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**TOWN OF METCALFE, MISSISSIPPI**

**Financial Statement and  
Supplemental Information**

**For the Year Ended September 30, 2011**

RECEIVED  
OCT 15 2012

TOWN OF METCALFE, MISSISSIPPI  
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Accountant's Report	1
Combined Statement of Cash Receipts and Disbursements (All Funds)	2 - 3
Notes to the Financial Statements	4 - 6

SUPPLEMENTAL INFORMATION

Schedule of Investments	8
Schedule of Long-Term Debt	9
Schedule of Surety Bonds Municipal Officials	10
Special Report on Agreed Upon Procedures for Small Municipalities (Towns)	11 - 15



**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, 2011, 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 August 14, 2012, on the results of our agreed-upon procedures.

*Banks, Finley, White & Co.*  
August 14, 2012

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds)  
For the Year Ended September 30, 2011

	<u>Governmental Funds</u>			Total
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	<u>Memo Only 2011</u>
Revenue receipts:				
General property taxes	\$ 110,200	\$ -	\$ -	\$ 110,200
Licenses and permits	17,104	-	-	17,104
Federal grants	-	12,846	-	12,846
State shared revenues:				
Municipal aid	576	-	-	576
Sales tax	14,195	-	-	14,195
Gasoline tax	2,809	-	-	2,809
County fire insurance premium				
tax distribution	2,735	-	-	2,735
Other				
Franchise tax	11,520	-	-	11,520
Nuclear plant	702	-	-	702
Fines and bonds	2,187	-	-	2,187
Miscellaneous	22,699	-	387	23,086
Charges for services:				
Water/sewer	-	-	149,847	149,847
Natural gas	-	-	238,027	238,027
Garbage	-	-	33,204	33,204
Total revenue receipts	<u>184,727</u>	<u>12,846</u>	<u>421,465</u>	<u>619,038</u>
Other receipts:				
Interfund loans and transfers	<u>138,340</u>	<u>-</u>	<u>-</u>	<u>138,340</u>
Total other receipts	<u>138,340</u>	<u>-</u>	<u>-</u>	<u>138,340</u>
Total receipts	323,067	12,846	421,465	757,378
Cash balance - beginning of year	<u>1,082</u>	<u>26,966</u>	<u>56,243</u>	<u>84,291</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 324,149</u>	<u>\$ 39,812</u>	<u>\$ 477,708</u>	<u>\$ 841,669</u>

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds) - Continued  
For the Year Ended September 30, 2011

	<u>Governmental Funds</u>			Total (Memo Only) 2011
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 210,369	\$ -	\$ -	\$ 210,369
Public safety:				
Police	32,225	-	-	32,225
Fire	2,314	12,532	-	14,846
Summer feeding program	-	12,846	-	12,846
Streets	967	-	-	967
Enterprise:				
Water/sewer	-	-	54,241	54,241
Natural gas	-	-	197,806	197,806
Garbage	-	-	36,660	36,660
Interest on loans and bonds	-	-	6,897	6,897
Total operating disbursements	<u>245,875</u>	<u>25,378</u>	<u>295,604</u>	<u>566,857</u>
Other disbursements:				
Interfund loans and transfers	<u>72,458</u>	<u>7,217</u>	<u>151,603</u>	<u>231,278</u>
Total other disbursements	<u>72,458</u>	<u>7,217</u>	<u>151,603</u>	<u>231,278</u>
Total disbursements	318,333	32,595	447,207	798,135
Cash balance - end of year	<u>5,816</u>	<u>7,217</u>	<u>30,501</u>	<u>43,534</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 324,149</u>	<u>\$ 39,812</u>	<u>\$ 477,708</u>	<u>\$ 841,669</u>

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2011

**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 basis, 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, 2011

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, 2011 was 28.00 mills for general purposes.

NOTE 4 - LONG-TERM DEBT

Long-term debt consist of the following at September 30, 2011 :

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.

\$ 27,462

***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.

2,875

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.

62,494

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.

35,791

Total Long-Term Debt

\$ 128,622



TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2011

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,832	3,544	8,376
2017-2021	28,181	13,700	41,881
2022-2026	24,642	6,569	31,211
2027-2030	15,237	1,216	16,453
Total	<u>\$ 128,622</u>	<u>44,580</u>	<u>\$ 173,202</u>

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

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

NOTE 6 - FEDERAL GRANTS

During the fiscal year ended September 30, 2011, the Town received federal grant funds in the amount of \$12,846 and incurred grant expenditures in the same amount.

<u>Funding Source</u>	<u>Grant Name</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
MS Dept. of Education	Summer Feeding	10.559	\$ 12,846
			<u>\$ 12,846</u>

No single audit in accordance with OMB Circular A-133 was required for the year ended September 30, 2011.

NOTE 7 - FEDERAL PAYROLL TAXES

At September 30, 2011, 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.

NOTE 8 - SUBSEQUENT EVENT

During March 2012, the Town received \$100,000 from Ohio Casualty Insurance Company resulting from a claim filed by the Town against the former mayor and Town Clerk. The Town used the proceeds to established a cash account which will allow the Town to pay the back federal taxes owed the Internal Revenue Service. The Town has entered into an agreement with Internal Revenue Service to pay such tax liability over a period of time and is making monthly transfers to the cash account in the amount of \$350. As of the date of this report the Town has accumulated \$101,500 in the bank account.

SUPPLEMENTAL INFORMATION

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Investments - All Funds  
For the Year Ended September 30, 2011

<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%	10/16/10	10/16/11	C B & S Bank	\$ <u>11,785</u>
Total Investments						\$ <u><u>11,785</u></u>

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Long-Term Debt  
For the Year Ended September 30, 2011

## DEFINITION AND PURPOSE

<u>Revenue Bonds Payable:</u>	<u>Outstanding Balance Sept. 30, 2010</u>	<u>New Debt Issued</u>	<u>Principal Retired</u>	<u>Outstanding Balance Sept. 30, 2011</u>
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2013	\$ 29,152	-	(1,689)	\$ 27,463
Water/sewer Rural Development revenue bond; 5.0%; 3/1979 to 11/2013	5,231	-	(2,356)	2,875
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2029	64,599	-	(2,065)	62,534
Water/sewer Rural Development revenue bond; 5.00%; 12/1980 to 11/2014	<u>45,835</u>	<u>-</u>	<u>(10,044)</u>	<u>35,791</u>
Total	<u>\$ 144,817</u>	<u>\$ -</u>	<u>\$ (16,154)</u>	<u>\$ 128,663</u>

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
For the Year Ended September 30, 2011

<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
Rosie L. Chillis	Town Clerk	Travelers	50,000
Emmitt Jenkins	Police Chief	Travelers	50,000

TOWN OF METCALFE, MISSISSIPPI  
Agreed Upon Procedures  
Year Ended September 30, 2011



**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, 2011, 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	\$ 1,351
C B & S Bank	Fire Protection Fund	377
C B & S Bank	Rental Units	1,515
C B & S Bank	Escrow	2,572
	Total General Fund	<u>\$ 5,815</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	Summer Feeding Program	\$ 5,724
C B & S Bank	Special Assessment	1,005
C B & S Bank	Community Facility Building	<u>488</u>
	Total Special Revenue	<u>\$ 7,217</u>
C B & S Bank	Water/Sewer Fund	\$ 2,995
C B & S Bank	Certificate of deposit (gas customers deposits)	11,785
C B & S Bank	Natural Gas Operating	4,350
C B & S Bank	Change Fund	150
Regions Bank	Revenue Account Reserve	1,359
Regions Bank	Customers Deposits	<u>9,863</u>
	Total Proprietary Fund	<u>\$ 30,502</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>11,785</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	2,809
Homestead Exemption		
Reimbursements	General	5,140
Sales Tax Allocation	General	14,195
Nuclear Plant	General	702
Ms Department of Transportation	General	-
Liquor Privilege	General	1,761
MS Department of Education	Special Revenue	<u>12,846</u>
Total		<u>\$ 38,029</u>

5. We did not selected a sample of purchases made by the municipality during the fiscal year. The Town made no purchases that required evaluation for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

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

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

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, 2011.

We also noted the following:

- ◆ 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.

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.*

August 14, 2012

**Town of Metcalfe**

**315 Martin Luther King**

**Post Office Box 250**

**Metcalfe, MS 38760**

**Telephone (662) 335-0212 / Facsimile (662) 378-8041**

**Corey Holmes, Mayor**

**October 12, 2012**

**Office of the State Auditor**

**P. O. Box 956**

**Jackson, MS 39205**

**Re: Annual Municipal Audit (Compilation)**

**Accompany this letter is a copy of the annual audit (compilation) of the Town of Metcalfe, Mississippi, for the fiscal year ended September 30, 2011. A separate management letter was not written to the Town in connection with is this audit.**

**If you have any questions, please call me at 662-335-0212.**

**Sincerely,**

A handwritten signature in black ink, appearing to read 'Corey Holmes', with a long horizontal flourish extending to the right.

**Corey Holmes**

**Mayor**

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**OCT 15 2012**