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**TOWN OF TUTWILER, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**



**THOMPSON CPA, PLLC**

ACCOUNTING • TAX • ADVISORY

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**TOWN OF TUTWILER, MISSISSIPPI**

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members of the Board of Alderman  
Town of Tutwiler  
Tutwiler, Mississippi

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

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

Management is responsible for the preparation and fair presentation of these financial statements 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 statements 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 fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tutwiler, Mississippi, as of September 30, 2014, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements which describes that the Town of Tutwiler, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Other Matters***Supplemental Information*

Management has prepared these financial statements using accounting practices the Office of the State Auditor permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). GAAP requires management's discussion and analysis and budgetary comparison information to be presented to supplement the basic financial statements. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, this does not imply that the amounts reported are materially misstated under the cash basis of accounting the Office of the State Auditor permits. Our opinions on the financial statements are not affected by this omitted information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tutwiler's, Mississippi's basic financial statements. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplemental information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.



THOMPSON CPA, PLLC  
Jackson, Mississippi  
June 2, 2015

**TOWN OF TUTWILER, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**TOWN OF TUTWILER, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS - ALL FUNDS**  
For the Year Ended September 30, 2014

	GOVERNMENTAL FUNDS		PROPRIETARY FUNDS		Total (Memorandum Only)
	General Fund	Special Revenue Fund	Water & Sewer Enterprise Fund		
<b>RECEIPTS</b>					
Property taxes	1,197,449				1,197,449
Licenses, commissions and other receipts	33,154				33,154
Fines and forfeitures	35,625				35,625
Intergovernmental receipts	393,792				393,792
Charges for services	54,555		1,087,844		1,142,398
Miscellaneous receipts	27,428				27,428
Total Receipts	1,742,003	-	1,087,844		2,829,847
<b>DISBURSEMENTS</b>					
General government	337,847				337,847
Public safety	498,945				498,945
Public works	243,465				243,465
Health and welfare	-				-
Culture and recreation	269,761				269,761
Water & Sewer	-		515,427		515,427
Total Disbursements	1,350,017	-	515,427		1,865,444
Excess (Deficiency) of Receipts over Disbursements	391,986	-	572,416		964,402
<b>Cash Basis Fund Balances - Beginning</b>	1,418,491	5,333	1,180,117		2,603,941
<b>Cash Basis Fund Balances - Ending</b>	<u>\$ 1,810,477</u>	<u>5,333</u>	<u>1,752,533</u>		<u>3,568,343</u>

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



**TOWN OF TUTWILER, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF TUTWILER, MISSISSIPPI**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2014**

**(1) Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Town of Tutwiler, Mississippi is a political subdivision of the State of Mississippi. The Town operates under the Mayor-Board of Alderman Form of Government and provides services as authorized by law. The Town's population according the 2010 census was 3,550. There are no outside organizations that should be included as component units of the Town's reporting entity.

**B. Measurement Focus and Basis of Accounting**

The Combined Statement of Cash Receipts and Disbursements is 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.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The Town of Tutwiler's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The various funds are grouped into the generic fund types and broad categories as follows:

**GOVERNMENTAL FUND TYPES**

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

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

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**PROPRIETARY FUND TYPES**

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

**C. Property Tax Receipts**

The Board of Alderman, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides

**TOWN OF TUTWILER, MISSISSIPPI**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2014**

with the month of original purchase. All property taxes are recognized as receipts when collected. The millage rate for the fiscal year ended September 30, 2014 was 45 mills.

**(2) Cash and Investments**

Cash and investments consist of bank deposits in the form of checking accounts and savings accounts with the Town's depository bank. At September 30, 2014, the carrying amount of the Town's deposits with financial institutions was \$2,635,531.28 and the bank balance was \$2,603,940.91. The collateral for public entities' deposits in financial institutions are 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 the collateral pool administered by the State Treasurer. Financial institutions holding deposits of the 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 bank balance is categorized as follows:

The bank balance is categorized as follows:

FDIC insured amount	\$	250,000.00
FDIC insured amount	\$	5,333.07
Amount collateralized through the Statewide Collateral Pool program sponsored by the State of Mississippi Treasury Department	\$	<u>2,348,607.84</u>
Total Bank Balance	\$	<u><u>2,603,940.91</u></u>

**(3) Budget Policy**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the Town Clerk submits to the Mayor and Board a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments on proposed revenue and expenditures.
- The Mayor and Board of Alderman review and make any necessary revisions to the proposed budget. The budget is legally enacted at the September Board meeting.
- The budget is formally revised during July of each year or when necessary to prevent deficit spending.

Mississippi law requires that a municipality budget and maintain its books on a cash basis. Claims that have been incurred prior to the end of year and that are paid within 30 days are recorded under the modified-accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. Revenue is accounted for under the cash basis.

**(4) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the Schedule of Capital Assets included in the Supplemental Information section of this report.

**TOWN OF TUTWILER, MISSISSIPPI**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2014**

**(5) Defined Benefit Pension Plan**

The Town of Tutwiler, Mississippi 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 information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

At September 30, 2014, PERS members were required to contribute 9% of their annual covered salary, and the County 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 are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2014, 2013 and 2012 were \$67,670, \$59,982 and \$49,946, respectively, equal to the required contributions for each year.

**(6) Risk Management**

The Town of Tutwiler has entered into a joint and severable relationship with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experience as well as assessments needed for fund deficits. They also share the benefit of fund surplus in the form of dividends when applicable.

**(7) Contingencies**

The Town has received federal 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 federal regulations, including the disbursements of resources for allowable purposes. The Town may be responsible for any disallowances.

The Town is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Town with respect to the various proceedings. However, the Town's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the Town.

**TOWN OF TUTWILER, MISSISSIPPI**

**SUPPLEMENTAL INFORMATION**

**TOWN OF TUTWILER, MISSISSIPPI**  
**SCHEDULE OF CAPITAL ASSETS**  
For the Year Ended September 30, 2014

**Governmental Activities Funds**

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Prior Year Adjustments</u>	<u>Ending Balance</u>
Capital Assets Class					
Land and land improvements	75,000	-	-	-	75,000
Building and building improvements	334,832	248,526	-	-	583,358
Furniture and equipment	479,650	-	-	-	479,650
Vehicles & other mobile equipment	63,619	-	-	-	63,619
Infrastructure	1,179,940	-	-	-	1,179,940
Total capital assets	2,133,041	248,526	-	-	2,381,567
Less: accumulated depreciation	-	-	-	-	-
Gov't fund capital assets, net	2,133,041	248,526	-	-	2,381,567

**Enterprise Fund/Business-Type Activities**

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Prior Year Adjustments</u>	<u>Ending Balance</u>
Land and land improvements					
Building and building improvements	638,993	-	-	-	638,993
Furniture and equipment	131,894	-	-	-	131,894
Mobile equipment	-	-	-	-	-
Construction in progress	-	-	-	-	-
Infrastructure	6,284,502	-	-	-	6,284,502
Total capital assets	7,055,389	-	-	-	7,055,389
Less: accumulated depreciation	(653,244)	-	-	-	(653,244)
Enterprise fund capital assets, net	6,402,145	-	-	-	6,402,145
					-
Total Capital Assets, net	8,535,186	248,526	-	-	8,783,712

**TOWN OF TUTWILER, MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2014**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Information</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
<i>Passed through Mississippi Development Authority</i>			
Home Investment Partnership Grant	14.239	1222-M10-SG-280-162	9,750
Community Development Block Grant	14.228	1127-10-367-PF-01	120,396
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<u>130,146</u>
 <b>U.S. Department of Homeland Security</b>			
<i>Passed through FEMA to MEMA to Tallahatchie County EMA</i>			
Mitigation Grant	97.039	Sirens & Generators	164,754
<b>Total U.S. Department of Homeland Security</b>			<u>164,754</u>
 <b>Total Expenditures of Federal Awards</b>			 <b>\$ <u>294,900</u></b>

**TOWN OF TUTWILER, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**For the Year Ended September 30, 2014**

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Expiration Date</u>	<u>Bond Amount</u>
Nichole Harris	Mayor	Clyde C. Scott Insurance	7/6/2017	\$25,000
Donell Wiggins	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Christopher Hooper	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
James Farmer	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Diann Pimpton	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Donnie C. Powell	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Alma Harris	City Clerk	Clyde C. Scott Insurance	10/10/2014	\$50,000
Modella Hayes	Deputy City Clerk	Clyde C. Scott Insurance	10/10/2014	\$50,000
LaShanda Harris	Court Clerk	Clyde C. Scott Insurance	10/10/2014	\$50,000
Rico Smith	Police Chief	Clyde C. Scott Insurance	10/10/2014	\$50,000



**TOWN OF TUTWILER, MISSISSIPPI**

**SPECIAL REPORTS**



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

Honorable Mayor and Member of the Board of Alderman  
Town of Tutwiler  
Tutwiler, Mississippi

We have audited the basic financial statements of the Town of Tutwiler, Mississippi as of and for the year ended September 30, 2014 and have issued our report dated June 2, 2015. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

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.

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

- Finding: The Town advertised for the sale of property for non-payment of ad valorem taxes in accordance with Section 27-41-59, Miss Code Ann. (1972). However, we cannot determine that the actual tax sale was held.
- Recommendation: We recommend that the Town record and spread upon the minutes any supporting documentation to evidence the results of future tax sales.
- Response: Town will properly advertise, conduct and report the results of annual tax sales to the Mayor and Board of Alderman at the meeting immediately following the sale.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

THOMPSON CPA, PLLC  
Jackson, Mississippi  
June 2, 2015