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**Town of Sandersville, Mississippi  
Audited Financial Statements  
For the Year Ended September 30, 2014**

**Town of Sandersville, Mississippi  
Year Ended September 30, 2014**

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**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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Founder (1915-1997)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Alderpersons  
Town of Sandersville  
Sandersville, Mississippi

We have audited the accompanying financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sandersville, Mississippi as of and for the year ended September 30, 2014, and the related notes to the financial statement, which collectively comprise the Town's basic financial statement as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting as described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

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**Opinions**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sandersville, Mississippi as of September 30, 2014, and their respective cash receipts and disbursements for the year then ended in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention of Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

**Other Matters***Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis and budgetary comparison that governmental 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Sandersville, Mississippi. The supplemental schedules on pages 11-13 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holt & Associates, PLLC*

December 19, 2014

**Town of Sandersville, Mississippi**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Business-Type Activities**  
**For the Year Ended September 30, 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Major Funds</u>		<u>Water Fund</u>	
	<u>General Fund</u>			<u>Totals</u>
<b>Receipts</b>				
General property taxes	\$ 124,628	\$ -	\$ -	124,628
Licenses and permits				
Privilege licenses	1,582	-	-	1,582
Franchise charges - utilities	47,894	-	-	47,894
Intergovernmental receipts				
State revenues				
General municipal aid	2,226	-	-	2,226
Homestead exemption reimbursement	6,066	-	-	6,066
Capital grants	7,759	-	-	7,759
State shared revenues				
Sales taxes	906,562	-	-	906,562
Gasoline tax	51	-	-	51
Fire insurance premium distribution	3,861	-	-	3,861
County share revenues				
Rail car taxes	5,570	-	-	5,570
Charges for services				
Sanitation	-	40,004	40,004	40,004
Water utility	-	71,056	71,056	71,056
Interest	2,434	237	237	2,671
Fines and Penalties	57,942	3,850	3,850	61,792
Miscellaneous receipts	11,854	6,696	6,696	18,550
Total receipts	<u>1,178,429</u>	<u>121,843</u>		<u>1,300,272</u>

The notes to the financial statements are an integral part of this statement.

**Town of Sandersville, Mississippi**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Business-Type Activities**  
**For the Year Ended September 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
	<u>Major Funds</u>	<u>Water Fund</u>	
	<u>General Fund</u>		
<b>Disbursements</b>			
General government	\$ 204,291	\$ -	\$ 204,291
Public safety:			
Police	310,706	-	310,706
Fire	2,628	-	2,628
Health and welfare	254,528	-	254,528
Culture and recreation	9,232	-	9,232
Enterprise: water and sanitation	-	241,682	241,682
Redemption of principal	-	8,034	8,034
Total disbursements	<u>781,385</u>	<u>249,716</u>	<u>1,031,101</u>
Excess (deficiency) of receipts over disbursements	<u>397,044</u>	<u>(127,873)</u>	<u>269,171</u>
<b>Other Financing Sources (Uses)</b>			
Transfers	<u>(125,464)</u>	<u>125,464</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,464)</u>	<u>125,464</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>271,580</u>	<u>(2,409)</u>	<u>269,171</u>
<b>Cash Basis Fund Balance - Beginning of Year</b>	<u>1,376,369</u>	<u>151,430</u>	<u>1,527,799</u>
<b>Cash Basis Fund Balance - End of Year</b>	<u>\$ 1,647,949</u>	<u>\$ 149,021</u>	<u>\$ 1,796,970</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SANDERSVILLE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**General Information**

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

**Financial Reporting Entity**

The financial statement of the town consists of all the funds of the town.

**Basis of Accounting**

The financial statement is prepared on a cash receipts and disbursement basis, as prescribed by the Mississippi State Department of Audit. 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.

**Basis of Presentation**

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. The individual funds account for governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The following Funds are groups of accounts that are used by the Town:

**Governmental Funds**

The Town reports the following major governmental funds:

**General Fund** – The general fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. All general tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.



**TOWN OF SANDERSVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds**

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

Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Municipalities* issued by the Office of the State Auditor.

Cash and Cash Equivalents

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.

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificates of deposit with maturities of three months or less from the end of the fiscal year. Cash and cash equivalents are valued at cost.

Investments

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the state of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

Investments are reported at fair value, which is determined using selected bases. All of the Town's Investments consist of Certificates of Deposits, which mature over three months from the end of the fiscal year and are not considered cash or cash equivalents. These investments are reported at cost, which is the fair value.

**TOWN OF SANDERSVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. Automobile ad valorem taxes are collected by Jones County and remitted to the Town. The County retains a collection fee of \$2,850. Lien dates for personal and real property are in August. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. The millage rate for the Town for January through December was 24.0 mills broken down as follows:

General Fund	<u>24.0</u>
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Restrictions associated with property tax levies are established by State law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies' assessments of the previous year. Uncollected taxes were determined to be properly handled.

***NOTE 2 – CASH AND CASH EQUIVALENTS 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. The carrying amount of the Town's deposits with financial institutions was \$1,796,970 (which includes \$736,164 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) for 2014, and the bank balance was \$1,848,228 for 2014.

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 district. 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. As of September 30, 2014, the town's bank balance did not have any exposure to custodial credit risk.

Interest Rate Risk. The town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**TOWN OF SANDERSVILLE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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***NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)***

Credit Risk. State law limits investments to those prescribed in Section 21-33-323, Miss. Code Ann. (1972). The town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

***NOTE 3 – INTERFUND LOANS AND TRANSFERS***

Inter-fund transactions and balances during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Transfer	Water Fund	General Fund	\$ 125,378
Loan	Water Fund	General Fund	86

The above interfund loans were necessary to move funds collected in one fund to another in accordance with the Town's annual budget. The interfund transfers were necessary for operating expenses.

**TOWN OF SANDERSVILLE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 –LONG TERM DEBT**

The following is a summary of long-term debt transactions for the year ended September 30, 2014:

	Interest Rate	Maturity Date	Balance 9/30/2013	Additions	Reductions	Balance 9/30/2014	Due within One Year
Water Lagoon-MDEQ	4.0%	10/1/2022	\$ 89,063	\$ -	\$ 8,034	\$ 81,029	\$ 8,361
Totals			\$ 89,063	\$ -	\$ 8,034	\$ 81,029	\$ 8,361

Schedule of principal and interest

The following is a schedule of principal payments on long-term debt for the next 5 years and for 5 year increments thereafter:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	8,361	3,089	11,450
2016	8,702	2,748	11,450
2017	9,056	2,394	11,450
2018	9,245	2,025	11,270
2019	9,809	1,641	11,450
2020-2023	35,856	2,490	38,346
	<u>\$ 81,029</u>	<u>\$ 14,387</u>	<u>\$ 95,416</u>

**NOTE 5 –DEFINED BENEFIT PENSION PLAN**

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% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 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 year ending September 30, 2014, were \$55,563, which equaled the required contributions for each year.

**TOWN OF SANDERSVILLE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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***NOTE 6 – RISK MANAGEMENT***

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

***NOTE 7 – SUBSEQUENT EVENTS***

The Town has evaluated subsequent events through December 19, 2014, the date which the financial statements were available to be issued.

**Town of Sandersville, Mississippi**  
**Schedule 1**  
**Schedule of Investments – All Funds**  
**September 30, 2014**

<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>ACQUISITION DATE</u>	<u>MATURITY DATE</u>	<u>OTHER INFORMATION</u>	<u>INVESTMENT COST/VALUE</u>
General Fund	Certificate of Deposit	0.20%	10/17/2014	6 months	Community Bank	\$ 15,951
General Fund	Certificate of Deposit	0.20%	10/17/2014	6 months	Community Bank	15,951
General Fund	Certificate of Deposit	0.20%	10/17/2014	6 months	Community Bank	15,951
General Fund	Certificate of Deposit	0.20%	3/20/2015	6 months	Community Bank	20,568
General Fund	Certificate of Deposit	0.20%	2/11/2015	6 months	Community Bank	44,459
General Fund	Certificate of Deposit	0.20%	11/17/2014	6 months	Community Bank	36,495
General Fund	Certificate of Deposit	0.50%	10/16/2014	6 months	Community Bank	26,801
General Fund	Certificate of Deposit	0.20%	2/11/2015	6 months	Community Bank	43,692
General Fund	Certificate of Deposit	0.20%	3/27/2015	6 months	Community Bank	28,683
General Fund	Certificate of Deposit	0.20%	2/11/2015	6 months	Community Bank	44,459
General Fund	Certificate of Deposit	0.20%	3/27/2015	6 months	Community Bank	28,683
General Fund	Certificate of Deposit	0.20%	2/11/2014	6 months	Community Bank	43,693
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	26,801
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	19,297
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	26,614
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	26,614
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	26,614
General Fund	Certificate of Deposit	0.40%	10/16/2014	7 months	Community Bank	26,614
General Fund	Certificate of Deposit	0.20%	11/4/2014	12 months	Community Bank	27,997
General Fund	Certificate of Deposit	0.30%	10/16/2014	12 months	Community Bank	26,801
General Fund	Certificate of Deposit	0.30%	11/13/2014	12 months	Community Bank	11,161
General Fund	Certificate of Deposit	0.30%	11/13/2014	12 months	Community Bank	11,161
General Fund	Certificate of Deposit	0.30%	11/13/2014	12 months	Community Bank	11,161
General Fund	Certificate of Deposit	0.30%	11/13/2014	12 months	Community Bank	11,161
<b>TOTAL GENERAL</b>						<u>617,382</u>
Proprietary Fund	Certificate of Deposit	0.20%	3/28/2015	6 months	Community Bank	4,977
Proprietary Fund	Certificate of Deposit	0.20%	12/9/2014	6 months	Community Bank	106,361
Proprietary Fund	Certificate of Deposit	0.20%	10/17/2014	6 months	Community Bank	7,444
<b>TOTAL PROPRIETARY</b>						<u>118,782</u>
<b>TOTAL INVESTMENTS</b>						<u>\$ 736,164</u>

**Town of Sandersville, Mississippi**  
**Schedule 2**  
**Schedule of Surety Bonds of Municipal Officials**  
**September 30, 2014**

<u><b>Name</b></u>	<u><b>Position</b></u>	<u><b>Surety</b></u>	<u><b>Bond Amount</b></u>
Bob White	Mayor	St. Paul Travelers	25,000
Karen Langley	Deputy Clerk/Court Clerk/Water Clerk	St. Paul Travelers	50,000
Paula Byrd	Town Clerk	St. Paul Travelers	100,000
Darlene Hill	Alderwoman	St. Paul Travelers	10,000
William Hill	Alderman	St. Paul Travelers	10,000
Tony Helton	Alderman	St. Paul Travelers	10,000
Walter Jack	Alderman	St. Paul Travelers	10,000
Max Sanders	Alderman	St. Paul Travelers	10,000
Anthony Hosey	Police Chief	St. Paul Travelers	50,000
Adam Cochran	Police Officer	St. Paul Travelers	25,000
Sylvester Busby	Police Officer	St. Paul Travelers	25,000
Michael Barlow	Police Officer	St. Paul Travelers	25,000
Jeff Monk	Police Officer	St. Paul Travelers	25,000
Brian Lilly	Police Officer	St. Paul Travelers	25,000
Joseph Berlin	Police Officer	St. Paul Travelers	25,000
Heath Blancett	Police Officer	St. Paul Travelers	25,000
Jason Gable	Police Officer	St. Paul Travelers	25,000
Stephen Windham	Police Officer	St. Paul Travelers	25,000
Robert Decuir	Police Officer	St. Paul Travelers	25,000
Michael Flynn	Police Officer	St. Paul Travelers	25,000
Miles Farragut	Police Officer	St. Paul Travelers	25,000
Roger Jefcoat	Police Officer	St. Paul Travelers	25,000

**Town of Sandersville, Mississippi**  
**Schedule 3**  
**Schedule of Long-Term Debt**  
**September 30, 2014**

Definition and Purpose	Balance	Transactions During Fiscal Year		Balance
	Outstanding <u>Ocotober 1, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	Outstanding <u>September 30, 2014</u>
<b>Other Long-term Debt:</b>				
Note Payable- Water & Sewer System Improvement	\$ <u>89,063.00</u>	\$ <u>-</u>	\$ <u>8,034</u>	\$ <u>81,029</u>



**Town of Sandersville, Mississippi**  
**Reports on Compliance and Internal Control**



W. David Dill, CPA

Julie M. Uher, CPA

Kari M. Blackledge, CPA

H. I. Holt, CPA

Founder (1915-1997)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor, Members of the  
Board of Alderpersons and Town Clerk  
Town of Sandersville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Sandersville, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Sandersville, Mississippi's basic financial statements and have issued our report thereon dated December 19, 2014.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Honorable Mayor, Members of the  
Board of Alderpersons and Town Clerk  
Town of Sandersville, Mississippi  
Page Two

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2014-01 and 2014-02.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Sandersville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holt & Associates, PLLC*  
December 19, 2014



**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor, Members of the  
Board of Alderpersons and Town Clerk  
Town of Sandersville, Mississippi

We have audited the financial statement of the governmental activities, business-type activities and each major fund of the Town of Sandersville, Mississippi as of and for the year ended September 30, 2014, and have issued our report thereon dated December 19, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

The results of those procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendation and your response are as follows:

**Finding #1**

**Condition:** The Town's expenditures exceeded amounts budgeted. According to Section 21-35-15, Miss. Code Ann. (1972), expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

**Recommendation:** We recommend the City to take greater care in reviewing operations and amending the budget as circumstances require.

Response: The need to amend the budget for the time period was an oversight. The Town will carefully watch the budget to assure it is amended as necessary.

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

The Town of Sandersville, Mississippi's response to the findings included in this report were not audited and, accordingly, we express no opinion them.

This report is intended solely for the information and use of the management, town officials and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Holt & Associates, PLLC*

December 19, 2014

**Town of Sandersville, Mississippi  
Schedule of Findings and Responses  
For Year Ended September 30, 2014**

**Finding 2014-01**

**Finding:**

There is a limited accounting staff to properly segregate the duties normally required for an efficient internal control structure. However, due to the limited number of personnel, an adequate segregation of duties is not possible without additional costs.

**Recommendation:**

The cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

**Response:**

Since the cost to hire additional personnel is cost prohibitive, this will continue to be a deficiency in future audits. Management considers sufficient internal controls are present.

**Finding 2014-02**

**Finding:**

The town should report capital assets in accordance with the guidelines in the Municipal Fixed Asset Management Manual distributed by the Office of the State Auditor.

**Recommendation:**

We recommend the town to update the capital asset inventory list to include the cost in order to complete the Schedule of Capital Assets.

**Response:**

Previously, the town has not been required to report the Schedule of Capital Assets due to reporting threshold. The town does have an updated inventory listing but is in the process of completing steps for GASB 34 conversion.