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*Town of Tishomingo
Annual Report
September 30, 2015*

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David L. Nichols

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Accountant's Compilation Report

Honorable Mayor and Board of Aldermen
Tishomingo, Mississippi

I have compiled the accompanying Statement of Cash Receipts and Disbursements Governmental and Business-type Activities of the Town of Tishomingo, Mississippi for the year ended September 30, 2015 in accordance with standards established by the American Institute of Certified Public Accountants. I have also compiled the following supplemental information:

Schedule of Investments
Schedule of Capital Assets
Schedule of Long-term Debt
Schedule of Surety Bonds for Employees and Elected Officials
Schedule Reconciling Original of Ad-valorem Tax Rolls to Fund Collections

This compilation is limited to presenting in the form prescribed by the Mississippi State Department of Audit, information that is the representation of the town officials. I have not audited or reviewed the accompanying statements or the supplemental information and, accordingly, do not express an opinion or any other form of assurance on them. These statements are presented in accordance with the requirements of the Mississippi State Department of Audit, which differs from generally accepted accounting principles. Accordingly, these statements are not designed for those who are not informed about such differences.



David L. Nichols
Certified Public Accountant PC

December 5, 2015

Town of Tishomingo
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Period Ending September 30, 2015

	Governmental Activities				Business-type Activities			
	General	Special Revenue	Other		Natural Gas	Water Sewer	Sanitation	Total
			Funds	Total				
Revenues								
General Property Taxes	\$34,803			\$34,803				
Licenses and Permits	3,736			3,736				
Privilege	8,263			8,263				
Utility Tax								
Intergovernmental Revenues								
Federal Revenues	4,666			4,666				
Federal Payments in Lieu of Taxes								
State Shared Revenues	20,973			20,973				\$0
State Grants	6,070			6,070				
Homestead Exemption Reimbursement	118,125			118,125				
General Sales Tax	1,845			1,845				
Fire Protection Allocation	1,038			1,038				
Gasoline Tax	169			169				
Municipal Aid								
Grants from Local Units	7,076			7,076				
Pro-Rata County Road Tax	14,111			14,111				
Fines and Forfeitures	25,737			25,737				
Rents and Royalties	3,061			3,061				
Miscellaneous								
Enterprises								
Natural Gas					\$349,222			\$349,222
Water/Sewer						\$118,068		118,068
Garbage							\$28,263	28,263
Total Revenues	\$249,673	\$0	\$0	\$249,673	\$349,222	\$118,068	\$28,263	\$495,553
				0				

Town of Tishomingo
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Period Ending September 30, 2015

	Governmental Activities				Business-type Activities			
	General	Special Revenue	Other Government Funds	Total	Natural Gas	Water Sewer	Sanitation	Total
Operating Expenditures								
Judicial	\$14,904			\$14,904				
General Government	84,600			84,600				
Public Safety								
Police	\$9,225			89,225				
Fire	590			590				
Public Works	7,823			7,823				
Economic Development	2,310			2,310				
Culture and Recreation								
Parks	2,256			2,256				
Libraries	11,490			11,490				
Enterprises								
Natural Gas					\$336,170			\$336,170
Water/Sewer						\$100,168		100,168
Garbage							\$21,082	21,082
Total Operating Expenditures	\$213,198	\$0	\$0	\$213,198	\$336,170	\$100,168	\$21,082	\$457,420
Excess Receipts over (under)								
Operating Expenditures	\$36,475	\$0	\$0	\$36,475	\$13,052	\$17,900	\$7,181	\$38,133

Town of Tishomingo
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Period Ending September 30, 2015

Other Sources and Uses					
Interest Earned	\$16	\$16		\$4	\$4
Note Payments	(986)	(986)			(2,616)
Interest Payments	(192)	(192)		(197)	(197)
Lease Payments	(4,839)	(4,839)			0
Transfers In	15,000	15,000	\$25,000		25,000
Transfers Out	(10,000)	(10,000)	(15,000)		(30,000)
Capital Outlay		0	(30,507)		(30,507)
Total Other Sources (Uses)	(\$1,001)	\$0	\$0	(\$17,813)	\$4 (\$38,316)
Excess Receipts and Other Sources over (under)					
Operating Expenditures and Other Uses	\$35,474	\$0	\$0	\$87	\$7,185 (\$183)
Cash Balance-Beginning of Year	14,912	0	0	15,354	2,603 68,798
Cash Balance-End of Year	<u>\$50,386</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,441</u>	<u>\$9,788</u> <u>\$68,615</u>

See Accountant's Compilation Report

Town of Tishomingo
Notes to the Financial Statements
September 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Receipts and Disbursements of the Town of Tishomingo, Mississippi, have been prepared in conformity with the cash basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recorded. The cash basis differs from generally accepted accounting principles primarily because accounts receivable, inventory, fixed assets, accounts payable and long-term debt are not included in the Statement of Cash Receipts and Disbursements. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town is a small municipality located in northeast Mississippi with a population of approximately 316. The municipality operates under the Mayor/Alderman form of government in which the mayor and aldermen are elected for four-year terms that expire simultaneously. The Town provides the following services; general administrative services; public safety (police and fire); public works (streets); culture and recreation (parks and library); health and sanitation, natural gas, and water distribution and sewerage.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the Mayor and Board of Aldermen.

Discreetly Presented Component Units

When applicable, discreetly presented component units are reported in separate columns in the combined financial statements to emphasize their legal separation from the government. However, for the current year ended, the Town had no component units.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Basis of Accounting:

Measurement focus relates to the accounting convention used which determines (1) which assets and which liabilities are included on an entity's balance sheet and (2) whether its operating statement presents "financial flow" information (revenues and expenditures) or "capital maintenance" information (revenues and expenses). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Major sources of revenues for the Town include user fees charged in the enterprise funds and general sales tax and property taxes collected in the general fund.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2015

Basis of Presentation

The following fund types are used by the Town of Tishomingo:

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 Fund is used for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Fund: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or general funds).

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

Proprietary Funds:

Enterprise Funds: Enterprise Funds are used to account for operations (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 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. For the current year, the Town operated three enterprise funds: Water, Sewer and Sanitation.

Fiduciary Funds

Trust and Agency Funds: Trust and Agency Funds are used to account for assets held by the Town in a trust capacity or as an agent for employees, individuals, private organizations, other governments, and/or other funds. These include Nonexpendable Trusts, Pension Trust, and Agency Funds. Nonexpendable Trusts and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2015

C. Assets, Liabilities, and Equity

Deposits and Investments

Cash deposits are reported at carrying amount which reasonably estimates fair value. For financial statement purposes, cash and cash equivalents include all short-term highly liquid investments with maturities of three months or less when purchased. Instruments considered cash equivalents include: treasury bills, certificates of deposit, money market funds, and cash management pools.

It is the Town's policy for all cash and cash equivalents to be held in qualified financial institutions which are insured by the Federal Deposit Insurance Corporation. The Town had no investments for the current year.

Total Columns on Financial Statements

Total columns on the financial statements, which are captioned "Memo Only", are presented merely to facilitate analysis. Such data is not comparable to a consolidation and inter-fund eliminations have not been made in the aggregation of this data.

Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The Town prepares and adopts an annual budget for all governmental funds on the modified accrual basis. The budget acts as the financial plan for the operations of the Town for the ensuing annual period. Revisions may be made to the original budget as necessary with the approval of the Board of Aldermen; however, budgetary amendments which equal or exceed 10 percent of the originally budgeted level must be publicly advertised. The legal level of budgetary control is at the departmental level with all appropriations lapsing at year end. Budgetary amounts are formally integrated into the general ledger.

The proposed budget is presented to the Board at the August meeting and is published at least one time during September. At least one public hearing is held prior to the final adoption of the budget.

By resolution, the Board adopts and approves the final budget by September 15th and enters it in detail upon the minutes.

Management is required by statute to adhere to the limits prescribed by the budget, and the governing body compares actual to budgetary expenditures at each regular monthly meeting.

B. Encumbrances

The Town does not employ encumbrance accounting.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2015

C. Property Taxes

Real property taxes are levied on January 1 and are payable in a single installment due by February 1. The tax rolls are prepared by the County Tax Assessor and are submitted to the Town for approval. Corrections to the tax rolls are approved and authorized by Board of Aldermen.

Property taxes not paid by February 1 are considered in arrears and become subject to tax sale procedures if not paid by August 5. All real property subjected to tax sale procedures is listed and advertised in the manner prescribed by the Mississippi State Code and sold at public auction. Property which is not sold at public auction is forfeited by the taxpayer.

D. Risk Management

Significant losses of the Town were covered by commercial insurance and the Mississippi Municipal Liability Plan for all major programs. For the insured programs, there were no significant reductions in insurance coverage, and settlement amounts did not exceed coverage for the current year or the three prior years. The Municipal Liability Plan is a self-insured pool which operates essentially in the same manner as a commercial carrier. Participation by the municipality is voluntary and the entity may selectively cover assets under this plan.

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and Cash Equivalents

The Town's cash and cash equivalents held on deposit at year end were as follows:

First American National Bank

Cash on Deposit	\$119,001
	<u>=====</u>

Pledged Securities for Cash on Deposit

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. At year end, the balance of cash, cash equivalents, and investments totaled \$119,001.

Town of Tishomingo
Notes to the Financial Statements
September 30, 2015

B. Fixed Assets

Fixed assets purchased, including amounts expended for infrastructure, were recorded as capital outlays and were expensed in the governmental and proprietary funds. These purchases were valued at original cost with no depreciation being recorded in accordance with the cash basis of accounting.

C. Long-Term Debt

Water and Sewer Revenue Bonds

A note bearing interest at the rate of 3.0% per annum was issued to Mississippi Development Authority for \$33,950 on September 30, 2002 for the purpose of improving and extending the sewer system. Principal and interest are payable monthly in equal installments of \$234 for 15 years. This loan is secured by the sales tax allocation and homestead exemption reimbursement received by the Town.

Industrial Development Note

A note bearing interest at the rate of 4.51% per annum was issued to the County of Tishomingo for \$87,000 on December 28, 2007 for the purpose of acquiring an industrial building in the Town. Principal and interest are payable monthly in equal installments of \$403 for 7 years with a balloon payment of \$75,856 due on December 31, 2014. This loan is secured by a deed of trust on the building and property.

A summary of long-term debt is shown at Schedule 3.

D. Short-Term Debt

Industrial Development Note

A note was issued to Bancorpsouth for \$51,000 on September 25, 2002 for the purpose of purchasing 19.2 acres of industrial park property. The note matures annually with all principal and interest payable. This note is secured by the real estate owned by the Town. The note bears interest at the rate of 4.5% per annum. Balance on this note at year end totaled \$3,651.

E. Commitments

The Town entered into an agreement in July 2002 with Utility Service Company of Perry, Georgia for the maintenance of a 100,000 gallon storage tank. The original agreement was for a term of 5 years but has been extended each year by the Town. The annual fee may be adjusted each year not to exceed 5%. Maintenance fees for the current year totaled \$7,557.

The Town entered into an agreement on January 8, 2008 with Jamco Furniture Industries, Inc. for the rental of an industrial building located in the Town. The term of the lease began January 1, 2008 and ended September 30, 2015 with monthly payments of \$403.22. Total rental payments collected by the Town this year totaled \$4,838.

Town of Tishomingo
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections
For the Year Ended September 30, 2015

	Assessed Value	Tax
Adjusted Assessed Valuation:		
Realty	\$1,168,869	
Personal and Public Utilities	291,926	
Auto (Remitted by County)	<u>204,280</u>	
Total Town at 25.0 Mills	\$1,665,075	\$41,627
Less: Homestead Exemption Allowed	<u>(6,543)</u>	
		\$35,084
Add: Actual Homestead Reimbursement	\$6,070	
In-lieu Taxes	4,666	
Penalties and Interest on Delinquent Taxes	0	
Prior Years Collections	<u>25</u>	
		10,761
Deduct: County Tax Collector's Commissions		<u>(274)</u>
Total to Be Accounted For:		<u>\$45,571</u>
Credits:		
Collections Allocated to:		
General Fund		\$45,539
Balance Represented by:		
Unpaid Taxes	\$310	
Unaccounted for (Oversettled)	<u>(278)</u>	
Total		<u>32</u>
Total Accounted For:		<u>\$45,571</u>

See Accountant's Compilation Report.

Town of Tishomingo
Schedule of Investments
For the Year Ended September 30, 2015

The Town had no investments for the current year.

Town of Tishomingo
Schedule of Capital Assets
For the Year Ended September 30, 2015

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Natural Gas Fund				
Distribution System	\$637,899			\$637,899
Machinery and Equipment	153,052			153,052
Vehicles	54,540	30,507		85,047
Total Water Fund	<u>\$845,491</u>	<u>\$30,507</u>	<u>\$0</u>	<u>\$875,998</u>
Water/Sewer Fund:				
Land	\$12,700			\$12,700
Water Distribution System	1,733,374			1,733,374
Sewer Distribution System	408,797			408,797
Machinery and Equipment	44,415			44,415
Total Sewer Fund	<u>\$2,199,286</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,199,286</u>
Sanitation Fund:				
Vehicles	\$12,500			\$12,500
Total Sanitation Fund	<u>\$12,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,500</u>
Total Business-type Activities Capital Assets	<u>\$3,057,277</u>	<u>\$30,507</u>	<u>\$0</u>	<u>\$3,087,784</u>

See accountant's compilation report.

Town of Tishomingo
Schedule of Long-term Debt
For the Year Ended September 30, 2015

Definition and Purpose	Beginning Balance	New Issues	Principal Repayments	Ending Balance
Other Long-term Debt				
Industrial Development	\$77,141		\$1,284	\$75,857
Sewer	7,253	0	2,616	4,637
Total Long-term Debt	<u>\$84,394</u>	<u>\$0</u>	<u>\$3,900</u>	<u>\$80,494</u>

The summary of long-term debt maturities is as follows:

	Principal	Interest	Total
September 30, 2016	\$7,596	\$563	\$8,159
September 30, 2017	7,298	428	7,726
September 30, 2018	5,428	358	5,786
September 30, 2019	5,484	303	5,787
September 30, 2020	5,537	249	5,786
	<u>\$31,343</u>	<u>\$1,901</u>	<u>\$33,244</u>

See accountant's compilation report.

Town of Tishomingo
Schedule of Bonds for Municipal Officials
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
James Tennyson	Mayor	MS Mun Liab	\$25,000
Barbara Oaks	Alderman	MS Mun Liab	\$25,000
Hal Southward	Alderman	MS Mun Liab	\$25,000
Anthony Stone	Alderman	MS Mun Liab	\$25,000
Anne Taylor	Alderman	MS Mun Liab	\$25,000
Gary Harlan	Alderman	MS Mun Liab	\$25,000
Kim Daily	City Clerk	Western Surety	\$50,000
Shirley Turner	Utility Clerk	Western Surety	\$50,000
Michael Kemp	Chief of Police	Western Surety	\$50,000
Rodney Waddle	Police Officer	Western Surety	\$25,000
Jimmy Johnson	Police Officer	Western Surety	\$25,000
Russ Robinson	Police Officer	Western Surety	\$25,000
Terry Jackson	Police Officer	Western Surety	\$25,000

See accountant's compilation report.

David L. Nichols
Certified Public Accountant PC

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Report on Agreed-Upon Procedures

Mayor and Board of Aldermen
Town of Tishomingo
Tishomingo, Mississippi

I have applied certain agreed-upon procedures, as discussed below to the accounting records of the Town of Tishomingo, Mississippi, as of September 30, 2015, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood that this report is solely for the use of the Governing Body of the Town of Tishomingo, Mississippi, and the Office of the State Auditor and should not be used for any other purpose. My procedures and findings are as follows:

- A. I reconciled cash on deposit with the following banks to the balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Bancorpsouth	General	\$50,386
Bancorpsouth	Enterprise	\$68,615
	Total	\$119,001

- B. The Town owned no investment securities during the fiscal year ended September 30, 2015.
- C. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
1. Traced levies to governing body minutes.
 2. Traced distribution of taxes collected to the proper funds and determined that taxes were properly distributed.
 3. 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).

Ad valorem assessments were found to be within the limitation of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

- D. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. The following payments indicated were traced to deposit in the respective bank accounts and were recorded in the general ledger without exception:

<u>Payment Purpose</u>	<u>Fund</u>	<u>Amount</u>
TVA Payments In lieu	General	\$4,113
Sales Tax Allocation	General	118,125
Fire Protection Allocation	General	1,845
Homestead Exemption	General	6,070
Gasoline Tax	General	1,038
Gas Revenue	Gas	1,737
Municipal Aid	General	169
Total		<u>\$133,097</u>

- E. I reviewed all expenditures made by the municipality exceeding \$5,000 during the fiscal year for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable. No instances of noncompliance with state purchasing requirements were noted.
- F. I selected a sample of fines and forfeitures and to verify that the municipal court clerk had settled daily with the municipal clerk. I also selected a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration. No instances of noncompliance with state requirements were noted.
- G. I read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated the following instances of non-compliance with state requirements:

The Town failed to properly record, tag, and inventory fixed assets.

- H. I performed procedures to test compliance with certain other state laws and regulations, specifically relating to budgeting, vehicle markings, surety bonds, transfer payments, depositories, investments, debt issuance, ad-valorem taxes, other taxes, capital assets and PSC order. The following instances of noncompliance with state requirements were noted:

1. The Town maintained short-term debt of \$3,651 at year end in violation of state statute.
2. The Town failed to properly account for and inventory capital assets in accordance with state statute.

Because my procedures do not constitute an audit in accordance with generally accepted auditing standards, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe that the items specified in the preceding paragraphs should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Tishomingo, Mississippi for the year ended September 30, 2015.

Sincerely,

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

David L. Nichols
Certified Public Accountant PC

December 5, 2015