through 18 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Inverness, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.



Cunningham CPAs, PLLC
Belzoni, Mississippi
August 1, 2016

TOWN OF INVERNESS, MISSISSIPPI

Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2015

	Governmental Activities										Business-type Activities	Fiduciary Funds	Total (Memorandum Only)	
	Major Funds					Total								
	General Fund	Fire Fund	Rental Property Fund	Emergency Water and Sewer Fund	Debt Service Fund	Construction Fund	Governmental Activities	Public Utilities Fund	Clearing Fund					
REVENUE RECEIPTS:														
Taxes														
General property taxes	\$ 252,866	\$ 4,221	\$ -	\$ -	\$ 33,770	\$ -	\$ 290,857	\$ -	-	-	\$ -	-	\$ -	\$ 290,857
Penalties & interest on delinquent taxes	3,229	-	-	-	-	-	3,229	-	-	-	-	-	-	3,229
Licenses and permits														
Privilege licenses	4,020	-	-	-	-	-	4,020	-	-	-	-	-	-	4,020
Franchise charges - utilities	29,321	-	-	-	-	-	29,321	-	-	-	-	-	-	29,321
Intergovernmental revenues:														
Federal grants:														
Home grant	195,400	-	-	-	-	-	195,400	-	-	-	-	-	-	195,400
State grants:														
General municipal aid	508	-	-	-	-	-	508	-	-	-	-	-	-	508
Homestead reimbursement	18,002	300	-	-	2,400	-	20,702	-	-	-	-	-	-	20,702
State shared revenues:														
Sales taxes	67,199	-	-	-	-	-	67,199	-	-	-	-	-	-	67,199
Fire protection	-	5,545	-	-	-	-	5,545	-	-	-	-	-	-	5,545
Gasoline taxes	2,993	-	-	-	-	-	2,993	-	-	-	-	-	-	2,993
In lieu taxes-Grand Gulf	7,069	-	-	-	-	-	7,069	-	-	-	-	-	-	7,069
County shared revenues:														
Road & bridge taxes	12,314	-	-	-	-	-	12,314	-	-	-	-	-	-	12,314
Rural fire protection	-	9,149	-	-	-	-	9,149	-	-	-	-	-	-	9,149
Charges for services:														
Garbage fees	-	-	-	-	-	-	-	-	-	-	74,490	-	-	74,490
Water and sewer charges	-	-	-	-	-	-	-	-	-	-	180,924	-	-	180,924
Police fines, assessments, fees, etc.	8,797	-	-	-	-	-	8,797	-	-	-	-	-	-	8,797
Other revenues:														
Interest income	-	302	124	107	83	-	616	-	-	-	-	-	-	616
Leases	-	-	9,200	-	-	-	9,200	-	-	-	-	-	-	9,200
Miscellaneous	4,911	-	-	-	-	-	4,911	-	-	-	15,286	-	-	20,197
TOTAL RECEIPTS	606,629	19,517	9,324	107	36,253	-	671,830	270,700	-	-	942,530	-	-	942,530

See the accompanying notes and accountant's compilation report

TOWN OF INVERNESS, MISSISSIPPI

**Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2015**

	Governmental Activities										Fiduciary Funds	Total (Memorandum Only)	
	Major Funds					Total Governmental Activities							
	General Fund	Fire Fund	Property Fund	Rental Water and Sewer Fund	Debt Service Fund	Construction Fund	Public Utilities Fund	Clearing Fund	Business-type Activities	Fiduciary Funds			
DISBURSEMENTS:													
General government:													
Executive	17,798	-	-	-	-	-	-	-	-	-	-	-	17,798
Financial	98,273	-	-	-	-	-	-	-	-	-	-	-	98,273
Other	51,306	-	1,990	-	-	-	-	-	-	-	-	-	53,296
Public safety:													
Police	206,847	-	-	-	-	-	-	-	-	-	-	-	206,847
Fire	1,871	9,054	-	-	-	-	-	-	-	-	-	-	10,925
Public works:													
Street department	30,655	-	-	-	-	-	-	-	-	-	-	-	30,655
Culture & recreation	14,871	-	-	-	-	-	-	-	-	-	-	-	14,871
Enterprise services:													
Water and sewer	-	-	-	10,794	-	-	-	-	190,868	-	-	-	201,662
Sanitation	-	-	-	-	-	-	-	-	67,200	-	-	-	67,200
Home grant construction	196,200	-	-	-	-	-	-	-	-	-	-	-	196,200
Redemption of principal	1,610	-	-	-	27,000	-	-	-	8,112	-	-	-	36,722
Interest on bonds	-	-	-	-	9,418	-	-	-	644	-	-	-	10,062
Total Disbursements	619,431	9,054	1,990	10,794	36,418	-	677,687	266,824	-	-	-	-	944,511
Excess (Deficiency) of receipts over disbursements	(12,802)	10,463	7,334	(10,687)	(165)	-	(5,857)	3,876	-	-	-	-	(1,981)
OTHER FINANCING SOURCES (USES):													
Interfund transfers	9,485	-	-	3,349	-	-	12,834	(1,840)	-	(10,994)	-	-	-
Other financing sources (uses)	-	-	-	-	-	(402)	(402)	642	-	(230)	-	-	(10)
Total other financing sources (uses)	<u>9,485</u>	<u>-</u>	<u>-</u>	<u>3,349</u>	<u>-</u>	<u>(402)</u>	<u>12,432</u>	<u>(1,198)</u>	<u>-</u>	<u>(11,244)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,317)	10,463	7,334	(7,338)	(165)	(402)	6,575	2,678	-	(11,244)	-	-	(1,991)
CASH BASIS FUND BALANCE- BEGINNING OF YEAR	143,424	29,745	38,365	43,071	26,336	1,380	282,321	190,015	20,207	-	-	-	492,543
CASH BASIS FUND BALANCE- END OF YEAR	\$ 140,107	\$ 40,208	\$ 45,699	\$ 35,733	\$ 26,171	\$ 978	\$ 288,896	\$ 192,693	\$ 8,963	\$ -	\$ -	\$ -	\$ 490,552

See the accompanying notes and accountant's compilation report

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Inverness operates under a Mayor and Board of Alderman form of government providing services authorized by its charter.

The Town of Inverness's financial statements includes all funds, boards and commissions over which the Town exercises oversight responsibility. Oversight responsibility was determined on the basis of the Town's ability to significantly influence operations, select the governing authority and participate in fiscal management as well as the entity's financial dependence on the Town. The criteria for including entities and funds in the Town's financial statements are in agreement with the Governmental Accounting Standards Board (GASB) Statement No. 1, Section 2100, Authoritative Status of Pronouncements. The Town of Inverness's major operations include public welfare and social services, road and bridge maintenance and general administrative services. In addition, a water and sewer system is operated by the Town.

B. Basis of Accounting.

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

C. 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.

D. Fund Accounting.

The accounts of the Town of Inverness are organized on the basis of funds, 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. 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 generic fund types and broad fund categories as follows:

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

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.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

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

E. Cash and Investments

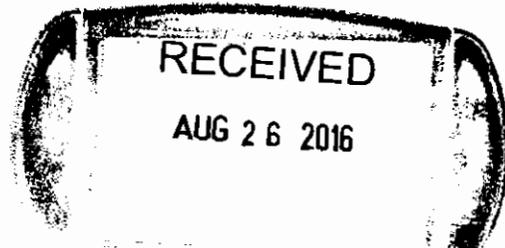
The Town's cash and other deposits are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Town deposits excess funds in the financial institutions selected by the Board of Aldermen. State statutes specify how these depositories are to be selected.

Investments

The Town invests its excess funds in certificates of deposit. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the Town are reported at fair market value.

F. Property Taxes.

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



TOWN OF INVERNESS, MISSISSIPPI

Notes to Financial Statement
For the Year Ended September 30, 2015

G. Estimates.

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amount of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

The collateral for public entities' deposits in financial institutions is 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 a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Cash and investments at September 30, 2015, consist of:

Cash in bank	\$ 257,890
Certificates of deposit	232,662
Total	<u>\$ 490,552</u>

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

(3) General Long-term Debt.

The following is a summary of changes in general long-term debt:

	Balance 10/01/14	Additions	Reductions	Balance 9/30/15	Due Within One Year
<u>Governmental Activities</u>					
A. General obligation bonds payable	\$ 280,000	\$ -	\$ (27,000)	\$ 253,000	\$ 28,000
B. Obligations under capital leases	3,221	-	(1,610)	1,611	1,611
Total Governmental Activities	283,221	-	(28,610)	254,611	29,611
<u>Business-Type Activities</u>					
C. Obligations under capital leases	21,565	-	(8,112)	13,453	8,408
Total Business-Type Activities	21,565	-	(8,112)	13,453	8,408
Total All Activities	<u>\$ 304,786</u>	<u>\$ -</u>	<u>\$ (36,722)</u>	<u>\$ 268,064</u>	<u>\$ 38,019</u>

A. General obligation bonds payable.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Capital improvements issue, Series 2001	4.90%	6/1/2001	6/1/2016	\$ 175,000	\$ 15,000
Capital improvements issue, Series 2014	3.25%	5/1/2014	4/1/2029	250,000	238,000
Total				<u>\$ 425,000</u>	<u>\$ 253,000</u>

The following is a schedule by years of the total payments due on this debt:

General Obligation Bonds, Series 2001

Year Ending September 30	Principal	Interest	Total
2016	\$ 15,000	\$ -	\$ 15,000
Total	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

General Obligation Bonds, Series 2014

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 13,000	\$ 7,735	\$ 20,735
2017	14,000	7,313	21,313
2018	14,000	6,858	20,858
2019	15,000	6,403	21,403
2020	15,000	5,915	20,915
2021	16,000	5,428	21,428
2022	16,000	4,908	20,908
2023	17,000	4,388	21,388
2024	18,000	3,835	21,835
2025	18,000	3,250	21,250
2026	19,000	2,665	21,665
2027	20,000	1,048	21,048
2028	21,000	1,398	22,398
2029	22,000	715	22,715
Total	<u>\$ 238,000</u>	<u>\$ 61,859</u>	<u>\$ 299,859</u>

Total General Obligation Bonds, All Issues

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 28,000	\$ 7,735	\$ 35,735
2017	14,000	7,313	21,313
2018	14,000	6,858	20,858
2019	15,000	6,403	21,403
2020	15,000	5,915	20,915
2021	16,000	5,428	21,428
2022	16,000	4,908	20,908
2023	17,000	4,388	21,388
2024	18,000	3,835	21,835
2025	18,000	3,250	21,250
2026	19,000	2,665	21,665
2027	20,000	1,048	21,048
2028	21,000	1,398	22,398
2029	22,000	715	22,715
Total all issues	<u>\$ 253,000</u>	<u>\$ 61,859</u>	<u>\$ 314,859</u>

This debt will be retired from the debt service fund.

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

B. Obligations under capital leases

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. John Deere Mower	0.00%	8/6/2013	8/6/2015	\$ 4,704	\$ 1,611
Total				<u>\$ 4,704</u>	<u>\$ 1,611</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending <u>September 30</u>	Principal	Interest	Total
2016	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 1,611</u>
Total obligation under capital lease	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 1,611</u>

This debt will be retired from the general fund.

C. Obligations under capital leases

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Sewer Machine Lease	3.50%	5/1/2012	5/1/2017	\$ 40,000	\$ 13,453
Total				<u>\$ 40,000</u>	<u>\$ 13,453</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending <u>September 30</u>	Principal	Interest	Total
2016	<u>\$ 8,408</u>	<u>\$ 347</u>	<u>\$ 8,755</u>
2017	<u>5,045</u>	<u>61</u>	<u>5,106</u>
Total obligation under capital lease	<u>\$ 13,453</u>	<u>\$ 408</u>	<u>\$ 13,861</u>

This debt will be retired from the public utility fund.

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

(4) Defined Benefit Pension Plan.

Public Employees' Retirement System

Plan Description. The Town 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the fiscal years ending September 30, 2015, 2014 and 2013 were \$46,385, \$45,200 and \$43,574, respectively.

(5) Tax Millage Rates

The Town Aldermen approved the following millage rates in amounts necessary to generate taxes needed for general operations and for debt service on general obligation bonded indebtedness. Comparative rates for the preceding year are also included.

Tax Years:	2014	2013
General fund	60	60
Volunteer fire department fund	1	1
Debt service	8	8
Total millage	69	69

(6) Contingencies.

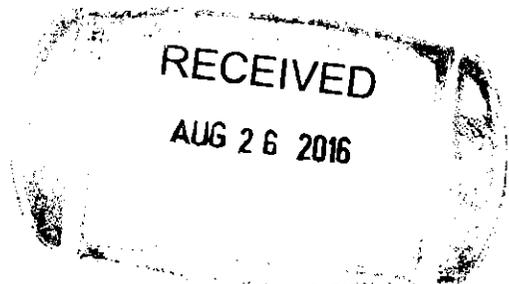
Grants - The Town of Inverness has received grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability to the Town.

TOWN OF INVERNESS, MISSISSIPPI

**Notes to Financial Statement
For the Year Ended September 30, 2015**

(7) Subsequent Events

Events that occur after the financial statement date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes. Management of the Town of Inverness evaluated the activity of the Town through August 1, 2016 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.



TOWN OF INVERNESS, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TOWN OF INVERNESS, MISSISSIPPI

**Reconciliation of Tax Assessments to Fund Collections
For the Year Ended September 30, 2015**

<u>Assessed Valuation and Millage</u>	<u>Assessed Value</u>	<u>Mills</u>	<u>Total Taxes Due</u>
Realty	\$ 3,218,607		
Personal - other than auto	287,152		
Auto and mobile homes (from county)	1,121,507		
Utilities	250,478		
Total	<u>4,877,744</u>		
Less: Special homestead	(554,621)		
Total	<u>4,323,123</u>	69.00	\$ 298,295

Collections/adjustments:

Plus: Municipal homestead reimbursement		20,702
Prior year tax collections, net of redemptions		554
Penalties & interest		3,229
Deduct: County tax collector's commissions		<u>(3,933)</u>
		<u>\$ 318,847</u>

<u>Collection Credit to Funds:</u>	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Municipal general fund	\$ 256,095	\$ 18,002	\$ 274,097
Volunteer fire department fund	4,221	300	4,521
Debt service fund	33,770	2,400	36,170
Total	<u>294,086</u>	<u>20,702</u>	<u>314,788</u>
Balance represented by:			
Unpaid property taxes			4,553
Unaccounted for			<u>(494)</u>
Total Accounted For			<u>\$ 318,847</u>

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

Actual Collections:

2013 Tax	\$ 269,500
10% increase	26,950
Exempt property	-
	<u>\$ 296,450</u>

Actual Collections:

2014 Tax	\$ 260,316
Homestead reimbursement	18,302
Under limitation	17,832
	<u>\$ 296,450</u>

See accountant's compilation report

TOWN OF INVERNESS, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2015

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 10,096	-	\$ -	\$ 10,096
Buildings	68,128	-	-	68,128
Machinery and equipment	50,862	-	-	50,862
Total Governmental activities capital assets	<u>\$ 129,086</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 129,086</u>

Governmental activities:

Capital Assets:

Land	\$ 10,096	-	\$ -	\$ 10,096
Buildings	68,128	-	-	68,128
Machinery and equipment	50,862	-	-	50,862
Total Governmental activities capital assets	<u>\$ 129,086</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 129,086</u>

Business-type activities:

Capital Assets:

Improvements other than buildings	\$ 1,185,769	-	\$ -	\$ 1,185,769
Machinery and equipment	66,554	-	-	66,554
Total Business-type activities capital assets	<u>\$ 1,252,323</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1,252,323</u>

See accountant's compilation report



TOWN OF INVERNESS, MISSISSIPPI

**Schedule of Long-Term Debt
For the Year Ended September 30, 2015**

	Balance Outstanding 10/1/2014	Transactions During Fiscal Year		Balance Outstanding 9/30/2015
		Issued	Redeemed	
\$ 30,000		-	15,000	\$ 15,000
250,000		-	12,000	238,000
3,221		-	1,610	1,611
283,221		-	28,610	254,611
Total Governmental Activities				
21,565		-	8,112	13,453
21,565		-	8,112	13,453
\$ 304,786		\$ -	\$ 36,722	\$ 268,064

Governmental Activities:

General obligation bonds:

\$175,000, 2001 Public Improvement Bonds; original issue date of June 1 2001. Interest is fixed at 4.90% and is payable semi-annually on December 1 and June 1 beginning December 1, 2001. The bonds shall mature and become due between June 1, 2002 and June 1, 2016.

\$250,000, 2014 Public Improvement Bonds; original issue date of May 1, 2014. Interest is fixed at 3.25%.

The bonds shall mature and become due between April 1, 2015 and April 1, 2019.

Obligations under capital leases:

\$4,704 capital lease for John Deere lawn mower; original issue date of August 6, 2013. Interest is fixed at 7.55% and is payable annually beginning in fiscal year 2014 with final payment due in fiscal year 2016.

Total Governmental Activities

Business-Type Activities:

Obligations under capital leases:

\$40,000 capital lease for a sewer machine; original issue date of May 1, 2012. Interest is fixed at 3.5% and is payable annually beginning in fiscal year 2012 with final payment due in fiscal year 2017.

Total Business-Type Activities

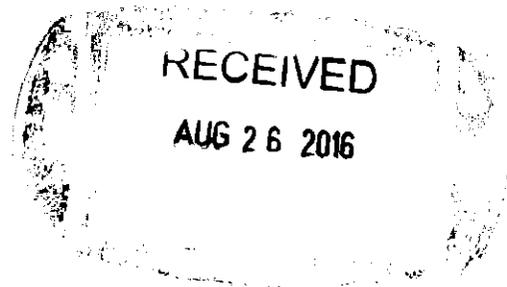
Total For All Activities

TOWN OF INVERNESS, MISSISSIPPI

**Schedule of Investments - All Funds
September 30, 2015**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.35%	10/6/2014	10/6/2015	\$ 23,380
Public Utility Fund	Certificate of Deposit	0.35%	10/16/2014	10/16/2015	142,051
Post Office Fund	Certificate of Deposit	0.35%	10/19/2014	10/19/2015	21,690
Volunteer Fire Fund	Certificate of Deposit	0.35%	10/25/2014	10/25/2015	20,599
Emergency Water and Sewer Fund	Certificate of Deposit	0.35%	10/28/2014	10/28/2015	<u>24,942</u>
					<u>\$ 232,662</u>

See accountant's compilation report



TOWN OF INVERNESS, MISSISSIPPI

**Schedule of Surety Bonds of Municipal Officials
For the Year Ended September 30, 2015**

Edrick Hall	Deputy Court Clerk	St. Paul Travelers	\$	50,000
Edrick Hall	Police Chief	St. Paul Travelers	\$	50,000
Position Bond	Police Officers	St. Paul Travelers	\$	25,000
Patricia Lockett	Deputy Court Clerk	St. Paul Travelers	\$	50,000
Patricia Lockett	Town Clerk	St. Paul Travelers	\$	50,000
Carolyn Hamilton	Deputy Town Clerk	St. Paul Travelers	\$	50,000
Carolyn Hamilton	Court Clerk	St. Paul Travelers	\$	50,000
Chris Steed	Alderman	St. Paul Travelers	\$	50,000
John Marshall	Alderman	St. Paul Travelers	\$	50,000
Ira Stuckey	Alderman	St. Paul Travelers	\$	50,000
Henry Sibley	Alderman	St. Paul Travelers	\$	50,000
Will Jacobs III	Alderman	St. Paul Travelers	\$	50,000

See accountant's compilation report

TOWN OF INVERNESS

SPECIAL REPORT ON AGREED UPON PROCEDURES

CUNNINGHAM CPAs, PLLC

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SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES

Honorable Mayor and Board of Aldermen
Town of Inverness, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Inverness, Mississippi, as of September 30, 2015 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 Inverness, 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>
Planters Bank	General Fund	\$ 116,727
Planters Bank	Public Utilities Fund	50,642
Planters Bank	Fire Fund	19,609
Planters Bank	Emergency Water & Sewer Fund	10,791
Planters Bank	Construction Fund	978
Planters Bank	Debt Service Fund	26,171
Planters Bank	Post Office Fund	24,009
Planters Bank	Clearing Fund	<u>8,963</u>
Total all funds		<u>\$ 257,890</u>

2. We confirmed with financial institutions all investments, including certificates of deposit, owned by the City at September 30, 2015. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972). Investment balances were as follows:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Planters Bank	General Fund	\$ 23,380
Planters Bank	Public Utilities Fund	142,051
Planters Bank	Post Office Fund	21,690
Planters Bank	Fire Fund	20,599
Planters Bank	Emergency Water and Sewer Fund	<u>24,942</u>
Total all funds		<u>\$ 232,662</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- a. Traced levies to the governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for compliance with the 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 limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for the payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Fire protection allocation	Fire Fund	\$ 5,545
General municipal aid	General Fund	508
Gasoline tax	General Fund	2,993
Homestead exemption reimbursement	General Fund	18,002
	Fire Fund	300
	Debt Service Fund	2,400
Payments in lieu of tax - nuclear power plant	General Fund	7,069
Home Grant	General Fund	192,200
Sales tax allocation	General Fund	67,199
Total		<u>\$ 296,216</u>

5. We selected a sample 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 Ann. (1972), as applicable.

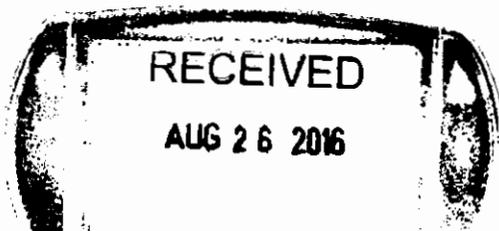
The sample consisted of the following:

Number of Sample Items	15
Total Dollar Value of Sample	\$239,110

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. 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 not settled monthly with the Department of Finance and Administration.
7. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:
- Fixed assets are not properly tagged and accounted for.
 - The City did not publish an itemized report of all revenues, costs and expenses incurred during the preceding fiscal year in operating the garbage collection or disposal system.

Because the above procedures do not constitute an audit 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 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 Inverness for the year ended September 30, 2015.

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive style.

CUNNINGHAM CPAs, PLLC
Belzoni, Mississippi

August 1, 2016