

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**TOWN OF POTTS CAMP, MISSISSIPPI
AGREED-UPON PROCEDURES**

SEPTEMBER 30, 2020

TOWN OF POTTS CAMP, MISSISSIPPI

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and the Board of Aldermen
 Town of Potts Camp, 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 Potts Camp, Mississippi, solely to assist the Office of the State Auditor to evaluate the Town of Potts Camp, Mississippi's compliance with certain laws and regulations as of September 30, 2020, and for the year then ended. This agreed-upon procedures engagement was conducted 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 purpose.

Our procedures and findings are as follows:

1. We were able to reconcile cash on deposit with the following banks to balances in the respective general ledger accounts and obtain confirmation of the related balances from the banks. The Town did not complete the Public Depositor Annual Report.

Bank	Fund/Account Name	Balance per General Ledger
Governmental Activities:		
Bank of Holly Springs	General Fund Checking	\$ 56,658
Bank of Holly Springs	Fire Department	2,202
Bank of Holly Springs	Park	2,934
Bank of Holly Springs	Municipal Court	45,383
Bank of Holly Springs	Bond Cushion - Unemployment	1,250
Bank of Holly Springs	Road & Bridge	250,020
	Total Governmental Activities	\$ 358,447
Business-type Activities:		
Bank of Holly Springs	Water & Sewer Fund	\$ 24,535
Bank of Holly Springs	Bond Cushion - Debt Service	20,485
Bank of Holly Springs	Depreciation	7,010
Bank of Holly Springs	Garbage Fund	156
	Total Business-type Activities	\$ 52,186

2. As of September 30, 2020, the Town of Potts Camp had no securities held for investment.
3. We obtained a list of payments made by the Department of Finance and Administration (DFA) to the municipality. Payments indicated were traced to 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>General Ledger Amount</u>
Fire Protection Allocation	General Fund	\$ 3,155
Liquor Tax	General Fund	900
Gasoline Tax	General Fund	1,602
General Municipal Aid	General Fund	261
Homestead Exemption Reimbursement	General Fund	8,395
TVA Payments	General Fund	5,627
Grants	General Fund	537,699
Sales Tax Allocation	General Fund	79,775
Other Aid	General Fund	<u>24,264</u>
 Total		 \$ <u>661,678</u>

4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

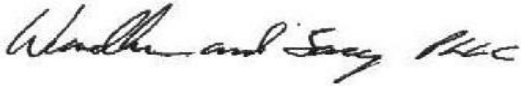
Number of Sample Items	5
Total Dollar Value of Sample	\$ 233,912.56

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

5. We selected a sample of collections of fines and forfeitures and verified that the municipal court clerk settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.
6. The Town of Potts Camp did not complete the Municipal Compliance Questionnaire.
7. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for comparison with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. 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 use of the Town of Potts Camp, Mississippi, and the 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 not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
March 7, 2023

**TOWN OF POTTS CAMP, MISSISSIPPI
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2020

Windham and Lacey, PLLC

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ACCOUNTANTS' COMPILATION REPORT

To the Mayor and the Board of Aldermen
Town of Potts Camp, Mississippi

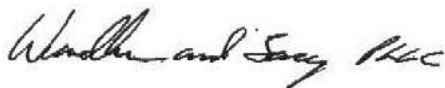
Management is responsible for the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, of the Town of Potts Camp, Mississippi, for the year ended September 30, 2020, in accordance with the cash-basis of accounting, and for determining that the cash-basis of accounting is an acceptable financial reporting framework. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

The financial statement is prepared in accordance with the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared in accordance with 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, the financial statement is not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information 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.

The supplementary information contained in the Schedule of Long-term Debt and the Schedule of Surety Bonds for Town Officials has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.



Windham and Lacey, PLLC
March 7, 2023

TOWN OF POTTS CAMP
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2020

	Governmental Activities	Business-type Activities
	General Fund	Proprietary Fund
RECEIPTS		
Taxes:		
General property taxes	\$ 115,467	
Licenses and permits	1,030	
Intergovernmental receipts:		
State shared receipts:		
General municipal aid	261	
Homestead exemption	8,395	
Sales tax	79,775	
TVA in lieu of taxes	5,627	
Fire protection allocation	3,155	
Gasoline tax	1,602	
Other aid	24,264	
Liquor tax	900	
Grants	537,699	
Franchise tax	1,470	
Water and sewer utility		217,577
Garbage fee		21,265
Miscellaneous	3,901	
Total Receipts	<u>783,546</u>	<u>238,842</u>
DISBURSEMENTS		
General government	242,710	
Public safety	49,507	
Public works	21,012	
Culture & recreation	1,813	
Water & Sewer utility:		
Personal services		55,877
Materials and supplies		69,434
Other expenses		422,103
Total Disbursements	<u>315,042</u>	<u>547,414</u>
OTHER CASH SOURCES (USES)		
Principal on long-term debt		(26,955)
Interest on long-term debt		(29,669)
Transfer in (out)	(302,594)	302,594
Total Other Cash Sources and (Uses)	<u>(302,594)</u>	<u>245,970</u>
Excess of Receipts Over (Under) Disbursements	165,910	(62,602)
Cash - Beginning	<u>192,537</u>	<u>114,788</u>
Cash - Ending	<u>\$ 358,447</u>	<u>52,186</u>

See accompanying Accountants' Compilation Report.

TOWN OF POTTS CAMP
Schedule of Long-term Debt - UNAUDITED
For the Fiscal Year Ended September 30, 2020

Definition and Purpose	Balance Outstanding Oct. 1, 2019	Issued	Redeemed	Balance Outstanding Sept. 30, 2020
Business-type Activities:				
USDA - Rural Development	\$ 62,139		2,244	59,895
USDA - Rural Development	141,570		6,376	135,194
USDA - Rural Development	493,918		13,155	480,763
Berkadia	<u>29,630</u>		<u>5,180</u>	<u>24,450</u>
 Total	 <u>\$ 727,257</u>	 <u>0</u>	 <u>26,955</u>	 <u>700,302</u>

See accompanying Accountants' Compilation Report.

TOWN OF POTTS CAMP
 Schedule of Surety Bonds for Town Officials - UNAUDITED
 September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Coverage</u>
Herbert Luther	Mayor	Travelers	\$ 50,000
Deborah McCullough	Alderwoman	Travelers	\$ 50,000
Dollean Porter	Alderwoman	Travelers	\$ 50,000
James C. Westmoreland	Alderman	Travelers	\$ 50,000
Sabrina Porter	Alderwoman	Travelers	\$ 50,000
Annie M. Allen	Alderwoman	Travelers	\$ 50,000
T. Marie Alderson	Town Clerk	Travelers	\$ 50,000
Vacant	Deputy City Clerk	Travelers	\$ 50,000
T. Marie Alderson	Court Clerk	Travelers	\$ 50,000
Ernest Cunningham	Municipal Judge	Travelers	\$ 50,000
Dennis Hopkins	Park Commissioner	Travelers	\$ 50,000
Coya Jackson	Police Chief	Travelers	\$ 50,000
Vacant	Police Officer	Travelers	\$ 25,000

See accompanying Accountants' Compilation Report.

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REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and the Board of Aldermen
Town of Potts Camp, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities, and Schedule of Surety Bonds for Town Officials of the Town of Potts Camp, Mississippi, for the year ended September 30, 2020, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our compilation of the accompanying Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities, and Schedule of Surety Bonds for Town Officials of the Town of Potts Camp, Mississippi, for the year ended September 30, 2020, disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding 1

Annual Compilation Report and Agreed-upon Procedures

Section 21-35-3, Miss. Code Ann. (1972), states, "The governing authority of every municipality in the state shall have the municipal books audited annually, before the close of the next succeeding fiscal year, in accordance with procedures and reporting requirements prescribed by the State Auditor." In lieu of a full scope audit, the State Auditor gives small municipalities the option of having a compilation report and agreed-upon procedures. The Town did not comply with this requirement.

Recommendation

We recommend the Town of Potts Camp complete the annual compilation report and agreed-upon procedures in a timely manner.

Town's Response

We are aware of this issue and have taken steps to have the annual compilation report and agreed-upon procedures completed.

Finding 2

Public Hearing and Publication of Budget

Sections 21-35-5, 27-39-203, and 27-39-205, Miss. Code Ann. (1972), require the municipality to hold a public hearing on its budget and to publish its adopted budget. We could find no evidence that the Town complied with these requirements.

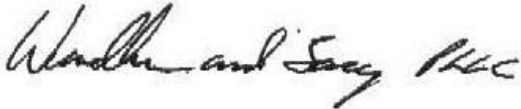
Recommendation

We recommend the Town of Potts Camp hold public budget hearings and publish the budget.

Town's Response

We are aware of this issue and have taken steps to correct.

This report is intended solely for the information and use of management 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.



Windham and Lacey, PLLC
March 7, 2023