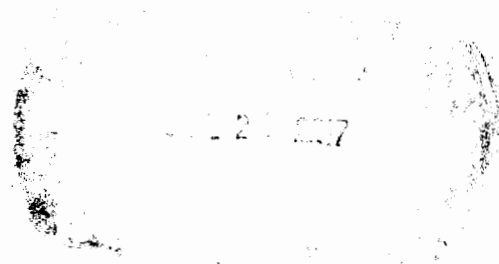




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FINANCIAL STATEMENTS
Town of Hatley, Mississippi

For the year ended
September 30, 2016

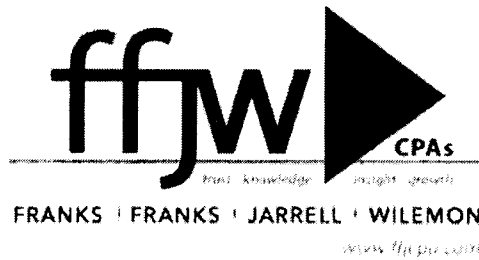


**TOWN OF HATLEY, MISSISSIPPI
TABLE OF CONTENTS
September 30, 2016**

Accountants' Compilation Report	1
Statement of Cash Receipts and Disbursements	2
Selected Information	4
Schedule of Investments	5
Schedule of Surety Bonds for Town Officials	6
Schedule of Long-Term Debt.....	7
Independent Accountants' Report on Compliance with State Laws and Regulations	8
Independent Accountants' Report on Agreed-Upon Procedures.....	9

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

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Hatley, Mississippi, as of and for the year ended September 30, 2016, in accordance with the cash receipts and disbursements basis of accounting. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared in accordance with the cash receipts and disbursements basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Management has also omitted the management's discussion and analysis and other required supplementary information that is required to be presented for purposes of additional analysis. 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 financial reporting for placing the basic financial statement in an appropriate operations, economic, or historical context.

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated July 10, 2017, on the results of our agreed upon procedures.

Franks, Franks, Jarrell & Wilemon, P.A.

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TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS- ALL FUND TYPES
For the year ended September 30, 2016

	Governmental Activities			Business-Type Activities	Total
	General	Special Revenue	Total	Water Fund	Government-wide
<u>CASH RECEIPTS</u>					
Property Taxes	\$ 30,819	\$ 471	\$ 31,290	\$ -	\$ 31,290
Auto Ad Valorem Tax	14,916	-	14,916	-	14,916
Franchise Tax on Utilities	12,205	-	12,205	-	12,205
Privilege Tax Revenue	20	-	20	-	20
Intergovernmental Revenues:					
State Shared Revenues:					
General Municipal Aid	240	-	240	-	240
Sales Tax	4,072	-	4,072	-	4,072
Gasoline Tax	1,416	-	1,416	-	1,416
TVA In Lieu of Tax	2,213	-	2,213	-	2,213
Homestead Exemption Reimbursement	3,190	-	3,190	-	3,190
Fire Protection	-	3,091	3,091	-	3,091
Local Shared Revenues	-	5,000	5,000	-	5,000
Charges for Services:					
Water System	-	-	-	246,349	246,349
Fines and Forfeits:					
Police Fines	4,134	-	4,134	-	4,134
Miscellaneous Receipts:					
Interest Income	934	-	934	1,455	2,389
Donations	-	240	240	-	240
Customer Deposits	-	-	-	3,323	3,323
Community Center Rent	3,687	-	3,687	-	3,687
Other Income	48	2,830	2,878	7,116	9,994
Total Cash Receipts	77,894	11,632	89,526	258,243	347,769

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TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2016

	Governmental Activities			Business-Type Activities	Total
	General	Special Revenue	Total	Water Fund	Government-wide
<u>CASH OPERATING DISBURSEMENTS</u>					
General Administration and Finance	33,131	-	33,131	-	33,131
Public Safety: Police	10,809	-	10,809	-	10,809
Public Safety: Fire	-	6,130	6,130	-	6,130
Capital Outlay	67	2,310	2,377	-	2,377
Enterprise: Water	-	-	-	144,210	144,210
RLF Loan:					
Principal	-	-	-	57,365	57,365
Interest	-	-	-	15,737	15,737
Total Cash Operating Disbursements	<u>44,007</u>	<u>8,440</u>	<u>52,447</u>	<u>217,312</u>	<u>269,759</u>
Excess (Deficiency) of receipts over disbursements	<u>33,887</u>	<u>3,192</u>	<u>37,079</u>	<u>40,931</u>	<u>78,010</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers	938	7,466	8,404	(8,404)	-
Total Other Financing Sources (Uses)	<u>938</u>	<u>7,466</u>	<u>8,404</u>	<u>(8,404)</u>	<u>-</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	34,825	10,658	45,483	32,527	78,010
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>269,092</u>	<u>30,849</u>	<u>299,941</u>	<u>556,903</u>	<u>856,844</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 303,917</u>	<u>\$ 41,507</u>	<u>\$ 345,424</u>	<u>\$ 589,430</u>	<u>\$ 934,854</u>

See accountants' compilation report

TOWN OF HATLEY, MISSISSIPPI
SELECTED INFORMATION - Substantially all disclosures required
by generally accepted accounting principles are not included
September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

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

Reporting Entity

The financial statement of the Town includes all the funds of the Town.

Fund Accounting

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

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. 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.

NOTE B – REPORT CLASSIFICATIONS

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

NOTE C - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2016, including interest payments of \$71,793 are as follows:

Fiscal Year Ended September 30,	RLF	Interest	Total
2017	\$ 58,693	\$ 14,409	\$ 73,102
2018	60,177	12,925	73,102
2019	61,699	11,403	73,102
2020	63,259	9,843	73,102
2021	64,859	8,243	73,102
2022-2026	<u>289,620</u>	<u>14,970</u>	<u>304,590</u>
	\$ <u>598,307</u>	\$ <u>71,793</u>	\$ <u>670,100</u>

The Town does not maintain any debt service funds to service the above notes.

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TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2016

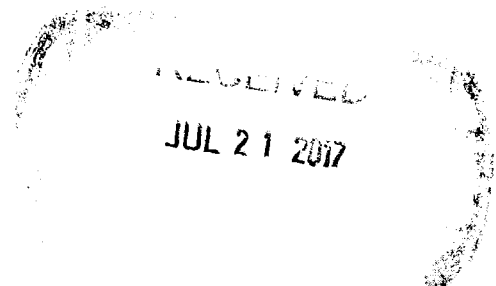
Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund:	Certificate of Deposit	1.2500%	1/12/2016	2/12/2017	Cadence Bank	\$ 55,505
General Fund:	Certificate of Deposit	1.2500%	1/12/2016	2/12/2017	Cadence Bank	65,411
Special Revenue Fund:	Certificate of Deposit	0.2498%	10/1/2015	10/1/2016	Community Bank	10,020
Water Fund:	Certificate of Deposit	0.2498%	4/5/2016	4/5/2017	Community Bank	156,961
Water Fund:	Certificate of Deposit	1.2500%	1/12/2016	2/12/2017	Cadence Bank	64,478
Water Fund:	Certificate of Deposit	1.2500%	1/12/2016	2/12/2017	Cadence Bank	40,253
Water Fund:	Certificate of Deposit	1.2500%	1/12/2016	2/12/2017	Cadence Bank	<u>21,070</u>
Total Investments						\$ <u><u>413,698</u></u>

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Amber Rowland	Town Clerk	Travelers Casualty & Surety Company	\$50,000
Brenda Irvin	Deputy Town Clerk	Travelers Casualty & Surety Company	\$50,000
George King	Mayor	MS Municipal Bond Program	\$50,000
Eric Sloan	Police Chief	Travelers Casualty & Surety Company	\$50,000
Patrick Chism	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sam Mitchell	Police Officer	Travelers Casualty & Surety Company	\$25,000
Kevin Kimbrough	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sandra Vaughan	Alderman	MS Municipal Service Co.	\$50,000
Joe Benton	Alderman	MS Municipal Service Co.	\$50,000
Gary Johnson	Alderman	MS Municipal Service Co.	\$50,000
Sarah Morgan	Alderman	MS Municipal Service Co.	\$50,000
Robbie Ausbon	Alderman	MS Municipal Service Co.	\$50,000

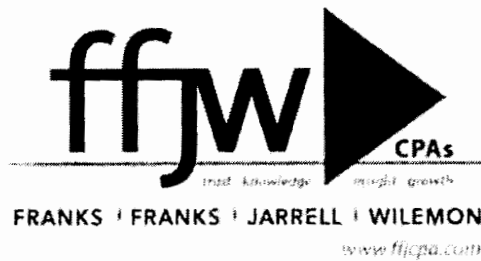
TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2016

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2015</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2016</u>
Notes Payable:			
RLF Water Improvement Loan	\$ <u>655,672</u>	\$ <u>57,365</u>	\$ <u>598,307</u>
TOTAL	\$ <u><u>655,672</u></u>	\$ <u><u>57,365</u></u>	\$ <u><u>598,307</u></u>



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Alderman
Town of Hatley, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements – all fund types of the Town of Hatley, Mississippi, for the year ended September 30, 2016, and have issued our report thereon dated July 10, 2017. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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 engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed the following material instances of noncompliance with state laws and regulations.

1. The Town is not in compliance with Part V item 15 of the Municipal Audit and Accounting Guide, as the Town's fixed asset ledger does not contain all information required by guidelines established by the Office of the State Auditor.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town's 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.

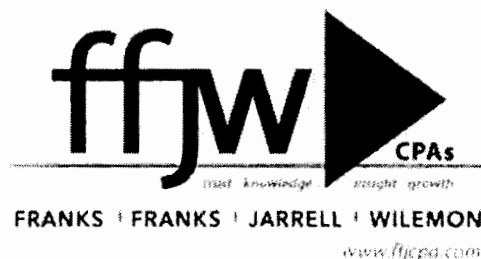
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Franks, Franks, Jarrell & Wilemon, P.A.
Fulton, Mississippi
July 10, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Hatley, 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 Hatley, Mississippi as of September 30, 2016, and for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town of Hatley's management is responsible for the Town's accounting records. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequentially, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. It is understood the report is solely for the use of the governing body of the Town of Hatley, Mississippi, and the Office of the State Auditor and should not be used 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 from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 183,001
Cadence Bank	General Fund	<u>120,916</u>
Total General Fund		<u>\$ 303,917</u>
Community Bank	Special Revenue	\$ 10,020
Renasant Bank	Special Revenue	<u>31,487</u>
Total Special Revenue Fund		<u>\$ 41,507</u>
Renasant Bank	Proprietary Fund	\$ 306,668
Cadence Bank	Proprietary Fund	21,070
Cadence Bank	Proprietary Fund	64,478
Community Bank	Proprietary Fund	<u>197,214</u>
Total Proprietary Fund		<u>\$ 589,430</u>

2. We performed the following procedures with respect to taxes on real and personal property

levied during the fiscal year:

- a. Trace levies to governing body minutes;
- b. Traced distribution of taxes collected to proper funds; and
- c. Analyzed increase in taxes for most recent period for completion 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 prescribed tax levies.

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

3. We obtained a statement of payments made by the Mississippi 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 with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 4,072
Fire Protection	Special Revenue	3,091
Gasoline Tax	General Fund	1,416
TVA In Lieu	General Fund	2,213
Municipal Aid	General Fund	240
Homestead Exemption Reim.	General Fund	3,190

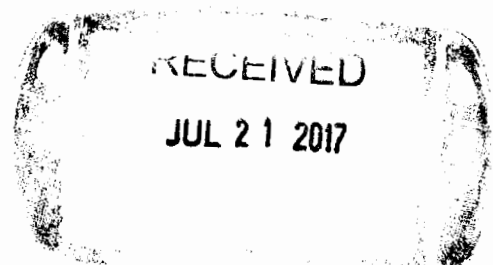
4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code, 1972, if applicable.

The sample consisted of the following:

Number of Sample Items	25
Dollar Value of Sample	\$ 54,871

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

5. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance Administration.



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

- a. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section II – Municipal Audit and Accounting Guide)

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Hatley, Mississippi, for the year ended September 30, 2016.

Franks, Franks, Jarrell + Wilemon, P.A.

Franks, Franks, Jarrell & Wilemon, P.A.
Fulton, Mississippi
July 10, 2017

