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TOWN OF FLORA
AUDITED FINANCIAL STATEMENTS
And
SPECIAL REPORTS

SEPTEMBER 30, 2016

TOWN OF FLORA
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TOWN OF FLORA

FINANCIAL SECTION

Windham and Lacey, PLLC

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American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Flora, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major funds of the Town of Flora, as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Town of Flora as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements 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 appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The Town of Flora, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Required Supplementary Information

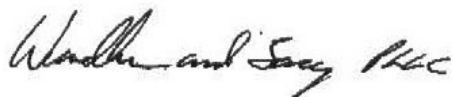
The Schedule of Changes in Long-term Debt, the Schedule of Surety Bonds, and the Schedule of Capital Assets for the Town of Flora have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Requirements Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2017 on our consideration of the Town of Flora, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Flora's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the Town of Flora prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

Windham and Lacey, PLLC
January 17, 2017

TOWN OF FLORA

FINANCIAL STATEMENTS

Town of Flora
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2016

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 221,302	39,044			(182,258)		(182,258)
Public safety	603,411	67,275	12,096		(524,040)		(524,040)
Public works	60,420				(60,420)		(60,420)
Culture and recreation	28,811				(28,811)		(28,811)
Principal and interest on long-term debt	36,278				(36,278)		(36,278)
Total Governmental Activities	<u>950,222</u>	<u>106,319</u>	<u>12,096</u>	<u>0</u>	<u>(831,807)</u>	<u>0</u>	<u>(831,807)</u>
Business-type Activities:							
Water/Sewer Utility	<u>428,560</u>	<u>431,449</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,889</u>	<u>2,889</u>
Total Government	<u>\$ 1,378,782</u>	<u>537,768</u>	<u>12,096</u>	<u>0</u>	<u>(831,807)</u>	<u>2,889</u>	<u>(828,918)</u>
General Receipts and Transfers							
Taxes:							
Property taxes					\$ 391,299		391,299
In lieu of taxes					17,437		17,437
Sales tax					330,203		330,203
Franchise taxes					59,639		59,639
Grants and contributions not restricted to specific programs					16,144		16,144
Unrestricted investment income					403	517	920
Miscellaneous						11,062	11,062
Total General Receipts and Transfers					<u>815,125</u>	<u>11,579</u>	<u>826,704</u>
Change in net position					<u>(16,682)</u>	<u>14,468</u>	<u>(2,214)</u>
Net Position - Beginning					101,761	260,503	362,264
Prior period adjustments					<u>(1,622)</u>	<u>(56)</u>	<u>(1,678)</u>
Net Position - Beginning, as restated					<u>100,139</u>	<u>260,447</u>	<u>360,586</u>
Net Position - Ending					<u>\$ 83,457</u>	<u>274,915</u>	<u>358,372</u>

(Continued)

Town of Flora
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2016

ASSETS

Cash and cash equivalents	\$ 282,634
Restricted cash	<u>75,738</u>
Total Assets	\$ <u><u>358,372</u></u>

NET POSITION

Restricted:	
Restricted for fire protection	\$ 28,132
Restricted for meter deposits	42,591
Restricted for unemployment compensation	5,015
Unrestricted	<u>282,634</u>
Total Net Position	\$ <u><u>358,372</u></u>

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

Town of Flora
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2016

	Governmental Activities			Business-type Activities
	Major Funds			
	General Fund	Fire Fund	Total Governmental Activities	Water/Sewer
RECEIPTS				
Ad valorem taxes	\$ 391,299		391,299	
License and permits	27,020		27,020	
Franchise taxes on utilities	59,639		59,639	
State shared revenues:				
Sales taxes	330,203		330,203	
Homestead exemption reimbursement	9,578		9,578	
Fire insurance premium tax distribution		12,096	12,096	
General municipal aid	6,566		6,566	
Grand Gulf in lieu of taxes	15,187		15,187	
Charges for services:				
Garbage				89,871
Water and sewer utility				328,237
Fines and forfeits	67,548		67,548	
Rental income	14,000		14,000	
Interest income	337	66	403	517
Miscellaneous revenue				24,403
Total Receipts	<u>921,377</u>	<u>12,162</u>	<u>933,539</u>	<u>443,028</u>
DISBURSEMENTS				
General government	221,302		221,302	
Public safety	585,113	245	585,358	
Public works	60,419		60,419	
Culture and recreation	24,905		24,905	
Water and sewer utility:				
Personal services				145,780
Supplies				13,980
Utilities				38,192
Garbage contract services				73,528
Other services and charges				84,729
Total Disbursements	<u>891,739</u>	<u>245</u>	<u>891,984</u>	<u>356,209</u>
Excess of Receipts over (under) Disbursements	<u>29,638</u>	<u>11,917</u>	<u>41,555</u>	<u>86,819</u>

(Continued)

Town of Flora
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
For the Year Ended September 30, 2016

	Governmental Activities			Business-type Activities
	Major Funds			
	General Fund	Fire Fund	Total Governmental Activities	Water/Sewer
OTHER CASH SOURCES (USES)				
Capital outlay	(7,406)	(14,553)	(21,959)	(40,403)
Principal and interest paid on long-term debt	(36,278)		(36,278)	(31,948)
Total Other Cash Sources and (Uses)	(43,684)	(14,553)	(58,237)	(72,351)
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(14,046)	(2,636)	(16,682)	14,468
CASH BASIS FUND BALANCE - Beginning of Year	69,451	32,310	101,761	260,503
Prior period adjustments	(80)	(1,542)	(1,622)	(56)
CASH BASIS FUND BALANCE - Beginning of Year, as restated	69,371	30,768	100,139	260,447
CASH BASIS FUND BALANCE - End of Year	<u>\$ 55,325</u>	<u>28,132</u>	<u>83,457</u>	<u>274,915</u>
CASH BASIS ASSETS - End of Year				
Cash and cash equivalents	\$ 55,325		55,325	232,324
Restricted cash		28,132	28,132	42,591
Total Cash Basis Assets	<u>\$ 55,325</u>	<u>28,132</u>	<u>83,457</u>	<u>274,915</u>
CASH BASIS FUND BALANCES - End of Year				
Restricted:				
Restricted for fire protection	\$	28,132	28,132	
Restricted for meter deposits				42,591
Restricted for unemployment compensation	5,015		5,015	
Unassigned	50,310		50,310	232,324
Total Cash Basis Fund Balances	<u>\$ 55,325</u>	<u>28,132</u>	<u>83,457</u>	<u>274,915</u>

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

TOWN OF FLORA

Notes to Financial Statements September 30, 2016

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Flora, Mississippi, (the Town) was incorporated in 1886. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major Governmental Fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF FLORA

Notes to Financial Statements September 30, 2016

The Town reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewer system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Net Position.*

Restricted net position - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$75,738 reported as restricted fund balances.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported in this category.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

TOWN OF FLORA

Notes to Financial Statements September 30, 2016

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$358,372 and the bank balance was \$373,450. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through 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.

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2016, none of the Town's bank balance of \$373,450 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments 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 Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

TOWN OF FLORA

Notes to Financial Statements September 30, 2016

(3) Prior Period Adjustments.

Statement of Activities and Net Position - Cash Basis

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities</i>	
Cash adjustments	\$ (1,622)
<i>Business-type Activities</i>	
Cash adjustments	<u>(56)</u>
Total prior period adjustments	\$ <u><u>(1,678)</u></u>

Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities - General Fund</i>	\$ (80)
Cash adjustments	
<i>Governmental Activities - Non-Major Fund</i>	
Cash adjustments	(1,542)
<i>Business-type Activities</i>	
Cash adjustments	<u>(56)</u>
Total prior period adjustments	\$ <u><u>(1,678)</u></u>

(4) Defined Benefit Pension Plan.

Plan Description: The Town of Flora contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2016 and 2015 were \$83,932 and \$82,514, respectively, which is equal to the required contributions for each year.

TOWN OF FLORA

REQUIRED SUPPLEMENTARY INFORMATION

Town of Flora
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
General property taxes	\$ 378,500	391,299	391,299	
License and permits	20,050	27,020	27,020	
Franchise taxes on utilities	68,000	59,639	59,639	
Grand Gulf payments in lieu of tax	15,500	15,187	15,187	
General municipal aid	6,500	6,566	6,566	
Sales taxes	310,000	330,203	330,203	
Homestead exemption	8,000	9,578	9,578	
Fines and forfeits	42,750	67,548	67,548	
Rental income	14,000			
Interest income	150	337	337	
Miscellaneous revenue	26,500	25,930	25,930	
Total Revenue	<u>889,950</u>	<u>933,307</u>	<u>933,307</u>	<u>0</u>
EXPENDITURES				
General government	228,760	197,199	197,199	
Public safety	644,856	585,113	585,113	
Public works	66,115	60,419	60,419	
Culture and recreation		24,905	24,905	
Health and welfare				
Total Expenditures	<u>939,731</u>	<u>867,636</u>	<u>867,636</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(49,781)</u>	<u>65,671</u>	<u>65,671</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay	5,500	7,406	7,406	
Loan payment principal and interest		36,278	36,278	
Transfers				
Total Other Cash Sources and Uses	<u>5,500</u>	<u>43,684</u>	<u>43,684</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(44,281)	109,355	109,355	0
Cash Basis Fund Balances - Beginning	<u>3,075</u>	<u>69,451</u>	<u>69,451</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (41,206)</u>	<u>178,806</u>	<u>178,806</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**Town of Flora
Budgetary Comparison Schedule -
Budget and Actual
Fire Fund
For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues:				
Federal revenues:				
Fire insurance premium tax distribution	\$ 10,250	12,096	12,096	
Local shared revenues:				
County grant	10,000			
Interest income	50	66	66	
Total Receipts	<u>20,300</u>	<u>12,162</u>	<u>12,162</u>	<u>0</u>
DISBURSEMENTS				
Public safety	<u>20,500</u>	<u>11,298</u>	<u>11,298</u>	
Total Disbursements	<u>20,500</u>	<u>11,298</u>	<u>11,298</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(200)</u>	<u>864</u>	<u>864</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay		<u>3,500</u>	<u>3,500</u>	
Total Other Cash Sources and Uses	<u>0</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(200)	4,364	4,364	0
Cash Basis Fund Balances - Beginning	<u>19,462</u>	<u>32,310</u>	<u>32,310</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 19,262</u>	<u>36,674</u>	<u>36,674</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF FLORA

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and the Fire Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF FLORA

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Flora
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2016

<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2015</u>	<u>Transactions During Fiscal Year</u>		<u>Adjustments</u>	<u>Balance Outstanding Sept. 30, 2016</u>
		<u>Issued</u>	<u>Redeemed</u>		
Governmental Activities:					
Lease purchase	\$ 40,519	26,235	35,377	(6,914)	24,463
Business-type Activities:					
CAP loan	<u>504,481</u>	<u></u>	<u>20,712</u>	<u></u>	<u>483,769</u>
Total	\$ <u>545,000</u>	<u>26,235</u>	<u>56,089</u>	<u>(6,914)</u>	<u>508,232</u>

Town of Flora
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
James Leslie Childress	Mayor	Travelers Casualty	\$50,000
Joseph Ray Allard	Alderman	Travelers Casualty	\$50,000
Mary L. Sumler	Alderman	Travelers Casualty	\$50,000
Billy C. Morgan	Alderman	Travelers Casualty	\$50,000
Marvin Mullins	Alderman	Travelers Casualty	\$50,000
Thomas Michael Westbrook	Alderman	Travelers Casualty	\$50,000
Debra Ross	City Clerk	Travelers Casualty	\$50,000
April Dunlap	City Clerk	Travelers Casualty	\$50,000
Carol Green	Court Clerk	Travelers Casualty	\$50,000
Cindy Eckler	Court Clerk	Travelers Casualty	\$50,000
Ivan Holder	Public Works Director	Travelers Casualty	\$50,000
Jeanette Burgess	Water Clerk	Travelers Casualty	\$50,000
Delos Moak	Police Chief	Travelers Casualty	\$50,000
Richard Nash	Police Officer	Travelers Casualty	\$25,000
Clifton Nelson	Police Officer	Travelers Casualty	\$25,000
Patrick Echols	Police Officer	Travelers Casualty	\$25,000
Dan Nunn	Police Officer	Travelers Casualty	\$25,000
Kenneth White	Police Officer	Travelers Casualty	\$25,000
Patricia Mack	Police Officer	Travelers Casualty	\$25,000
Bruce Kirby	Police Officer	Travelers Casualty	\$25,000
Gregory Williams	Police Officer	Travelers Casualty	\$25,000
Maurice Shaffer	Police Officer	Travelers Casualty	\$25,000

Town of Flora
Schedule of Capital Assets
For the Year Ended September 30, 2016

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 183,784			183,784
Buildings	1,286,709			1,286,709
Improvements other than buildings	12,954			12,954
Machinery, equipment and vehicles	1,392,180	10,418	23,200	1,379,398
Gas utility	589,575			589,575
Infrastructure	<u>3,046,806</u>			<u>3,046,806</u>
Total Governmental Activities Capital Assets	\$ <u>6,512,008</u>	<u>10,418</u>	<u>23,200</u>	<u>6,499,226</u>
Business-type Activities				
Capital Assets:				
Machinery, equipment and vehicles	\$ 129,434			129,434
Water tanks, treatment plants and lines	<u>4,227,616</u>	<u>24,900</u>		<u>4,252,516</u>
Total Business-type Activities Capital Assets	\$ <u>4,357,050</u>	<u>0</u>	<u>0</u>	<u>4,381,950</u>

TOWN OF FLORA

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the Board of Aldermen
Town of Flora, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Town of Flora, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the town's basic financial statements and have issued our report thereon dated January 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Flora, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the town's internal control. Accordingly, we do not express an opinion on the effectiveness of the town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

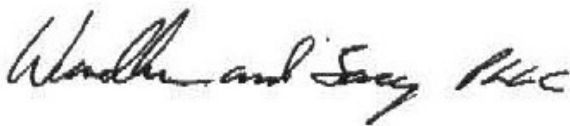
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Flora, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC
January 17, 2017

Windham and Lacey, PLLC

Certified Public Accountants

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Members:
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Mississippi Society of CPAs

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

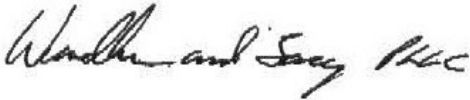
Honorable Mayor and
Members of the Board of Aldermen
Town of Flora, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Town of Flora, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated January 17, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county'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 audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

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



Windham and Lacey, PLLC
January 17, 2017

TOWN OF FLORA

SCHEDULE OF FINDINGS

TOWN OF FLORA
Schedule of Findings
For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.