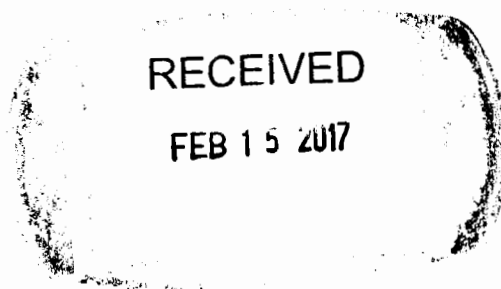




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TOWN OF SCHLATER, MISSISSIPPI 38952
COMPILATION REPORT AND COMPLIANCE LETTER
FISCAL YEAR ENDED SEPTEMBER 30, 2015



BFMW GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
GREENWOOD, MS

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**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Board of Aldermen  
Town of Schlater  
Schlater, 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 Schlater, Mississippi, solely to assist the Office of the State Auditor evaluate the financial compliance with certain laws and regulations as of September 30, 2015, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

| <u>Bank</u>        | <u>Bank Account</u> | <u>Fund</u>     | <u>Balance</u>          |
|--------------------|---------------------|-----------------|-------------------------|
| Planters Bank      | Account #6460       | Fire Protection | \$ 8,483                |
| Planters Bank      | Account #4580       | General         | 31,180                  |
| Total General Fund |                     |                 | <u>39,663</u>           |
| Total All Funds    |                     |                 | <u><u>\$ 39,663</u></u> |

There were no securities held for investment. The total of all funds, \$39,663, was adequately collateralized by the FDIC insurance carried for the Town by the banks.



2. The Town of Schlater, Mississippi, does not levy or collect ad valorem taxes, so no procedures were necessary in this area.
3. There is no general obligation debt as of September 30, 2015.
4. We obtained a statement of payments made by the Department of Finance and Administration 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>Total Deposited<br/>FYE 9-30-15</u> | <u>Total<br/>FYE 15 Per<br/>State Print Out</u> |
|-------------------------|-----------------------|----------------------------------------|-------------------------------------------------|
| Sales Tax               | General               | \$ 10,961                              | \$ 10,961                                       |
| Municipal Aid           | General               | 155                                    | 155                                             |
| Gasoline Tax            | General               | 910                                    | 910                                             |
| Fire Protection         | Fire Protection       | 1,687                                  | 1,687                                           |
| Grand Gulf Distribution | General               | 1,978                                  | 1,978                                           |
| Liquor Privilege Tax    | General               | 900                                    | 900                                             |
| Total                   |                       | <u>\$ 16,591</u>                       | <u>\$ 16,591</u>                                |

5. 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 Sampled Items       | 9     |
| Total Dollar Value of Samples | 6,740 |

This sample represented 82% of all claims subject to the purchasing requirements and 98.3% of the dollar value of claims subject to the purchasing requirements.

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





6. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:

Questions 6-13 of Part II, dealing with adoption and use of a budget for the municipality are all answered in the negative. The Town of Schlater does not adopt or use a budget as prescribed by state law. The town had gross receipts (excluding grants) of less than \$100,000 (\$22,705 in fiscal 2015), has only one paid employee (city clerk), and its expenditures are limited to necessities such as telephone, utilities, supplies, etc. The largest category of expenses is general fund expenses, consisting of utilities, salaries, insurance, and repairs. As indicated in item 5 above, purchase tests revealed no violations of the purchases laws.

Except for the comments in the paragraph above, for those items applicable to the municipality, no instances of non-compliance were noted.

We were not engaged to, and did not perform 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 Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*By L M W Isom, P & C*

BFMW Group, PLLC  
November 16, 2015



**BFMW Group, PLLC**  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

Honorable Mayor and  
Board of Aldermen  
Town of Schlater  
Schlater, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements—all fund types of the Town of Schlater for the year ended September 30, 2015, in accordance with Statements on Standards For Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements—all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements—all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, 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.

The supplementary information contained on page 10 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Schlater, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*By BFMW Group, PLLC*

BFMW Group, PLLC  
November 16, 2015

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**TOWN OF SCHLATER, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|                                    | Governmental Funds |                 |                  | Proprietary Funds | Totals                       |                  |
|------------------------------------|--------------------|-----------------|------------------|-------------------|------------------------------|------------------|
|                                    | General            | Special Revenue | Capital Projects | Water & Sewer     | (Memorandum Only)<br>9/30/15 | 9/30/14          |
| <b><u>Revenue Receipts</u></b>     |                    |                 |                  |                   |                              |                  |
| Franchise Taxes on Utilities       | \$ 5,514           |                 |                  |                   | \$ 5,514                     | \$ 4,366         |
| Intergovernmental Revenues         |                    |                 |                  |                   |                              |                  |
| Federal Grant Funds (Home Project) |                    |                 |                  |                   | -                            | -                |
| Rural Development Grant            |                    |                 |                  |                   | -                            | -                |
| General Municipal Aid              | 154                |                 |                  |                   | 154                          | 154              |
| State Shared Revenues              |                    |                 |                  |                   |                              |                  |
| Sales Tax                          | 10,961             |                 |                  |                   | 10,961                       | 11,611           |
| Gasoline Tax                       | 911                |                 |                  |                   | 911                          | 828              |
| Fire Protection                    |                    | 1,687           |                  |                   | 1,687                        | 1,689            |
| In Lieu Taxes - Grand Gulf         | 1,978              |                 |                  |                   | 1,978                        | 1,861            |
| Misc. Other - Liquor Privilege Tax | 900                |                 |                  |                   | 900                          | 900              |
| Total Revenue Receipts             | <u>20,418</u>      | <u>1,687</u>    | <u>-</u>         | <u>-</u>          | <u>22,105</u>                | <u>21,409</u>    |
| <b><u>Other Receipts</u></b>       |                    |                 |                  |                   |                              |                  |
| Rent - City Hall                   | <u>600</u>         |                 |                  |                   | <u>600</u>                   | <u>515</u>       |
| Total Other Receipts               | <u>600</u>         | <u>-</u>        | <u>-</u>         | <u>-</u>          | <u>600</u>                   | <u>515</u>       |
| <b><u>Other</u></b>                |                    |                 |                  |                   |                              |                  |
| Transfers From Other Funds         |                    |                 |                  |                   | -                            | 16,564           |
| Total Receipts                     | <u>21,018</u>      | <u>1,687</u>    | <u>-</u>         | <u>-</u>          | <u>22,705</u>                | <u>38,488</u>    |
| Cash Balance - Beginning of Year   | <u>29,870</u>      | <u>6,932</u>    |                  |                   | <u>36,802</u>                |                  |
| Total Funds to Account For         | <u>\$ 50,888</u>   | <u>\$ 8,619</u> | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 59,507</u>             | <u>\$ 38,488</u> |

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



**TOWN OF SCHLATER, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|                                | Governmental Funds |                 |                  | Proprietary Funds | Totals            |             |
|--------------------------------|--------------------|-----------------|------------------|-------------------|-------------------|-------------|
|                                | General            | Special Revenue | Capital Projects | Water & Sewer     | (Memorandum Only) |             |
|                                |                    |                 |                  |                   | 9/30/15           | 9/30/14     |
| <u>Operating Disbursements</u> |                    |                 |                  |                   |                   |             |
| General Government             | \$ 19,708          |                 |                  |                   | \$ 19,708         | \$ 17,363   |
| Public Safety                  |                    | 136             |                  |                   | 136               | 4,110       |
| Public Works                   |                    |                 |                  |                   | -                 | -           |
| Home Project                   |                    |                 |                  |                   | -                 | -           |
| Enterprise (Water and Sewer)   |                    |                 |                  |                   | -                 | -           |
| Total Operating Disbursements  | 19,708             | 136             | -                | -                 | 19,844            | 21,473      |
| Total                          | 19,708             | 136             |                  |                   | 19,844            | 21,473      |
| <u>Other</u>                   |                    |                 |                  |                   |                   |             |
| Transfers to Other Funds       |                    |                 |                  |                   | -                 | 16,564      |
| Total Disbursements            | 19,708             | 136             | -                |                   | 19,844            | 38,037      |
| Cash Balance - End of Year     | 31,180             | 8,483           | -                | -                 | 39,663            | (38,037)    |
| Total Funds Accounted For      | <u>\$ 50,888</u>   | <u>\$ 8,619</u> | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 59,507</u>  | <u>\$ -</u> |

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





**TOWN OF SCHLATER, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2015**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GENERAL INFORMATION**

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

**REPORTING ENTITY**

All significant activities and organizations on which the Town exercises oversight responsibility have been included in the Town's financial statement for the year ended September 30, 2015.

Financial interdependency – The Town is responsible for its debts and is entitled to surpluses.

Election of the government authority – The locally elected Town Council is exclusively responsible for all public decisions and accountable for the decisions it makes.

Designation of management – The Town Council appoints the Town Clerk and department heads.

**FUND ACCOUNTING**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

**GOVERNMENTAL FUNDS**

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Funds – 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).



## 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 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.

The town's only proprietary fund consists of the Water and Sewer Fund. Because of many break downs in the system and the high level of repairs necessitated by these break downs, the Town of Schlater entered into an interlocal agreement with East Leflore County Water and Sewer District to manage the Town of Schlater's Water and Sewer System. As a result, The East Leflore County Water and Sewer District agreed to take over the operation of the City's Water and Sewer System and also agreed to pay off or assume all of the city's long term debt to Berkadia Commercial Mortgage LLC. Consequently, as of September 30, 2015, the Town of Schlater no longer operates a Water and Sewer System and no longer has any long term debt regarding the system. This interlocal agreement with East Leflore County Water and Sewer District was extended for five years on June 11, 2013, making the present agreement valid through June 30, 2018.

## BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statement is prepared on a cash receipts and disbursements basis as prescribed by the Mississippi State Department of Audit, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

## TOTAL COLUMNS ON COMBINED STATEMENT

Total columns on the Combined Statement are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



**NOTE B: REPORT CLASSIFICATIONS**

Receipts and disbursements are classified according to requirements for small towns in the state of Mississippi as prescribed by the Office of the State Auditor.

**NOTE C: LITIGATION**

As of September 30, 2015, the Town of Schlater has no pending litigation.

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**TOWN OF SCHLATER, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2015**

| <u>NAME</u>    | <u>POSITION</u> | <u>COMPANY</u>                | <u>BOND</u> |
|----------------|-----------------|-------------------------------|-------------|
| Jason Colquett | Mayor           | Fidelity & Deposit Co. of MD  | \$ 15,000   |
| Nancy Walker   | Town Clerk      | Fidelity & Deposit Co. of MD  | \$ 50,000   |
| Lark Brown     | Alderman        | Fidelity & Deposit Co., of MD | \$ 15,000   |
| Lola Brown     | Alderman        | Fidelity & Deposit Co., of MD | \$ 15,000   |
| Dennis Case    | Alderman        | Fidelity & Deposit Co., of MD | \$ 15,000   |
| Ronnie Counts  | Alderman        | Fidelity & Deposit Co., of MD | \$ 15,000   |

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







**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
**STATE AUDITOR**

TO: Municipal Clerk  
Municipality of Schlater 38952

FROM: Emily M. McNeil, CPA  
Manager, Division of Technical Assistance

DATE: January 30, 2017

SUBJECT: **Notice of Noncompliance with Mississippi Code Annotated  
Section 21-35-31**

---

As of January 30, 2017, this office has not received the Municipality's Annual Financial Report for the Fiscal Year End 2015. Mississippi Code Section 21-35-31 requires this report to be filed with the State Auditor by September 30 of each year for the preceding calendar year. This statute also provides penalties for Municipalities who fail to file their reports. We ask that you file your report immediately.

We understand that there may be special circumstances causing your filing to be delayed. If this is the case, it is important that you make us aware of these circumstances. Please contact me at 800-321-1275 if the Municipality's Annual Financial Report will not be forthcoming in the next few days.

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