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**TOWN OF METCALFE, MISSISSIPPI**

**Financial Statement and  
Supplemental Information**

**For the Year Ended September 30, 2010**

**RECEIVED**

**OCT 19 2011**

TOWN OF METCALFE, MISSISSIPPI  
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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**BANKS, FINLEY,  
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

## ACCOUNTANT'S REPORT

Honorable Mayor and Board of Alderpersons  
Town of Metcalfe, Mississippi

We have compiled the accompanying combined statement of cash receipts and disbursements for each fund of the Town of Metcalfe for the year ended September 30, 2010, and the accompanying supplementary information contained in Schedules 1 through 3, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements.

The Mayor and Alderpersons have also elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statement, 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.

Management also has not presented the management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated September 21, 2011, on the results of our agreed-upon procedures.

*Banks, Finley, White & Co.*

September 21, 2011

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds)  
For the Year Ended September 30, 2010

	<u>Governmental Funds</u>			Total Memo Only 2010
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Revenue receipts:				
General property taxes	\$ 94,791	\$ -	\$ -	\$ 94,791
Licenses and permits	3,536	-	-	3,536
Federal grants	-	236,029	-	236,029
State shared revenues:				
Municipal aid	576	-	-	576
Sales tax	15,117	-	-	15,117
Gasoline tax	2,841	-	-	2,841
County fire insurance premium tax distribution	2,636	-	-	2,636
Other				
Franchise tax	14,673	-	-	14,673
Nuclear plant	216	-	-	216
Fines and bonds	10,848	-	-	10,848
Interest income	6	-	60	66
Miscellaneous	33,969	-	-	33,969
Charges for services:				
Water/sewer	-	-	148,677	148,677
Natural gas	-	-	277,499	277,499
Total revenue receipts	<u>179,209</u>	<u>236,029</u>	<u>426,236</u>	<u>841,474</u>
Other receipts:				
Interfund loans and transfers	<u>59,102</u>	<u>-</u>	<u>-</u>	<u>59,102</u>
Total other receipts	<u>59,102</u>	<u>-</u>	<u>-</u>	<u>59,102</u>
Total receipts	238,311	236,029	426,236	900,576
Cash balance - beginning of year	<u>30,108</u>	<u>161,122</u>	<u>79,482</u>	<u>270,712</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 268,419</u>	<u>\$ 397,151</u>	<u>\$ 505,718</u>	<u>\$ 1,171,288</u>

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds) - Continued  
For the Year Ended September 30, 2010

	<u>Governmental Funds</u>			Total (Memo Only) 2010
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 178,995	\$ -	\$ -	\$ 178,995
Public safety:				
Police	60,488	-	-	60,488
Fire	-	193	-	193
Child development	-	20,843	-	20,843
Streets	22,903	-	-	22,903
Community development	-	23,060	-	23,060
Enterprise:				
Water/sewer	-	-	101,644	101,644
Natural gas	-	-	264,987	264,987
Interest on loans and bonds	-	-	7,685	7,685
Total operating disbursements	<u>262,386</u>	<u>44,096</u>	<u>374,316</u>	<u>680,798</u>
Other disbursements:				
Capital outlay	-	224,504	-	224,504
Interfund loans and transfers	<u>4,951</u>	<u>101,585</u>	<u>75,159</u>	<u>181,695</u>
Total other disbursements	<u>4,951</u>	<u>326,089</u>	<u>75,159</u>	<u>406,199</u>
Total disbursements	267,337	370,185	449,475	1,086,997
Cash balance - end of year	<u>1,082</u>	<u>26,966</u>	<u>56,243</u>	<u>84,291</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 268,419</u>	<u>\$ 397,151</u>	<u>\$ 505,718</u>	<u>\$ 1,171,288</u>

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Metcalfe operates under a Mayor - Board of Alderpersons form of government, and provides services as authorized by law.

**A. Fund Accounting**

The financial statement consist of all the funds of the Town of Metcalfe: General Fund, Special Revenue Funds, and the Enterprise Funds.

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

**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 Fund:** The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the Town's restricted resources.

**PROPRIETARY FUNDS**

**Enterprise Fund:** The Enterprise Fund is 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 cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's Water and Sewer and Natural Gas Funds are included in this category.

**B. 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 financial statements are prepared on a cash receipts and disbursements basic, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

**C. Total Columns on Combined Statement**

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the Town as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.



TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2010

NOTE 2 - 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 3 - PROPERTY TAX

Property taxes attached as an enforceable lien on property January 1. The millage rate for the Town for the fiscal year ended September 30, 2010 was 28.00 mills for general purposes.

NOTE 4 - LONG-TERM DEBT

Long-term debt consist of the following at September 30, 2010 :

ENTERPRISE FUNDS:

***Natural Gas Fund - Rural Development Revenue Bonds:***

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$48,000 in combined water and sewer system revenue disposal bonds with interest rates of 5.1250% maturing on April 1, 2023. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the natural gas proprietary fund.

\$ 29,152

***Water/Sewer Fund - Rural Development Revenue Bonds:***

On March 1, 1979, the Mayor and Board of Alderman authorized the issuance of \$41,900 in combined water and sewer system revenue disposal bonds with interest rates of 5.00% maturing on November 1, 2013. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

5,231

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$82,400 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on October 1, 2029. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

64,559

On December 4, 1980, the Mayor and Board of Alderman authorized the issuance of \$193,700 in combined water and sewer system revenue disposal bonds with interest rates of 5.00% maturing on November 1, 2014. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

45,835

Total Long-Term Debt

\$ 144,777

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2010

The following is a schedule by years of the total payment due on the above debt:

Year Ending September 30	Principal	Interest	Total
2011	\$ 16,155	6,897	\$ 23,052
2012	16,984	6,068	23,052
2013	15,650	5,235	20,885
2014	16,034	4,450	20,484
2015	7,062	3,798	10,860
2016-2020	26,794	15,087	41,881
2021-2025	26,495	4,860	31,355
2026-2030	19,603	1,880	21,483
Total	<u>\$ 144,777</u>	<u>48,275</u>	<u>\$ 193,052</u>

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

The Town of Metcalfe had capital outlay disbursements of \$224,504 during the current fiscal year. \$124,504 for the construction of a multi-purpose facility and \$100,000 for improvements made to the Town's water supply system.

NOTE 6 - FEDERAL GRANTS

During the fiscal year ended September 30, 2010, the Town received federal grant funds in the amount of \$259,029 and incurred grant expenditures in the same amount.

Funding Source	Grant Name	CFDA Number	Amount Expended
MS Dept. of Education	Summer Feeding	10.559	\$ 11,517
Mississippi Dev. Authority	Homebuyer Assistance Grant	14.239	23,000
Mississippi Dev. Authority	Community Dev. Block Grant	14.228	100,000
Mid-Delta Empowerment Zone Alliance	MEDZA	10.772	<u>124,512</u>
			<u>\$ 259,029</u>

No single audit in accordance with OMB Circular A-133 was required for the year ended September 30, 2010.

NOTE 7 - FEDERAL PAYROLL TAXES

At September 30, 2010, the Town has an outstanding federal payroll tax liability of \$544,617, of which \$443,152 represent interest and penalty. This liability cover the years 1999 through 2009.

SUPPLEMENTAL INFORMATION

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Investments - All Funds  
For the Year Ended September 30, 2010

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Financial Institution</u>	<u>Investment Balance</u>
Natural Gas Fund	Certificate of Deposit	.50%	10/16/09	10/16/10	C B & S Bank	\$ <u>11,985</u>
Total Investments						\$ <u>11,985</u>

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Long-Term Debt  
For the Year Ended September 30, 2010

## DEFINITION AND PURPOSE

<u>Revenue Bonds Payable:</u>	<u>Outstanding Balance Sept. 30, 2009</u>	<u>New Debt Issued</u>	<u>Principal Retired</u>	<u>Outstanding Balance Sept. 30, 2010</u>
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2013	\$ 30,757	-	(1,605)	\$ 29,152
Water/sewer Rural Development revenue bond; 5.0%; 3/1979 to 11/2013	7,473	-	(2,242)	5,231
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2029	66,524	-	(1,965)	64,559
Water/sewer Rural Development revenue bond; 5.00%; 12/1980 to 11/2014	<u>55,391</u>	<u>-</u>	<u>(9,556)</u>	<u>45,835</u>
Total	<u>\$ 160,145</u>	<u>\$ -</u>	<u>\$ (15,368)</u>	<u>\$ 144,777</u>

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
For the Year Ended September 30, 2010

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Corey Holmes	Mayor	Travelers	\$ 25,000
Felecia Pennington-Hall	Vice-Mayor	Travelers	25,000
Raymond Scott	Alderman	Travelers	25,000
James Johnson	Alderman	Travelers	25,000
Ervin Sturdevant	Alderman	Travelers	25,000
Bobby Williams	Alderman	Travelers	25,000
Bridgett Adley	Town Clerk	Travelers	50,000
Rose Chillis	Water Clerk	Travelers	50,000
Emmitt Jenkins	Police Chief	Travelers	50,000

TOWN OF METCALFE, MISSISSIPPI  
Agreed Upon Procedures  
Year Ended September 30, 2010



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

**SPECIAL REPORT ON AGREED-UPON  
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Metcalfe, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Metcalfe, Mississippi's compliance with certain laws and regulations as of September 30, 2010, and for the year then ended. Management is responsible for the Town of Metcalfe, Mississippi's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or 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 for the banks:

Bank	Fund	Balance per General Ledger
C B & S Bank	General Fund Operating	\$ (4,537)
C B & S Bank	Fire Protection Fund	377
C B & S Bank	Rental Units	1,515
C B & S Bank	Escrow	3,727
	Total General Fund	<u>\$ 1,082</u>



Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
C B & S Bank	CDBG HOME Program	\$ -
C B & S Bank	Summer Feeding Program	43
C B & S Bank	Special Assessment	1,005
C B & S Bank	Community Facility Building	488
C B & S Bank	CDBG Improvement Fund	2,370
C B & S Bank	HOME Buyer Program	<u>23,060</u>
	Total Special Revenue	<u>\$ 26,966</u>
C B & S Bank	Water/Sewer Fund	\$ 26,467
C B & S Bank	Certificate of deposit (gas customers deposits)	11,985
C B & S Bank	Natural Gas Operating	11,892
C B & S Bank	Change Fund	150
Regions Bank	Revenue Account Reserve	1,359
Regions Bank	Customers Deposits	<u>4,390</u>
	Total Proprietary Fund	<u>\$ 56,243</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	Natural gas fund	<u>\$ 11,985</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- Verified use of certified county assessment rolls and traced levies to governing body minutes;
- Examined uncollected taxes for proper handling, including tax sales;
- Traced distribution of taxes collected to proper funds; and
- Analyzed increase in taxes for the most recent period for compliance 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 the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

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

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 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 below were traced to the deposit 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>Balance per General Ledger</u>
General Municipal Aid	General	\$ 576
Gasoline Tax	General	2,841
Homestead Exemption		
Reimbursements	General	4,938
Sales Tax Allocation	General	15,117
Nuclear Plant	General	216
Ms Department of Transportation	General	10,431
MS Department of Education	Special Revenue	11,517
Ms Development Authority	Special Revenue	<u>100,000</u>
Total		<u>\$ 145,636</u>

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for 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	4
Total dollar values of sample	\$224,504

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

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

We also noted that checks are signed by the Town Clerk and the Mayor. The Town Clerk receives the bank statement and reconciles the bank statement. To enhance segregation of duties, someone other than the Town Clerk should receive and reconcile the bank statements.

6. We inquired about the Municipal Compliance Questionnaire and were informed by the Town Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the Town had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had no budget overruns for the fiscal year ending September 30, 2010.

We also noted the following:

- ◆ During our review of the cash accounts, we found that a certificate of deposit account was not recorded in the general ledger. This certificate of deposit totaled \$14,355. The Town should adopt administrative control procedures to ensure that all cash bank accounts are identified and recorded in the general ledger.
- ◆ For the current fiscal year, the Town's chart of accounts is not in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ◆ An aging report of utility customers accounts receivable is being prepared on a monthly basis and reconciled to the general ledger.
- ◆ The Town have an outstanding federal payroll tax liability of \$544,617, of which \$443,152 represent interest and penalty. This liability cover the years 1999 through 2009.
- ◆ According to the Section 21-17-5 of the Miss. Code Ann. (1972), the Mayor and Alderpersons are now required to obtain surety bond coverage of \$100,000. As of September 30, 2010, the Town had not updated its surety bond coverage for the Mayor and Alderpersons in order to comply with the new requirement implemented by the state.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of and Metcalf, Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Banks, Finley, White & Co.*  
September 21, 2011