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**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2017

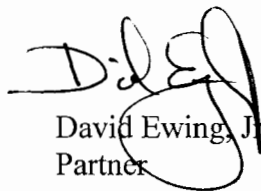
Mr. Eddie Smith  
State of Mississippi  
Office of the State Auditor  
501 North West Street  
Suite 801 Woolfolk Building  
Jackson, MS 39201

Dear Mr. Smith:

Enclosed is a copy of the compilation report and agreed-upon procedures of the City of Shaw, Mississippi for the year ended September 30, 2015.

Please feel free to contact me regarding any questions or comments that you may have.

Sincerely,

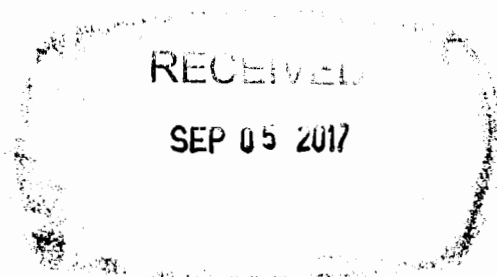


David Ewing, Jr., CPA  
Partner

mfd

Enclosure

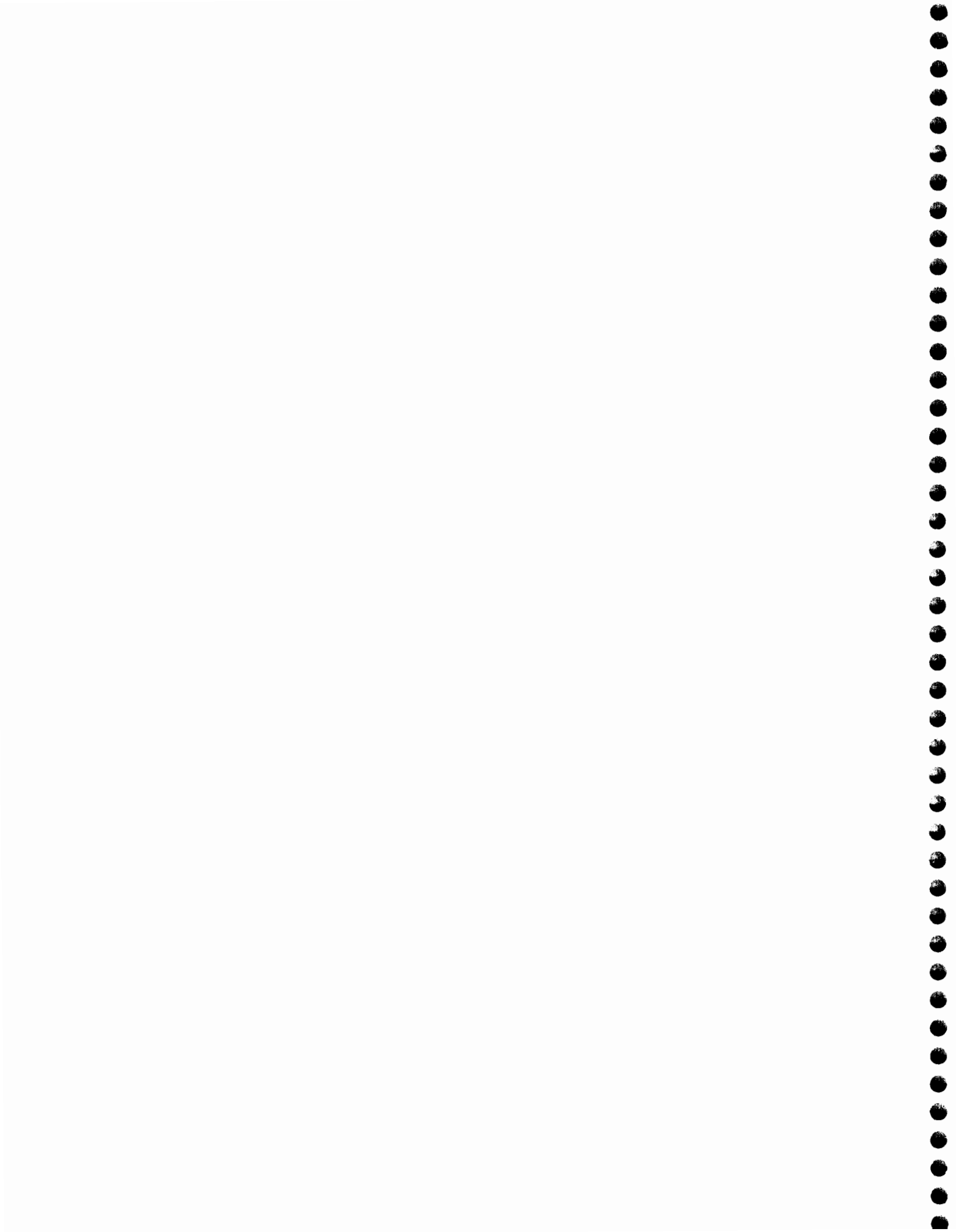
Copy: Mayor Lamar Franks  
City of Shaw, MS





**CITY OF SHAW, MISSISSIPPI**  
**COMPILATION REPORT AND**  
**REPORT ON AGREED-UPON PROCEDURES**  
**Ended September 30, 2015**

SEP 05 2017



CITY OF SHAW, MISSISSIPPI  
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor Lamar Franks  
and Honorable Members of the Board of Alderpersons  
City of Shaw, Mississippi

We have compiled the accompanying combined statement of cash receipts and disbursements for each fund of the City of Shaw, Mississippi, for the year ended September 30, 2015, and the accompanying supplementary information contained in Schedules 1 through 3, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the City's cash basis of accounting, require the presentation of government-wide financial statements.

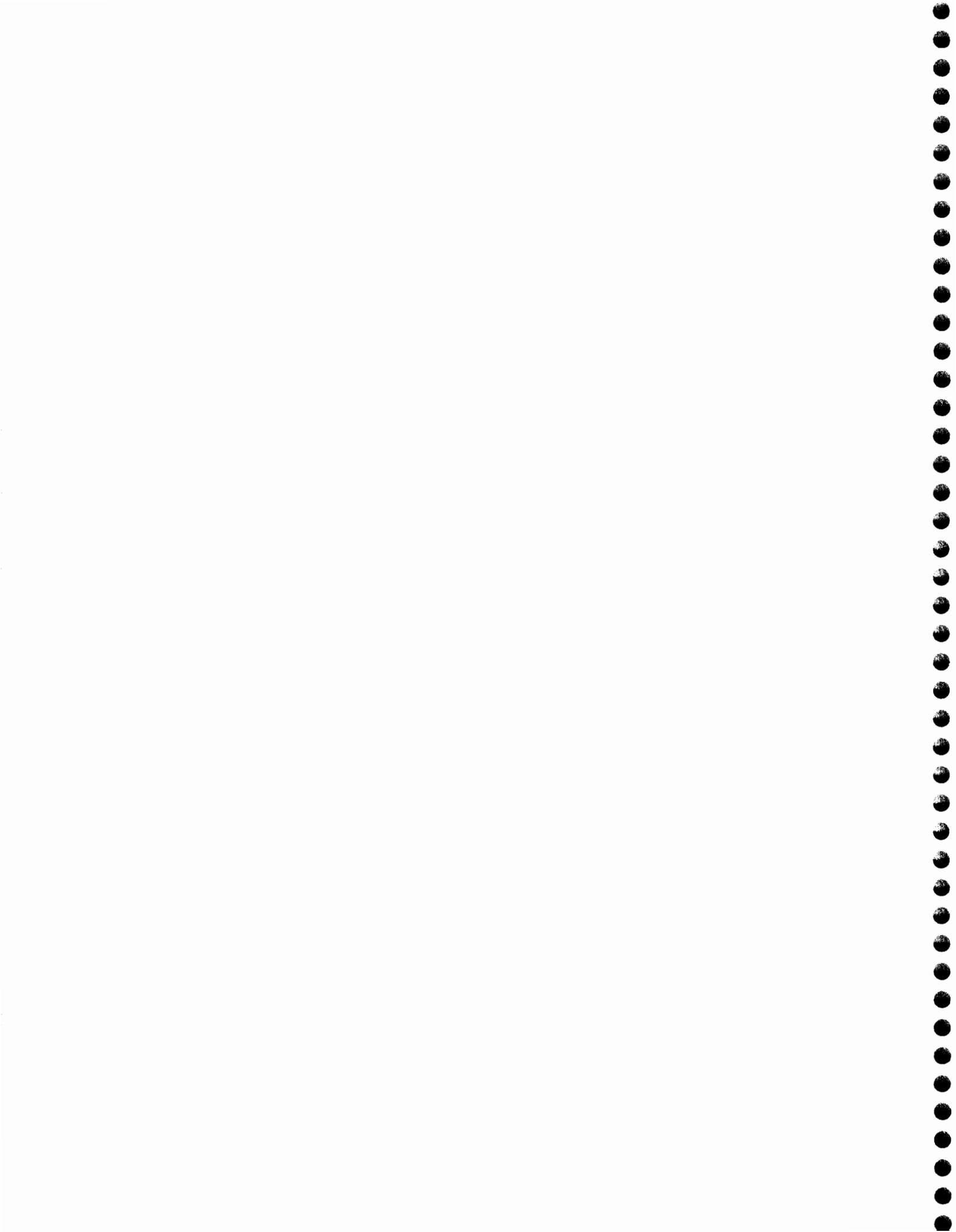
The Mayor and Alderpersons have also elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the City's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

Management also has not presented the management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated August 30, 2017, on the results of our agreed-upon procedures.

*Banks, Finley, White & Co.*  
Jackson, Mississippi  
August 30, 2017





CITY OF SHAW, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds)  
For the Year Ended September 30, 2015

	Governmental Funds		Business- Type Funds	Total (Memo Only) 2015
	General Fund	Special Revenue Fund	Water Fund	
Revenue receipts:				
General property taxes	\$ 340,860	\$ -	\$ -	\$ 340,860
Licenses and permits	4,359	-	-	4,359
Franchise taxes	17,853	-	-	17,853
State shared revenues:				
Municipal aid	973	-	-	973
Sales tax	98,277	-	-	98,277
Gasoline tax	5,612	-	-	5,612
Fire rebates	10,621	-	-	10,621
Grand Gulf	10,354	-	-	10,354
Liquor licenses	900	-	-	900
Homestead reimbursement	33,950	-	-	33,950
Other	54,147	-	-	54,147
Other:				
Rent	35,208	-	-	35,208
Fines and bonds	27,482	-	-	27,482
Interest income	1	-	12	13
Miscellaneous	12,746	-	1,718	14,464
Charges for services:				
Water	-	-	305,720	305,720
Garbage	-	-	-	-
Total revenue receipts	<u>653,343</u>	<u>-</u>	<u>307,450</u>	<u>960,793</u>
Other receipts:				
Tax anticipation note proceeds	50,000	-	-	50,000
Interfund loans and transfers	<u>92,066</u>	<u>-</u>	<u>36,483</u>	<u>128,549</u>
Total other receipts	<u>142,066</u>	<u>-</u>	<u>36,483</u>	<u>178,549</u>
Total receipts	<u>795,409</u>	<u>-</u>	<u>343,933</u>	<u>1,139,342</u>



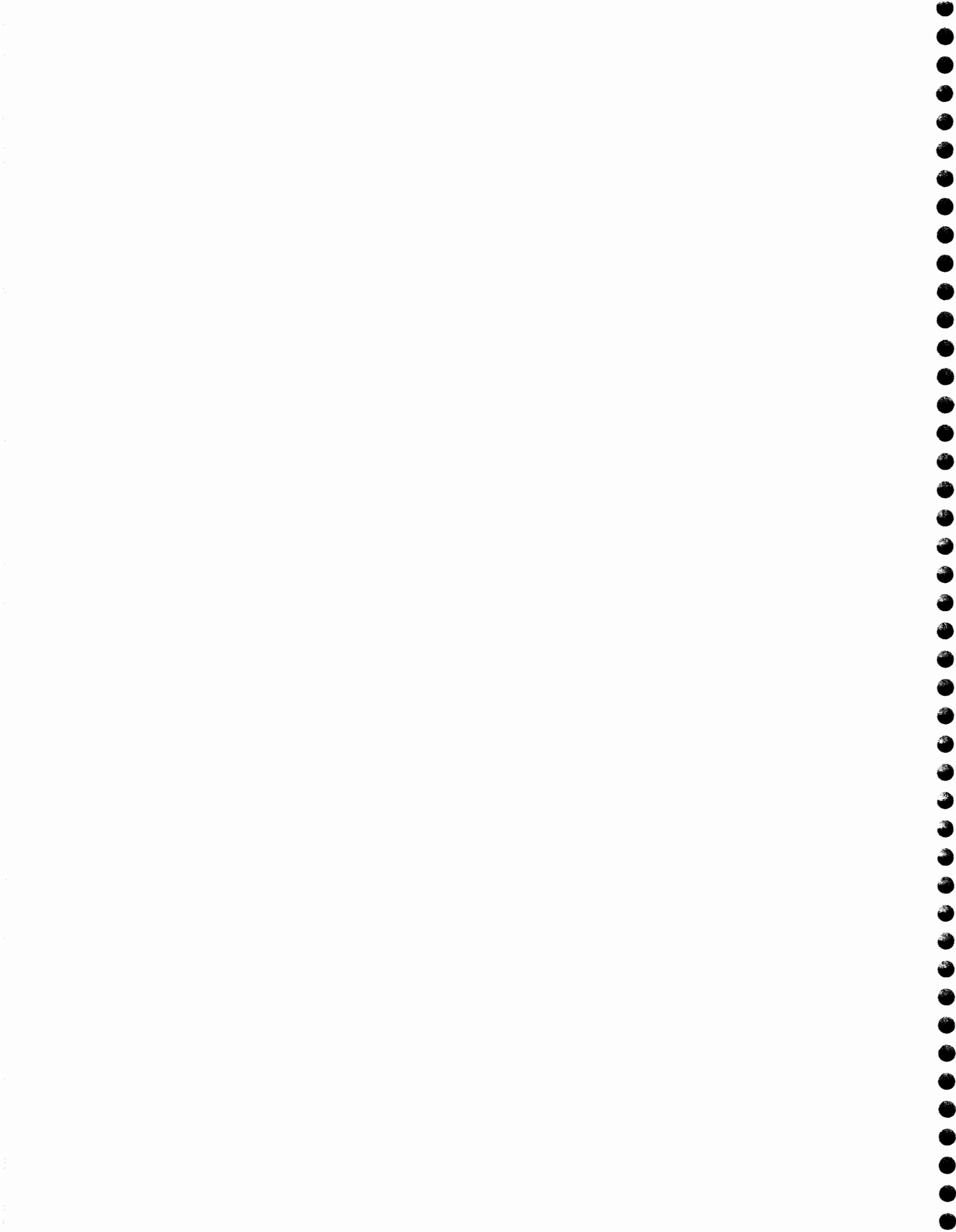
CITY OF SHAW, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds) - Continued  
For the Year Ended September 30, 2015

	Governmental Funds		Business- Type Fund	Total (Memo Only) 2015
	General Fund	Special Revenue Fund	Water Fund	
Operating disbursements:				
General government				
Administration and finance	\$ 185,517	\$ -	\$ -	\$ 185,517
Judicial	12,834	-	-	12,834
Public safety:				
Police	209,027	-	-	209,027
Fire	17,272	-	-	17,272
Court	12,868	-	-	12,868
Public works	38,474	-	-	38,474
Health and welfare	38,947	-	-	38,947
Culture, parks and recreation	2,192	-	-	2,192
Enterprise:				
Water/Sewer	-	-	162,446	162,446
Debt Service				
Principal payment on debt	74,212	-	80,269	154,481
Interest payment on debt	8,513	-	36,875	45,388
Total operating disbursements	<u>599,856</u>	<u>-</u>	<u>279,590</u>	<u>879,446</u>
Other disbursements:				
Interfund loans and transfers	<u>43,890</u>	<u>-</u>	<u>34,000</u>	<u>77,890</u>
Total other disbursements	<u>43,890</u>	<u>-</u>	<u>34,000</u>	<u>77,890</u>
Total disbursements	<u>643,746</u>	<u>-</u>	<u>313,590</u>	<u>957,336</u>
Net change in cash balances	151,663	-	30,343	182,006
Cash balance - beginning of year	<u>53,599</u>	<u>-</u>	<u>7,961</u>	<u>61,560</u>
Cash balance - end of year	<u>\$ 205,262</u>	<u>\$ -</u>	<u>\$ 38,304</u>	<u>\$ 243,566</u>



CITY OF SHAW, MISSISSIPPI  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended September 30, 2015

	Budget Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 409,700	\$ 409,700	\$ 340,860	\$ (68,840)
Licenses and permits	6,300	6,300	4,359	(1,941)
Franchise taxes	4,000	4,000	17,853	13,853
State grants	12,000	12,000	54,147	42,147
State shared revenues	65,800	65,800	7,486	(58,314)
Homestead exemption	34,000	34,000	33,950	(50)
Sales tax	100,000	100,000	98,277	(1,723)
Charges for services	71,000	71,000	-	(71,000)
Fire protection	-	-	10,621	10,621
Grand gulf	10,700	10,700	10,354	(346)
Fines and forfeits	20,000	20,000	27,482	7,482
Rents	16,000	16,000	35,208	19,208
Interest	-	-	1	1
Miscellaneous income	2,400	2,400	9,567	7,167
Delta Fest	2,000	2,000	2,222	222
Christmas parade	500	500	956	456
<b>TOTAL REVENUES</b>	<b>754,400</b>	<b>754,400</b>	<b>653,343</b>	<b>(101,057)</b>
<b>EXPENDITURES:</b>				
<b>General Government</b>				
Personal services	66,476	66,476	74,237	(7,761)
Supplies	3,000	3,000	5,421	(2,421)
Other services and charges	88,740	88,740	118,693	(29,953)
<b>Total General Government</b>	<b>158,216</b>	<b>158,216</b>	<b>198,351</b>	<b>(40,135)</b>
<b>Public Safety</b>				
Personal services	171,396	171,396	190,165	(18,769)
Supplies	600	600	3,088	(2,488)
Other services and charges	151,577	151,577	45,914	105,663
<b>Total Public Safety</b>	<b>323,573</b>	<b>323,573</b>	<b>239,167</b>	<b>84,406</b>
<b>Public Works</b>				
Supplies	550	550	423	127
Other services and charges	9,661	9,661	38,051	(28,390)
<b>Total Public Works</b>	<b>10,211</b>	<b>10,211</b>	<b>38,474</b>	<b>(28,263)</b>
<b>Health and Welfare</b>				
Personal services	-	-	790	(790)
Other services and charges	71,000	71,000	38,157	32,843
<b>Total Health and Welfare</b>	<b>71,000</b>	<b>71,000</b>	<b>38,947</b>	<b>32,053</b>
<b>Culture\Parks and Recreation</b>				
Other services and charges	-	-	2,192	(2,192)
<b>Total Culture\Parks and Recreation</b>	<b>-</b>	<b>-</b>	<b>2,192</b>	<b>(2,192)</b>
<b>Debt Service</b>				
Principal payment on debt	-	-	74,212	(74,212)
Interest payment on debt	-	-	8,513	(8,513)
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>82,725</b>	<b>(82,725)</b>
<b>Total Expenditures</b>	<b>563,000</b>	<b>563,000</b>	<b>599,856</b>	<b>(36,856)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>191,400</b>	<b>191,400</b>	<b>53,487</b>	<b>(137,913)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	92,066	92,066
Proceeds from issuance of debt	-	-	50,000	50,000
Transfers out	-	-	(43,890)	(43,890)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>98,176</b>	<b>98,176</b>
<b>Net change in fund balance</b>	<b>191,400</b>	<b>191,400</b>	<b>151,663</b>	<b>(39,737)</b>
<b>Cash Balance at beginning of year</b>	<b>53,599</b>	<b>53,599</b>	<b>53,599</b>	<b>-</b>
<b>Cash Balance at end of year</b>	<b>\$ 244,999</b>	<b>\$ 244,999</b>	<b>205,262</b>	<b>\$ (39,737)</b>
<b>Fund Balance at end of year (cash basis)</b>			<b>\$ 205,262</b>	



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

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

The financial statements of the City of Shaw, Mississippi, (City) have been prepared in conformity with the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenses and requisition of assets are recognized when cash is disbursed rather than when the obligation is incurred. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City does not apply FASB pronouncements issued after November 30, 1989. The more significant of the government's accounting policies are described below.

**A. Fund Accounting**

The financial statement consist of all the funds of the City of Shaw: General Fund, Special Revenue Funds, and the Enterprise Funds.

The accounts of the City of Shaw 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 City. 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 Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the City's restricted resources.

**PROPRIETARY FUNDS**

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Water and Sewer Funds are included in this category.





CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MAJOR FUNDS**

For 2015, the City reports the following major funds:

General Fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Water and Sewer Fund - accounts for the operating activities of the City's water and sewer utility services.

***B. 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 statements are prepared on a cash receipts and disbursements basis, according to requirements for small Cities in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

***C. Total Columns on Combined Statement***

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the City as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

***D. Cash and Cash Equivalents***

The City deposits excess funds in the financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposits with maturities greater than 12 months when acquired.

***E. Investments***

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For accounting purposes, certificates of deposits are classified as investments if they have a maturity greater than 12 months when acquired.

Investments are reported at fair value.

***F. Report Classification***

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

***G. Property Tax***

Property taxes attach as an enforceable lien on property January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. The millage rate for the City for the fiscal year ended September 30, 2015 was 82.0 mills for general purposes.

**NOTE 2 - BUDGET POLICY**

- ◆ The City follows these procedures in establishing the budgetary data reflected in the financial statements:
- ◆ Prior to September 30, the City Clerk submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and expenditures and the means of financing them.
- ◆ Public notice is given of the City's budget meetings being open to the public, so that a public hearing is conducted on the budget.
- ◆ The budget as submitted is reviewed by the Mayor and Aldermen and necessary revisions are made to the budget. Then, the budget is approved prior to September 15.
- ◆ The Budget is formally revised during July of each year or anytime a deficit is indicated.
- ◆ Budgetary comparisons are employed by management as a management control device during the year for all funds.
- ◆ Appropriations lapse at the end of each fiscal year.



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 2 - BUDGET POLICY (Continued)**

Mississippi laws require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws. The major reconciling items between the budgetary and cash basis presentations are presented on the "budget to actual" statements.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The collateral for public entities, deposits in financial institutions, is now 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, Mississippi 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.

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$205,262 and \$38,304, respectively. The bank balance was \$270,977.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. 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 City. As of September 30, 2015, none of the City's bank balance of \$270,977 was exposed to custodial credit risk.

*Interest Rate Risk.* The City 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.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. 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 City. As of September 30, 2015, none of the City's bank balance of \$270,977 was exposed to custodial credit risk.



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2015, the City had no investments.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- bonds or direct obligations of the:
  - United States of America
  - State of Mississippi
  - County or Municipality of Mississippi
  - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

**NOTE 4 - LONG-TERM DEBT**

**CHANGES IN LONG-TERM LIABILITIES**

**A. Governmental Type Activities**

During the year ended September 30, 2015, the following changes occurred in liabilities reported for the General Government:

	Balance Oct. 1, 2014	Additions	Retirements	Adjustment	Balance Sept. 30, 2015	Amount Due Within One Year
General obligation bonds	\$ 55,000	\$ -	\$ (20,106)	\$ -	\$ 34,894	\$ 9,278
Revenue bonds	145,068	-	(4,106)	-	140,962	4,256
Tax anticipation note	-	50,000	(50,000)	-	-	-
Total	<u>\$ 200,068</u>	<u>\$ 50,000</u>	<u>\$ (74,212)</u>	<u>\$ -</u>	<u>\$ 175,856</u>	<u>\$ 13,534</u>

**General Obligation Bonds, Obligations Under Capital Leases, and Notes Payable**

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.





CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 4 - LONG-TERM DEBT (Continued)**

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

**1. General Obligation Bonds Payable**

The outstanding General Obligation Bonds are as follows as of September 30, 2015.

	<u>Amount Outstanding</u>
On April 27, 1999, the Mayor and Board of Alderman authorized the issuance of \$114,200 in general obligation bonds with interest rates of 4.75% maturing April 27, 2019. Proceeds from these bonds were used for street improvements. This debt will be retired from the City's General Obligation Bond Fund.	<u>\$ 34,894</u>

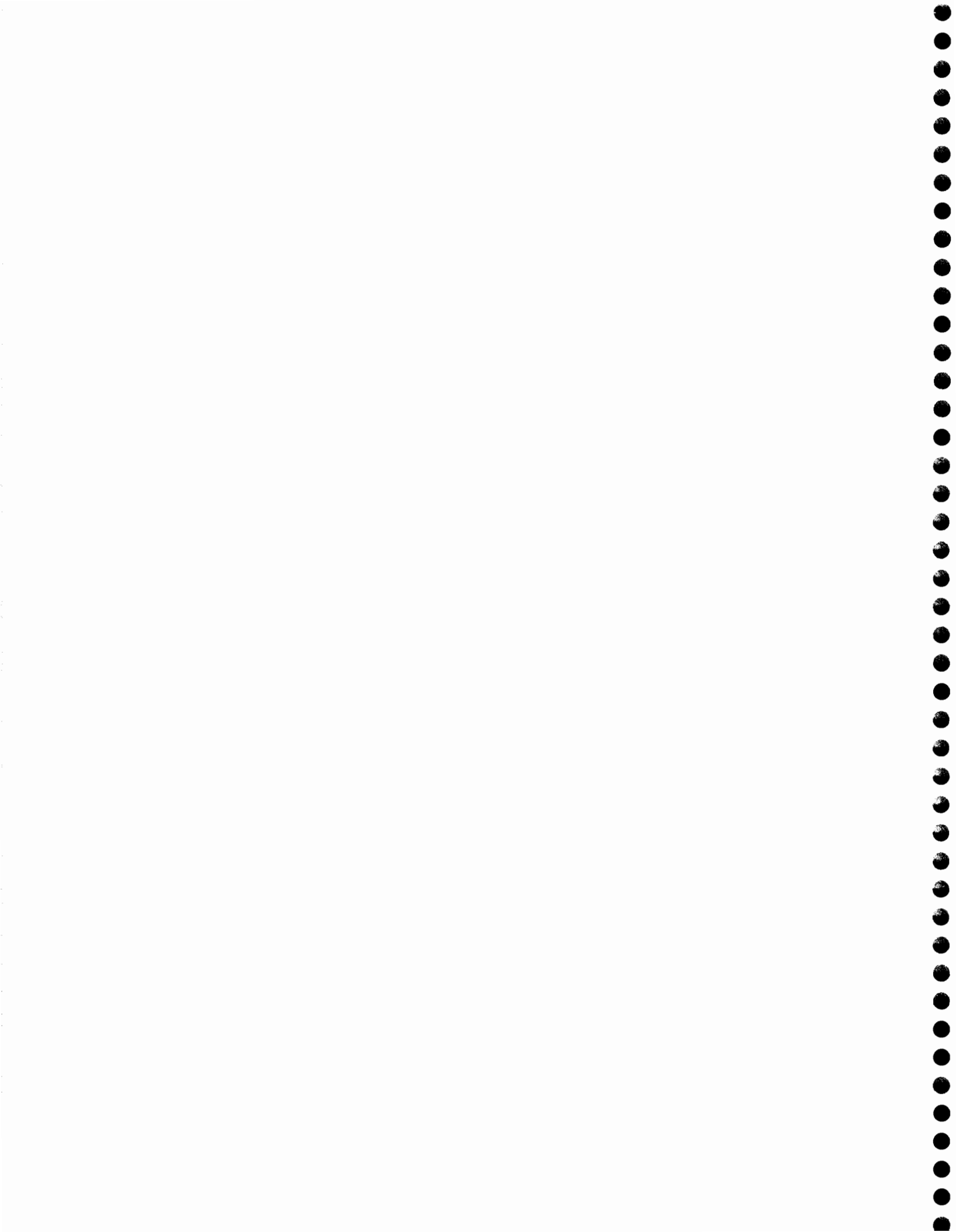
Annual debt service requirements to maturity for general obligation bonds for the General Government are as follows:

Fiscal year ending September 30	Principal	Interest	Total
2016	\$ 9,278	\$ 1,622	\$ 10,900
2017	8,012	1,246	9,258
2018	8,402	856	9,258
2019	9,202	448	9,650
Total	<u>\$ 34,894</u>	<u>\$ 4,172</u>	<u>\$ 39,066</u>

**2. Revenue Bonds Payable**

The outstanding Revenue Bond Payable is as follows as of September 30, 2015.

	<u>Amount Outstanding</u>
On December 19, 2006, the Mayor and Board of Alderman authorized the issuance of \$168,550 in revenue urban renewal bonds with an interest rate of 4.375% maturing December, 19, 2036. Proceeds from these bonds were used for City Hall Development. This debt will be retired from the City's General Obligation Bond Fund.	<u>\$ 140,962</u>



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 4 - LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for the note for the General Government are as follows:

Fiscal year ending September 30	Principal	Interest	Total
2016	\$ 4,256	\$ 6,115	\$ 10,371
2017	4,464	5,907	10,371
2018	4,663	5,708	10,371
2019	4,872	5,499	10,371
2020	5,075	5,296	10,371
2021-2025	29,057	22,798	51,855
2026-2030	36,165	15,690	51,855
2031-2035	45,011	6,844	51,855
2036	7,399	133	7,532
Total	<u>\$ 140,962</u>	<u>\$ 73,990</u>	<u>\$ 214,952</u>

**CHANGES IN LONG-TERM LIABILITIES**

***B. Business-Type Activities***

During the year ended September 30, 2015, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	Balance Oct. 1, 2014	Additions	Retirements	Adjustments	Balance Sept. 30, 2015	Amount Due Within One Year
Revenue bonds	\$ <u>808,462</u>	\$ <u>-</u>	\$ <u>(43,393)</u>	\$ <u>-</u>	\$ <u>765,069</u>	\$ <u>46,351</u>
Total	\$ <u>808,462</u>	\$ <u>-</u>	\$ <u>(43,393)</u>	\$ <u>-</u>	\$ <u>765,069</u>	\$ <u>46,351</u>

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CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

The following is outstanding debt related to Business-Type Activities as of September 30, 2015.

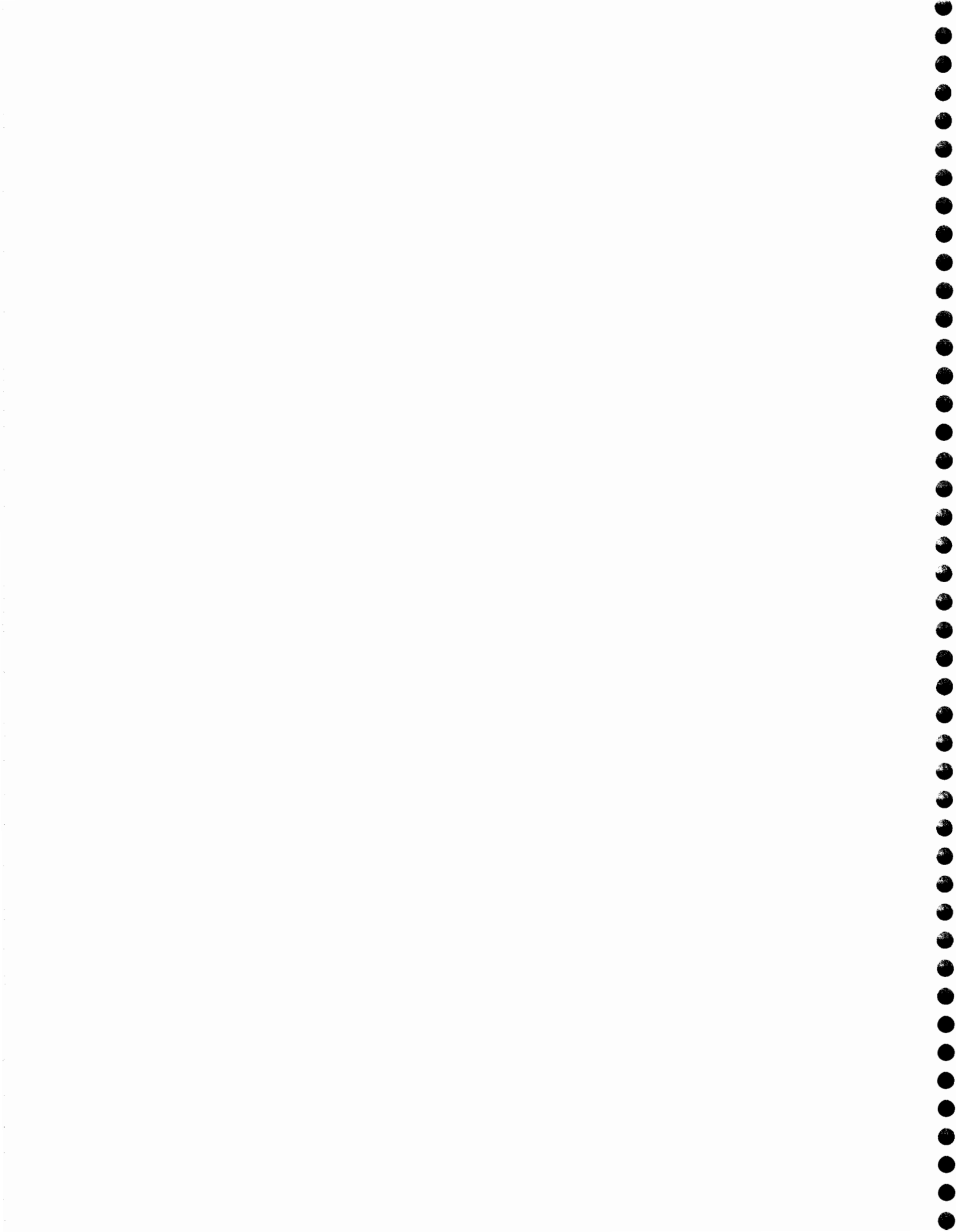
**1. Revenue Bonds Payable**

	<u>Amount Outstanding</u>
On January 10, 1986, the Mayor and Board of Alderman authorized the issuance of \$530,500 in combined water and sewer system revenue disposal bonds with interest rates of 6.625% maturing on January 10, 2021. Proceeds from these bonds were used to make improvements to the water and waste water treatment facility. This debt will be retired from the Water and Sewer Proprietary Fund.	\$ 124,598
On November 7, 2007, the Mayor and Board of Alderman authorized the issuance of \$718,000 in combined water and sewer system rehabilitation revenue bonds with an interest rate of 4.25% maturing on November 7, 2042. Proceeds from these bonds were used to make improvements to the water and sewer system facility. This debt will be retired from the Water and Sewer Proprietary Fund.	<u>640,471</u>
Total Revenue Bonds Payable	<u>\$ 765,069</u>

Annual debt service requirements to maturity for revenue refunding bonds for the Proprietary Fund are as follows:

Rural Development Loan Number 91-01

Fiscal year ending September 30	Principal	Interest	Total
2016	\$ 32,611	\$ 7,349	\$ 39,960
2017	34,865	5,095	39,960
2018	37,253	2,707	39,960
2019	<u>19,869</u>	<u>408</u>	<u>20,277</u>
Total	<u>\$ 124,598</u>	<u>\$ 15,559</u>	<u>\$ 140,157</u>



CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

**NOTE 4 - LONG-TERM (Continued)**

Rural Development Loan Number 93-06

Fiscal year ending September 30	Principal	Interest	Total
2016	\$ 13,740	\$ 26,569	\$ 40,309
2017	14,411	25,898	40,309
2018	15,036	25,273	40,309
2019	15,689	24,620	40,309
2020	16,303	24,006	40,309
2021 - 2025	93,071	108,474	201,545
2026 - 2030	115,114	86,431	201,545
2031 - 2035	142,379	59,166	201,545
2036 - 2040	176,097	25,448	201,545
2041	38,631	2,468	41,099
Total	<u>\$ 640,471</u>	<u>\$ 408,353</u>	<u>\$ 1,048,824</u>

**NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS**

The City of Shaw had no capital outlay disbursements during the current fiscal year.

**NOTE 6 - FEDERAL GRANTS**

During the fiscal year ended September 30, 2015, the City did not receive any federal grant funds.

No single audit in accordance with OMB Circular A-133 was required for the year ended September 30, 2015.

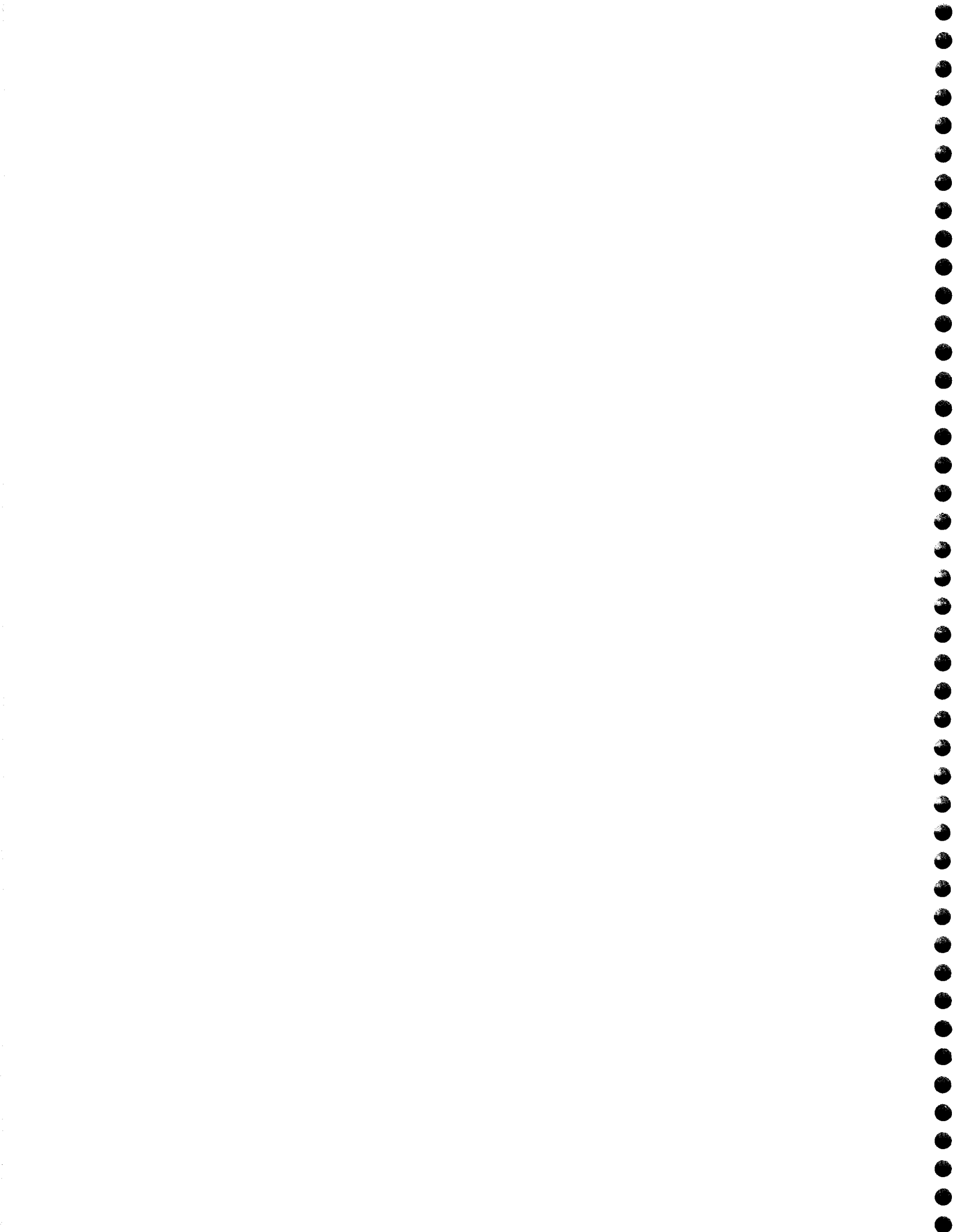
**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

**1. Public Employees' Retirement System**

**A. Plan Description and Provisions**

The City of Shaw, 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.





CITY OF SHAW, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2015

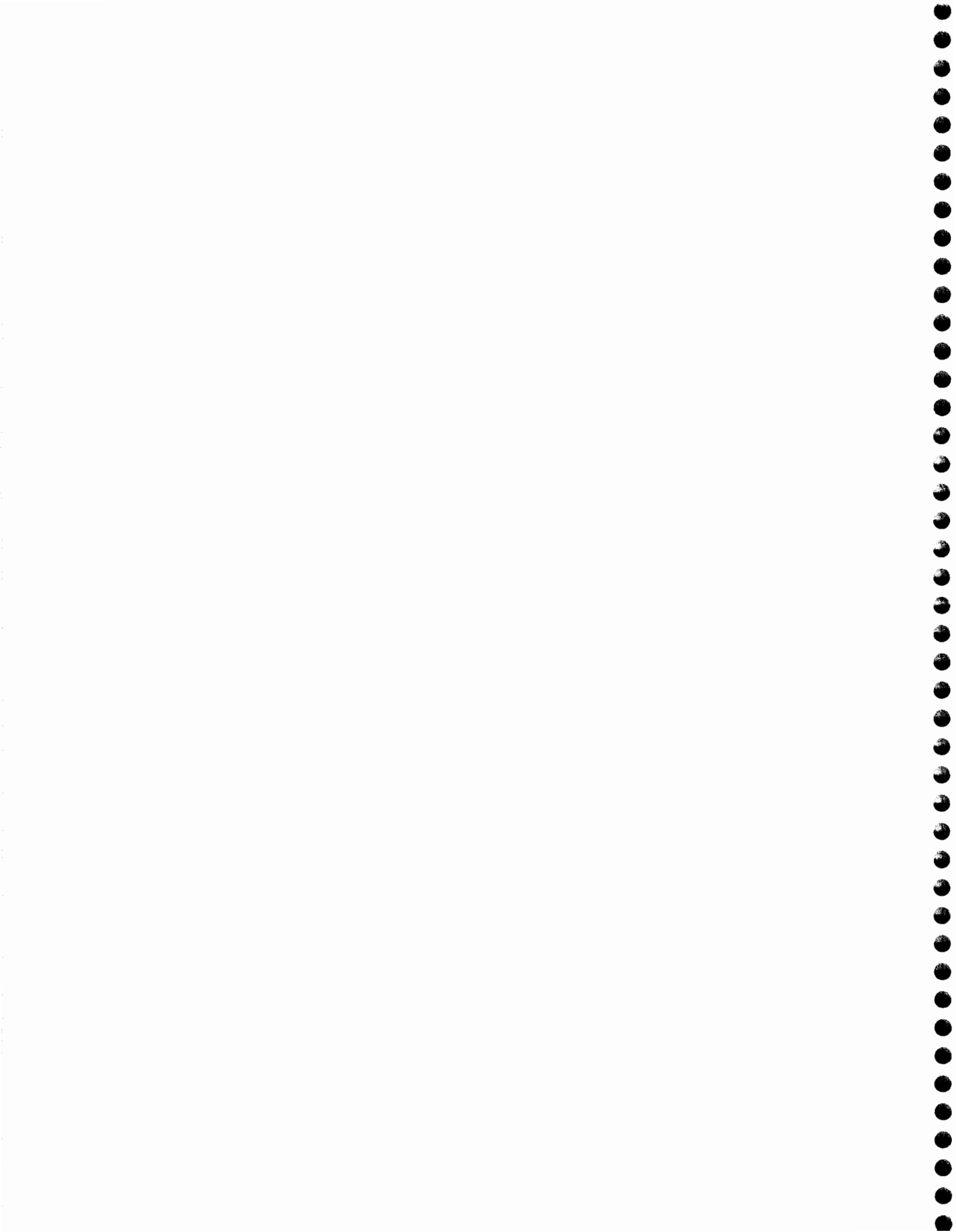
**NOTE 5 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Funding Policy**

At September 30, 2015 PERS members were required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. This rate as September 30, 2015 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 City's contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$38,940, \$51,232, and \$86,735, respectively, equal to the required contributions for each year.

**C. Trend Information**

Ten year historical information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS' June 30, 2015, comprehensive annual financial report.



CITY OF SHAW, MISSISSIPPI  
Agreed Upon Procedures  
Year Ended September 30, 2015





**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

SPECIAL REPORT ON AGREED-UPON  
PROCEDURES FOR SMALL MUNICIPALITIES (Cites)

Mayor and Alderpersons  
City of Shaw and  
Office of the State Auditor  
Shaw, 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 City of Shaw, Mississippi, solely to assist the Office of the State Auditor in evaluating the City of Shaw, Mississippi's, compliance with certain laws and regulations as of September 30, 2015, and for the year then ended. Management is responsible for the City of Shaw, Mississippi's, compliance with those requirements. 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 purposes.

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 for the banks:

Bank	General Fund	Balance per General Ledger
Regions Bank	General fund operating	\$ 193,994
Regions Bank	Garbage revenue account	163
Regions Bank	Delta fest account	7,264
Regions Bank	Petty cash	43
Regions Bank	Accounts payable clearing	(8,409)
Regions Bank	Payroll clearing	10,396
Regions Bank	Certificate of deposit	1,811
	Total General Fund	<u>\$ 205,262</u>



Mayor and Alderpersons  
City of Shaw and  
Office of the State Auditor  
Shaw, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Regions Bank	Water/Sewer Fund	\$ 34,584
Regions Bank	Certificate of deposit	3,037
Regions Bank	Certificate of deposit - bond cushion fund	<u>683</u>
	Total Proprietary Fund	<u>\$ 38,304</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

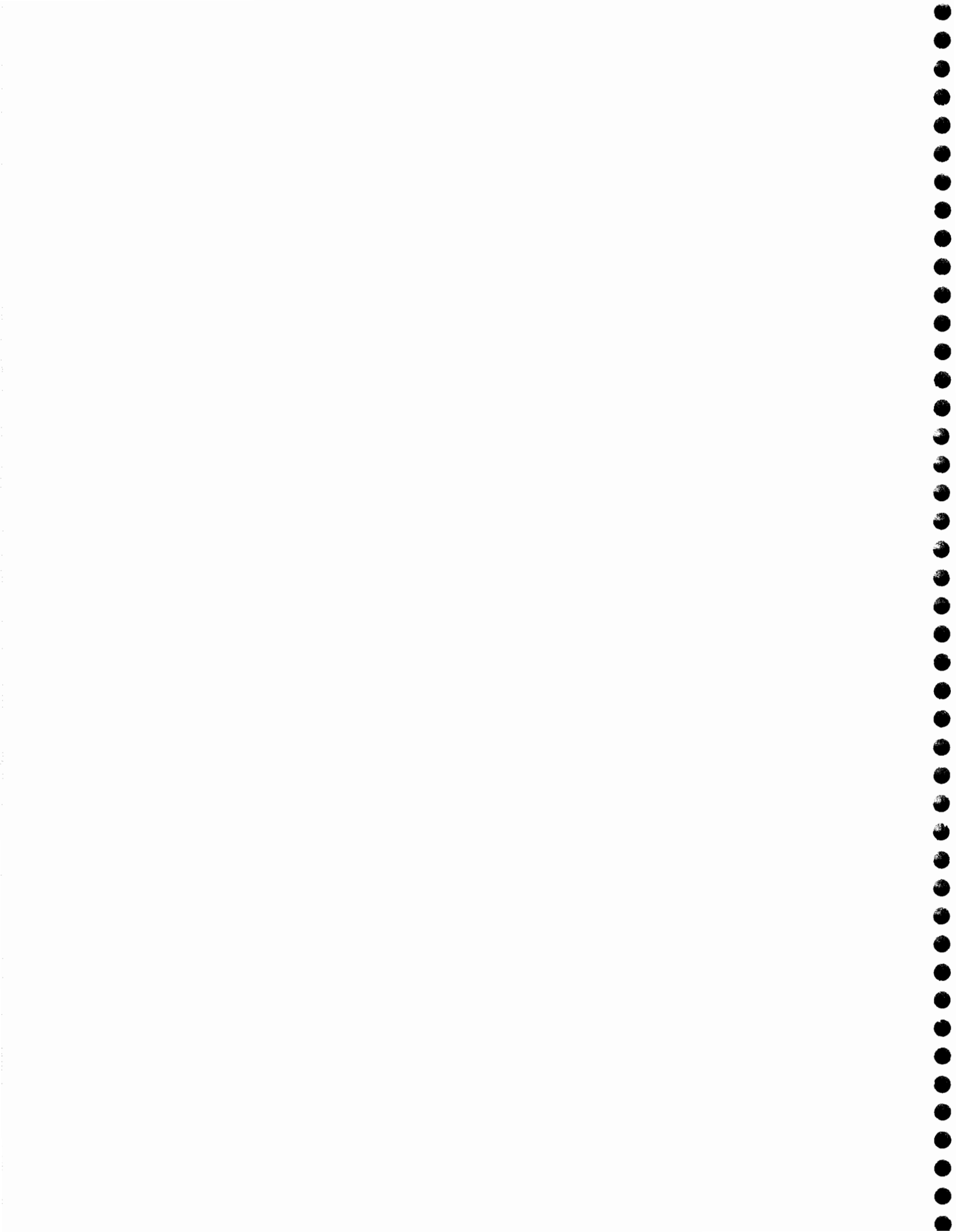
<u>Security</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	0.900%	12/12/15	General	\$ 1,811
Certificate of deposit	1.00%	12/22/15	Water/Sewer	3,037
Certificate of deposit	1.00%	12/12/15	Water/Sewer	<u>683</u>
Total				<u>\$ 5,531</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Verified use of certified county assessment rolls and traced levies to governing body minutes;
- b. Examined uncollected taxes for proper handling, including tax sales;
- c. Traced distribution of taxes collected to proper funds; and
- d. 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).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.





Mayor and Alderpersons  
City of Shaw and  
Office of the State Auditor  
Shaw, Mississippi

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972)

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated below were traced to the 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>Balance per General Ledger</u>
General Municipal Aid	General	\$ 973
Gasoline Tax	General	5,612
Homestead Exemption		
Reimbursements	General	33,950
Sales Tax Allocation	General	98,277
Nuclear Plant	General	10,354
Liquor Privilege	General	900
MS Department of Health	General	54,147
Fire Protection	General	10,621
Other	General	<u>2,417</u>
Total		\$ <u>217,251</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 sample items 0

Total dollar values of sample NONE



Mayor and Alderpersons  
City of Shaw and  
Office of the State Auditor  
Shaw, Mississippi

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

We also noted that checks are signed by the City Clerk and the Mayor. The City Clerk receives the bank statement and reconciles the bank statement. To enhance segregation of duties, someone other than the City Clerk should receive and reconcile the bank statements.

6. We inquired about the Municipal Compliance Questionnaire and were informed by the City Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the City had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had budget overruns for the fiscal year ending September 30, 2015.
- We noted that one policeman of the city, Arthur Coleman, was never bonded while employed. He was only employed for five months and according to the City Clerk completed an application for the insurance bond, but the bond was never received.

We also noted the following:

- ♦ Some cash accounts were not reconciled to the general ledger at year end and some bank reconciliations were not prepared at all. The City should adopt administrative control procedures to ensure that a bank reconciliation is prepared for all bank accounts on a monthly basis and reconciled to the general ledger.
- ♦ For the current fiscal year, the City's chart of accounts is in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide. However, during prior fiscal years, the City was not in compliance.
- ♦ An aging report of utility customers accounts receivable are not being prepared on a monthly basis and reconciled to the general ledger. This report should be prepared so that the Board can regularly review the aging report and be diligent in collection efforts.
- ♦ Utility revenues charges were not recorded the general ledger. It is imperative that all transactions be recorded in the general ledger monthly so that the Board can make informed decisions.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. 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.

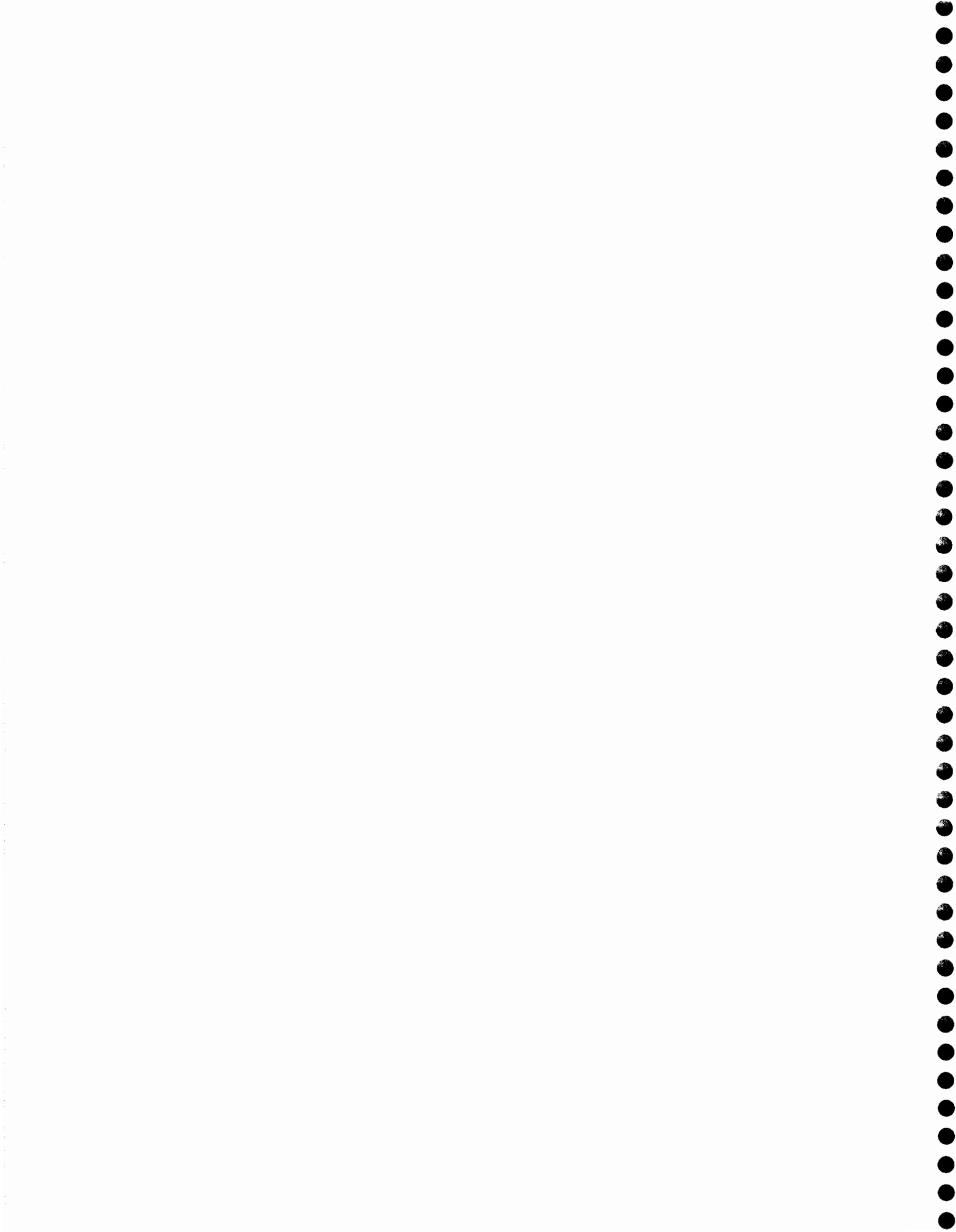
This report is intended solely for the information and use of the City of Isola and Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Banks, Finley, White & Co.*  
Jackson, Mississippi  
August 30, 2017

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## **STATE LEGAL COMPLIANCE SECTION**





**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor Lamar Franks and  
Honorable Members of the Board of Alderperson  
of the City of Shaw, Mississippi

We have audited the cash basis financial statements of the City of Shaw, Mississippi, (the City) as of and for the year ended September 30, 2015, and have issued our report thereon dated August 30, 2017.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States America, *Governmental 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.

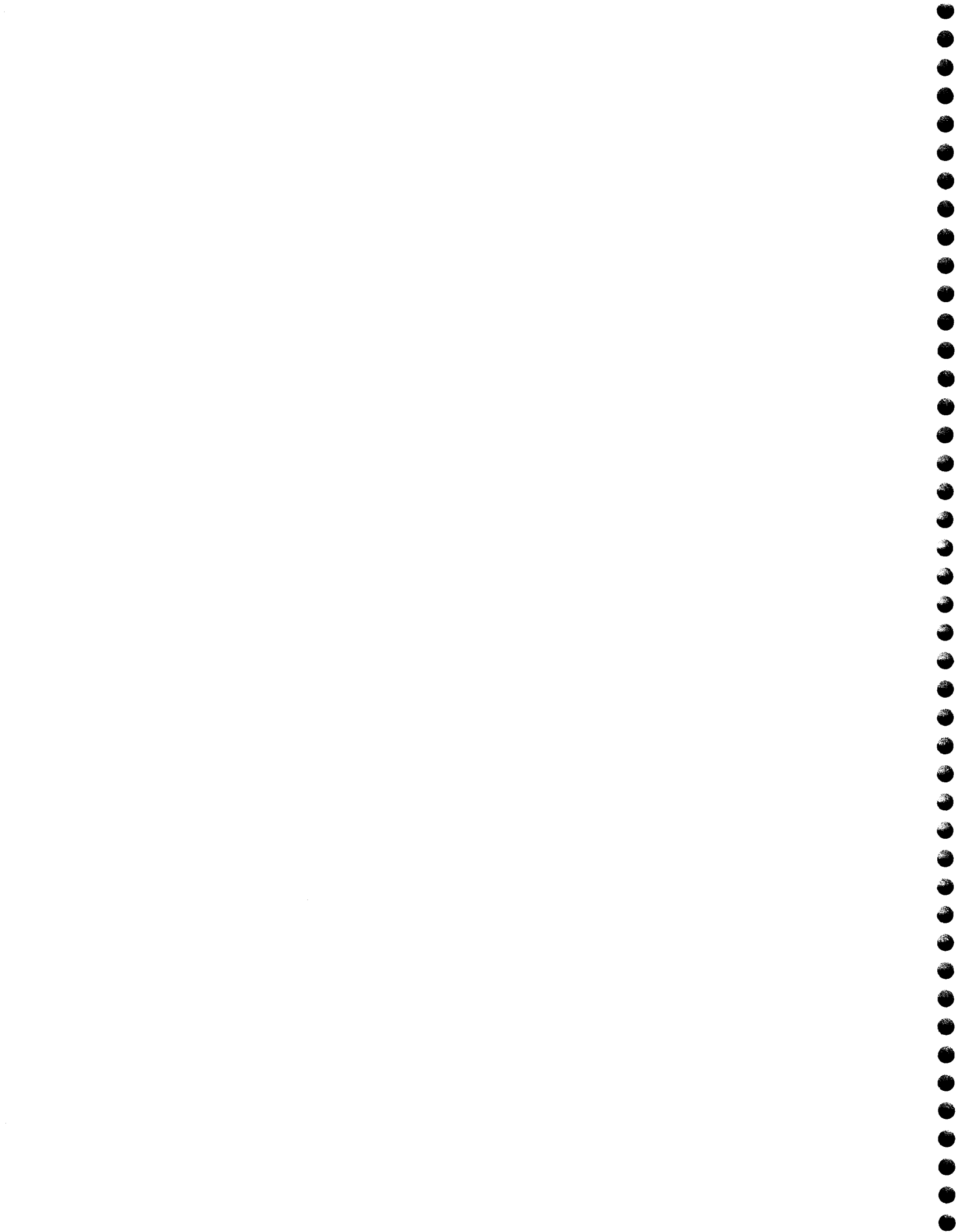
The results of procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderpersons, management, and federal awarding agencies and pass-through entities 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.

*Banks, Finley, White & Co.*

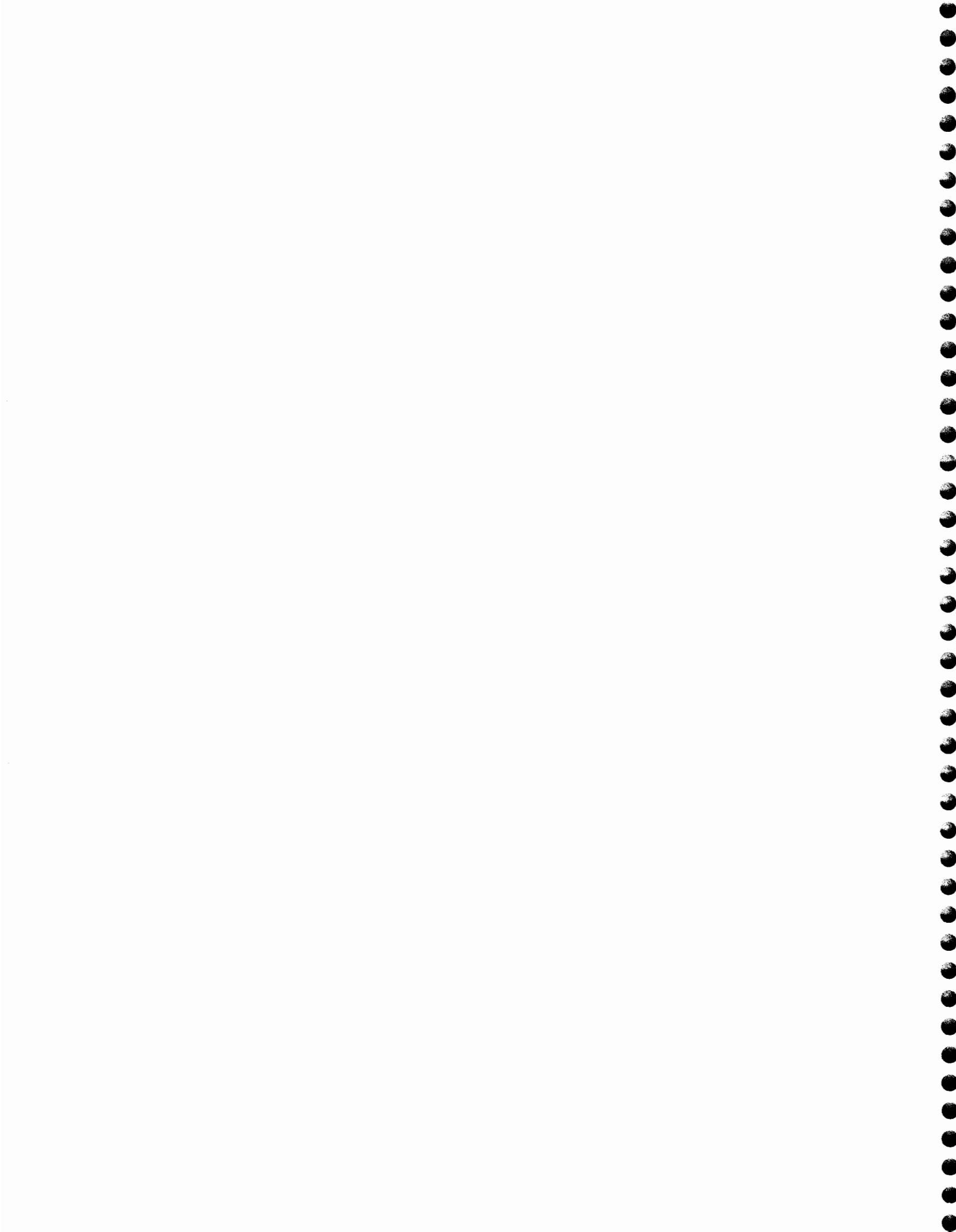
Jackson, Mississippi  
August 30, 2017





CITY OF SHAW, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
Lamar Franks	Mayor	Travelers Casualty	\$ 50,000
Gary L. Griffith	Alderman	Travelers Casualty	50,000
Quinton Westmoreland	Alderman	Travelers Casualty	50,000
Roger D. Carter	Alderman	Travelers Casualty	50,000
Tony L. Short	Alderman	Travelers Casualty	50,000
Robert Sanders	Alderman	Travelers Casualty	50,000
Ann Marie Blakes	City Clerk	Travelers Casualty	50,000
Iretha Franklin	Deputy Clerk	Travelers Casualty	50,000
Anthony Gibson	Chief of Police	Travelers Casualty	50,000



CITY OF SHAW, MISSISSIPPI  
 Schedule of Investments - All Funds  
 For the Year Ended September 30, 2015

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Financial Institution</u>	<u>Investment Balance</u>
General Fund	Certificate of Deposit	.900%	06/12/15	12/12/15	Regions Bank	\$ 1,811
Enterprise Fund	Certificate of Deposit	1.00%	09/22/15	12/22/15	Regions Bank	3,037
Enterprise Fund	Certificate of Deposit	1.00%	06/12/15	12/22/15	Regions Bank	<u>683</u>
Total Investments						\$ <u>5,531</u>

All certificates of deposit are included in the cash balance at year end. The fair value of the certificates of deposits is approximately the same as the carrying value.



SCHEDULE 2

CITY OF SHAW, MISSISSIPPI  
Schedule of Bonds and Notes Payable  
September 30, 2015

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Authorized</u>	<u>Issued</u>	<u>Bond &amp; Notes Retired</u>	<u>Outstanding</u>
<b><u>General Government:</u></b>							
<b>General Obligations Bonds:</b>							
Street improvement bonds	4.75%	04/27/1999	04/27/2019	\$ <u>114,200</u>	\$ <u>114,200</u>	\$ <u>20,106</u>	\$ <u>34,894</u>
<b>Revenue Bonds</b>							
Urban renewal revenue bonds	4.375%	12/19/2006	12/19/2036	<u>168,550</u>	<u>168,550</u>	<u>4,106</u>	<u>140,962</u>
<b>Tax Anticipation Note:</b>							
Planters Bank and Trust Company	5.450%	12/12/2014	03/15/2015	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total General Government Debt				<u>332,750</u>	<u>332,750</u>	<u>74,212</u>	<u>175,856</u>
<b><u>Business Type - Activities</u></b>							
<b>Revenue Bonds</b>							
1986 Water and Sewer Disposal Bonds	6.625%	01/10/1986	1/10/2021	<u>530,500</u>	<u>530,500</u>	<u>30,599</u>	<u>124,598</u>
Water and Sewer Rehabilitation Bond	4.25%	11/07/2007	11/07/2042	<u>718,000</u>	<u>718,000</u>	<u>12,794</u>	<u>640,471</u>
Total Revenue Bonds				<u>1,248,500</u>	<u>1,248,500</u>	<u>43,393</u>	<u>765,069</u>
Grand Total				<u>\$ 1,581,250</u>	<u>\$ 1,581,250</u>	<u>\$ 117,605</u>	<u>\$ 940,925</u>

SEP 05 2017



CITY OF SHAW, MISSISSIPPI  
Schedule of Capital Assets  
September 30, 2015

SCHEDULE 3

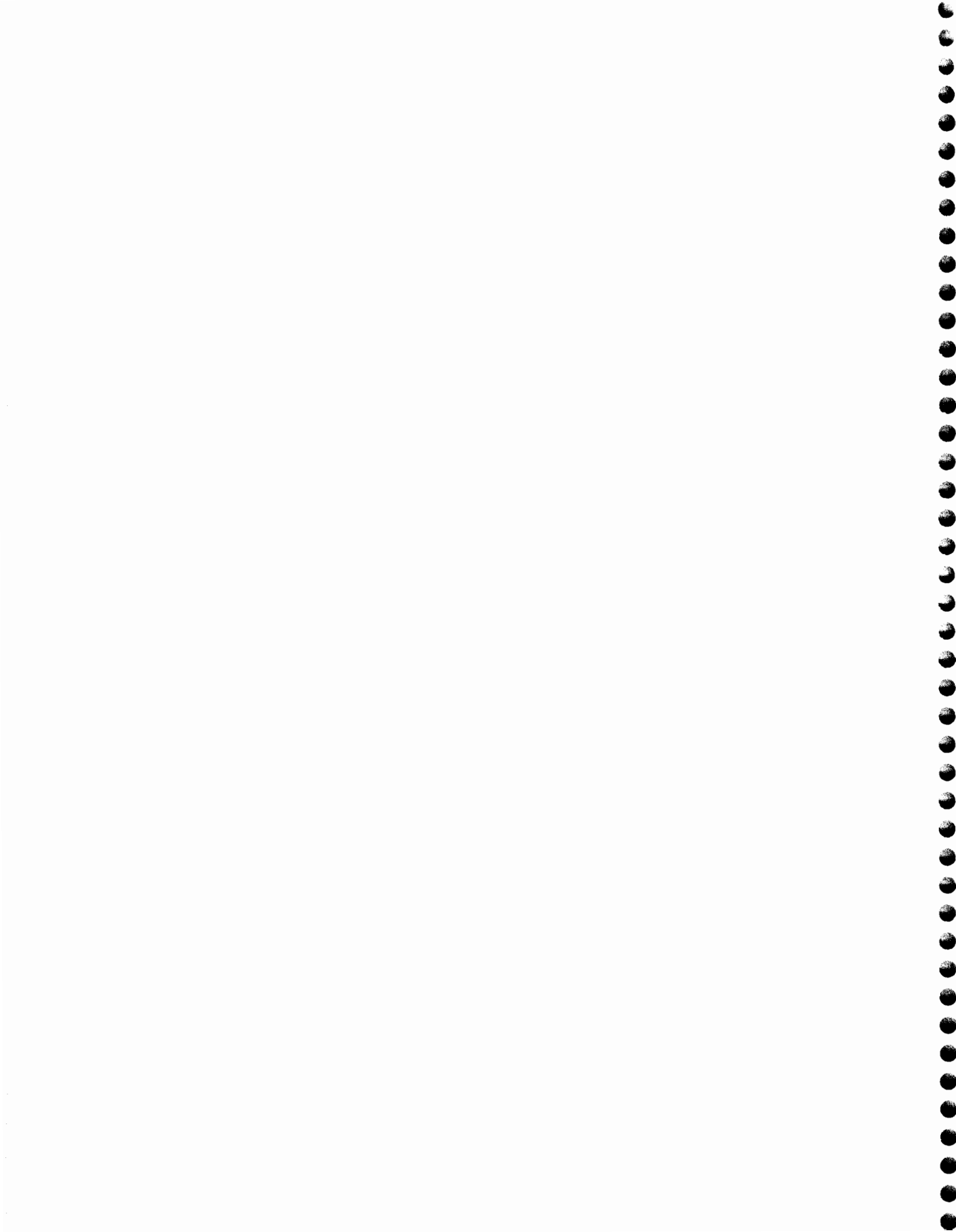
**A. All Governmental Funds**

	Beginning Balance	Additions	Disposals	Ending Balance
(Non Depreciable Capital Assets)				
Land	\$ 16,273	-	-	\$ 16,273
Total Non Depreciable Capital Assets	<u>16,273</u>	<u>-</u>	<u>-</u>	<u>16,273</u>
Depreciable Capital Assets				
Building and improvements	268,647	-	-	268,647
Improvement other than buildings	3,581,769	-	-	3,581,769
Machinery and equipment	1,117,768	-	-	1,117,768
Motor vehicles	24,112	-	-	24,112
Total Depreciable Capital Assets	<u>4,992,296</u>	<u>-</u>	<u>-</u>	<u>4,992,296</u>
Total Governmental Activities Capital Assets	<u>\$ 5,008,569</u>	<u>-</u>	<u>-</u>	<u>\$ 5,008,569</u>

**B. All Enterprise Funds**

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Land and right of ways	\$ 6,000	-	-	\$ 6,000
Total Non Depreciable Capital Assets	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Depreciable Capital Assets				
Water/sewer system	1,373,131	-	-	1,373,131
Automotive and equipment	14,061	-	-	14,061
Total Business-Type Activities Capital Assets	<u>1,387,192</u>	<u>-</u>	<u>-</u>	<u>1,387,192</u>
Accumulated Depreciation				
Water/sewer system	687,083	-	-	687,083
Automotive and equipment	14,061	-	-	14,061
Total Accumulated Depreciation	<u>701,144</u>	<u>-</u>	<u>-</u>	<u>701,144</u>
Capital Assets Net Book Value	<u>\$ 692,048</u>	<u>-</u>	<u>-</u>	<u>\$ 692,048</u>





CITY OF SHAW, MISSISSIPPI  
Statement of Legal Debt Limit  
September 30, 2015

Authorized Debt Limit Percent Rule

Authorized Debt Limit Percent	15%	20%
2015 Tax Roll Estimation	\$ 5,032,122	\$ 5,032,122
Less: Homestead Exemption	(33,950)	(33,950)
Net 2015 Estimation Tax Roll	<u>\$ 4,998,172</u>	<u>\$ 4,998,172</u>
Assessed Valuation under respective debt limit	\$ 749,726	\$ 999,634
Less: All Bonded Indebtedness	940,925	940,925
Deduct: Authorized Exemptions		
General Fund Bonds	<u>140,962</u>	<u>140,962</u>
Water Sewer Revenue Bonds	<u>765,069</u>	<u>765,069</u>
Present debt subject to limitation	<u>34,894</u>	<u>34,894</u>
Margin for further debt under respective debt limits	<u>\$ 714,832</u>	<u>\$ 964,740</u>

Section 21-31-301 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

