

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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



CITY OF ITTA BENA, MISSISSIPPI

Independent Auditor's Report

September 30, 2015 and September 30, 2016

CITY OF ITTA BENA, MISSISSIPPI

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Booker T. Camper Jr., CPA PLLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Itta Bena, Mississippi

Report on the Financial Statements

I have audited the accompanying combined statement of receipts and disbursements – all funds of the of Itta Bena, Mississippi, as of and for the fiscal years ended September 30, 2015 and September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's 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 in accordance with accounting principles generally accepted in the United States of America; 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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. Those standards require that I 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 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 reparation 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinions

In my opinion except for the other matters, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined statements of receipts and disbursements the City of Itta Bena, Mississippi for the years ended September 30, 2015 and September 30, 2016 in accordance with cash receipts and disbursements basis of accounting described in Note 1.

Other Matters

The out of balance condition of \$ 12,405.90 was discovered in the City's general ledger on November 17, 2015 and remained to August 7, 2019, which is the date of correction. Condition existed because of the lack of accountant on staff with the necessary skills, knowledge and experience. Also, due to the conditions of the records for July 1, 2014 to September 30, 2014, I was unable to determine the distribution of expenses for the three (3) month period ended September 30, 2014.

Also, the City has not maintained its reserve requirement for the Rural Utility Service Revenue Bond Service ordinance for the fiscal years ended September 30, 2015 and September 30, 2016. Therefore, I was unable to prepare the Reconciliation of Tax Assessments to Fund Collections for the fiscal years ended September 30, 2015 and September 30, 2016 as stated in Note 3.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

The schedule of surety bonds of the City's officials has not been subjected to the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2015 on my consideration of the City's internal control over financial reporting and on my 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 my 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 City's internal control over financial reporting and compliance.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a long horizontal flourish extending to the right.

Booker T. Camper, Jr., CPA & CGMA

Memphis, Tennessee

September 21, 2021

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	Light Department	Water Department	Sewer Department	Total
OPERATING REVENUES:				
Light Revenue	\$ 1,357,273	\$ -	\$ -	\$ 1,357,273
Water Revenue	-	348,803	-	348,803
Sales Tax Revenue	17,920	-	-	17,920
Water Tower	-	25,251	-	25,251
Sewer Revenue	-	-	182,892	182,892
Reconnections	21,481	-	-	21,481
Taps	-	300	77	377
Permits	45	-	-	45
Other	-	900	-	900
Total Operating Revenues	<u>\$ 1,396,719</u>	<u>\$ 375,254</u>	<u>\$ 182,969</u>	<u>\$ 1,954,942</u>
OPERATING EXPENSES:				
Purchased Power	\$ 1,742,025	\$ -	\$ -	\$ 1,742,025
Salaries and Labor	46,299	70,369	40,084	156,752
Employee Benefits	16,301	23,622	15,119	55,042
Maintenance and Repairs	7,805	19,899	-	27,704
Supplies	14,861	7,131	466	22,458
Truck Expense	2,798	7,548	2,379	12,725
Office Supplies	85	356	-	441
Professional Fees	15,000	1,756	-	16,756
IRS Taxes	48,026	-	-	48,026
Insurance	10,254	10,426	7,802	28,482
Utilities and Telephone	1,316	14,588	8,330	24,234
General Expenses	10,804	29,630	6,824	47,258
Equipment	6,485	-	-	6,485
Travel	813	-	-	813
Contractual Services	16,744	23,080	-	39,824
Total Operating Expenses	<u>1,939,616</u>	<u>208,405</u>	<u>81,004</u>	<u>2,229,025</u>
Capital Outlay				
Debt Service:				
Principle Retirement	-	-	-	-
Interest	-	-	-	-
Total	-	-	-	-
OTHER FINANCING RESOURCES, USES (-):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Resources, Uses (-)	-	-	-	-
Excess Cash Receipts and Other Financing Sources Over Cash Disbursements	(542,897)	166,849	101,965	(274,083)
Cash and Investments Balance - Beginning of Year	<u>481,840</u>	<u>(153,431)</u>	<u>134,361</u>	<u>462,770</u>
Cash and Investments Balance - End of Year	<u>\$ (61,057)</u>	<u>\$ 13,418</u>	<u>\$ 236,326</u>	<u>\$ 188,687</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
REVENUE RECEIPTS:					
General Property Taxes:					
Current Levy	\$ 15,919				\$ 15,919
Vehicles	13,596				13,596
Collectors Fee	(395)				(395)
Total Taxes	<u>29,120</u>				<u>29,120</u>
Licenses and Permits:					
Licenses and Permits	787				787
Franchise Fees - Utilities	<u>11,380</u>				<u>11,380</u>
Total License and Permits	<u>12,167</u>				<u>12,167</u>
Intergovernmental Revenue:					
State Grants:					
State Revenues	<u>17,636</u>				<u>17,636</u>
Total State Grants	<u>17,636</u>				<u>17,636</u>
State Share Revenues:					
General Sales Tax	<u>190,627</u>			-	<u>190,627</u>
Total State Shared Revenues	<u>\$ 190,627</u>			<u>\$ -</u>	<u>\$ 190,627</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
REVENUE RECEIPTS: (Cont'd)					
Intergovernmental Revenue: (Cont'd)					
County Shared Revenues:					
Fire Protection	4,650				4,650
Donation for Fire	<u>12,355</u>				<u>12,355</u>
Total County Shared Revenues	17,005				17,005
Total Intergovernmental Revenue					
Charges for Services:					
Garbage	162,468				162,468
Water, Light and Sewer	<u>-</u>			<u>1,954,942</u>	<u>1,954,942</u>
Total Charges for Services	<u>162,468</u>			<u>1,954,942</u>	<u>2,117,410</u>
Fines and Forfeits:					
Police Fines	<u>1,101</u>				<u>1,101</u>
Total Fines and Forfeits	<u>1,101</u>				<u>1,101</u>
Miscellaneous:					
Rent	106				106
Miscellaneous	<u>16,294</u>				<u>16,294</u>
Total Miscellaneous	<u>16,400</u>				<u>16,400</u>
Total Cash Receipts	<u>\$ 446,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,954,942</u>	<u>\$ 2,041,466</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
DISBURSEMENTS:					
General Government:					
Financial Administration:					
Salaries	\$ 91,981				\$ 91,981
Employee Benefits	28,588				28,588
Professional Fees	12,000				12,000
Telephone and Utilities	8,392				8,392
Training	638				638
Travel Expenses	473				473
Insurance	20,744				20,744
Dues	1,285				1,285
Advertising	3,083				3,083
Gas and Oil	2,848				2,848
Miscellaneous	6,417				6,417
Repairs	17,689				17,689
Rental	(3,244)				(3,244)
Office Supplies	4,389				4,389
Equipment	9,541				9,541
Supplies	3,561				3,561
Leflore County Sheriff	133,626				133,626
Leflore County Solid Waste	82,418				82,418
Kansas State Bank	3,116				3,116
Garbage Expense	84,000				84,000
Interest	26,700				26,700
Contractual Services	281,192				281,192
Total General Government	<u>819,437</u>				<u>819,437</u>
Public Safety:					
Police:					
Salaries	4,085				4,085
Employee Benefits	957				957
Office and Operating Supplies	7,110				7,110
	<u>\$ 12,152</u>				<u>\$ 12,152</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
DISBURSEMENTS: (Cont'd)					
Public Works:					
Streets:					
Gas and Oil	2,379				2,379
Insurance	3,002				3,002
Supplies	228				228
Street Repairs	168				168
Utilities	16				16
Total Streets	<u>5,793</u>				<u>5,793</u>
Sanitation:					
Waste Management	-				-
Total Sanitation	<u>-</u>				<u>-</u>
Total Public Works					
Culture and Recreation:					
Community Center # 1 and # 2	-				-
Total Culture and Recreation	<u>-</u>				<u>-</u>
Other Disbursements:					
Enterprises Funds:					
Purchased Power				1,742,025	1,742,025
Salaries and Labor				156,752	156,752
Employee Benefits				55,042	55,042

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
DISBURSEMENTS: (Cont'd)					
Other Disbursements: (Cont'd)					
Enterprises Funds: (Cont'd)					
Maintenance and Repairs				27,704	27,704
Supplies				22,458	22,458
Sales Taxes				-	-
Truck Expense				12,725	12,725
Office Supplies				441	441
Professional Fees				16,756	16,756
Insurance				28,482	28,482
IRS Taxes				44,021	44,021
Utilities and Telephone				24,234	24,234
Bank Analysis Charge				4,005	4,005
General Expense				47,258	47,258
Contractual Services				39,824	39,824
Equipment				6,485	6,485
Travel and Training				813	813
Total Enterprise Disbursements				<u>2,229,025</u>	<u>2,229,025</u>
Capital Outlay		-			-
Debt Service:					
Principal Retirement-Notes	-	-	-	-	-
Interest	-	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Disbursements	<u>\$837,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,229,025</u>	<u>\$ 3,066,397</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2015

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2015</u>
OTHER FINANCING SOURCES, USES (-):					
Operating Transfers In	-		-	-	-
Operating Transfers Out	-	-	-	-	-
	-	-	-	-	-
Cash Receipts and Other Financing Sources Over, Under (-)					
Cash Disbursements	(390,858)	-	-	(274,083)	(664,941)
Cash and Investments Balance - Beginning of Year	402,786	59,308	676	462,770	-
					-
Cash and Investments Balance - End of Year	\$ 128,703	\$59,308	\$ 676	\$ 188,687	-

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2016

	Light Department	Water Department	Sewer Department	Total
OPERATING REVENUES:				
Light Revenue	\$ 1,231,059	\$ -	\$ -	\$ 1,231,059
Water Revenue	-	348,074	-	348,074
Sales Tax Revenue	17,720	-	-	17,720
Water Tower	-	22,956	-	22,956
Sewer Revenue	-	-	171,299	171,299
Reconnections	37,047	-	-	37,047
Total Operating Revenues	<u>\$ 1,285,826</u>	<u>\$ 371,030</u>	<u>\$ 171,299</u>	<u>\$ 1,828,155</u>
OPERATING EXPENSES:				
Purchased Power	\$ 744,209	\$ -	\$ -	\$ 744,209
Salaries and Labor	49,938	65,268	43,111	158,317
Employee Benefits	12,423	105,607	10,088	128,118
Maintenance and Repairs	12,901	25,787	-	38,688
Supplies	72,137	9,404	-	81,541
Truck Expense	-	7,097	-	7,097
Office Supplies	5,580	114	-	5,694
Professional Fees	-	1,756	-	1,756
IRS Taxes	53,772	-	-	53,772
Insurance	13,514	13,114	5,165	31,793
Utilities and Telephone	2,237	6,405	-	8,642
General Expenses	35	100,753	36,642	137,430
Equipment	-	75	-	75
Uniforms	-	280	-	280
Contractual Services	20,044	47,106	-	67,150
Total Operating Expenses	<u>986,790</u>	<u>382,766</u>	<u>95,006</u>	<u>1,464,562</u>
Capital Outlay				
Debt Service:				
Principle Retirement	-	-	-	-
Interest	-	-	-	-
Total	-	-	-	-
OTHER FINANCING RESOURCES, USES (-):				
Operating Transfers In	3,000	-	-	3,000
Operating Transfers Out	(240,296)	-	-	(240,296)
Total Other Financing Resources, Uses (-)	<u>(237,296)</u>	<u>-</u>	<u>-</u>	<u>(237,296)</u>
Excess Cash Receipts and Other Financing Sources Over Cash Disbursements	(280,212)	77,622	76,293	126,297
Cash and Investments Balance - Beginning of Year	(61,057)	13,418	236,326	188,687
Net Transfers	422,955	-	(422,955)	-
Cash and Investments Balance - End of Year	<u>\$ 65,578</u>	<u>\$ 29,389</u>	<u>\$ 262,875</u>	<u>\$ 357,842</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
REVENUE RECEIPTS:					
General Property Taxes:					
Current Levy	128,977				128,977
Privilege Car Tax	6,730				6,730
Privilege Tax	13,697				13,697
Vehicles	21,694				21,694
Total Taxes	<u>171,098</u>				<u>171,098</u>
Licenses and Permits:					
Licenses and Permits	45				45
Franchise Fees - Utilities	12,135				12,135
Total License and Permits	<u>12,180</u>				<u>12,180</u>
Intergovernmental Revenue:					
Charges for Services: Water, Light and Sewer				1,828,155	1,828,155
State Grants:					
State Revenues	3,057				3,057
Homestead Exemption Reimbursement	27,736				27,736
Total State Grants	<u>30,793</u>			<u>1,828,155</u>	<u>1,858,948</u>
State Share Revenues:					
General Sales Tax	132,303				132,303
Total General Sales Tax	-				-
Total	<u>\$ 364,374</u>			<u>\$ 1,828,155</u>	<u>\$ 2,192,529</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
DISBURSEMENTS:					
General Government:					
Financial Administration:					
Salaries	97,582				97,582
Employee Benefits	21,836				21,836
Office and Operating Supplies	6,062				6,062
Professional Fees	31,550				31,550
Telephone and Utilities	(29,201)				(29,201)
Travel Expenses	3,444				3,444
Insurance	11,943				11,943
Supplies	1,073				1,073
Leflore Sheriff	180,523				180,523
Leflore County Solid Waste	67,200				67,200
Repairs	5,455				5,455
Training	915				915
Advertising	2,854				2,854
Dues	915				915
Garbage Expense	16,800				16,800
Contributions	2,050				2,050
Miscellaneous	(1,834)				(1,834)
Total General Government	<u>419,167</u>				<u>419,167</u>
Public Safety:					
Police:					
Salaries	2,116				2,116
Employee Benefits	495				495
Office and Operating Supplies	701				701
Jail	160				160

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS

For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
DISBURSEMENTS: (Cont'd)					
Public Safety: (Cont'd)					
Police: (Cont'd)					
Gas and Oil	23				23
Insurance	3,144				3,144
Utilities and Telephone	761				761
Total Police	<u>7,400</u>				<u>7,400</u>
Fire:					
Salaries	143,677				143,677
Employee Benefits	34,563				34,563
Gas and Oil	2,171				2,171
Repairs	5,973				5,973
Uniforms	2,120				2,120
Utilities and Telephone	5,431				5,431
Insurance	14,360				14,360
Supplies	108				108
Total Fire	<u>208,403</u>				<u>208,403</u>
Total Public Safety	<u>\$ 215,803</u>				<u>\$ 215,803</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
DISBURSEMENTS: (Cont'd)					
Public Works:					
Streets:					
Salaries	136,451				136,451
Employee Benefits	42,057				42,057
Gas and Oil	18,983				18,983
Insurance	5,636				5,636
Supplies	1,982				1,982
Utilities and Uniforms	9,722				9,722
Street Repairs	2,004				2,004
Uniforms	977				977
Total Streets	<u>217,812</u>			<u>-</u>	<u>217,812</u>
Sanitation:					
Garbage Expense	86,878				86,878
Trash Expense	15,993				15,993
Total Sanitation	<u>102,871</u>				<u>102,871</u>
Total Public Works					
Culture and Recreation:					
Community Center # 1 and # 2	7,002				7,002
Total Culture and Recreation	<u>7,002</u>				<u>7,002</u>
Other Disbursements:					
Enterprises Funds:					
Purchased Power	-			744,209	744,209
Salaries and Labor				158,317	158,317
Maintenance & Repairs	-			128,118	128,118

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS
For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
DISBURSEMENTS: (Cont'd)					
Other Disbursements: (Cont'd)					
Enterprises Funds: (Cont'd)					
Maintenance and Repairs				38,688	38,688
Supplies				81,541	81,541
Truck Expense				7,097	7,097
Office Supplies				5,694	5,694
Professional Fees				1,756	1,756
IRS Taxes				53,772	53,772
Insurance				31,793	31,793
Utilities and Telephone				8,642	8,642
General Expense				137,430	137,430
Equipment				75	75
Uniforms				280	280
Travel and Training				67,150	67,150
Total Enterprise Disbursements				<u>1,464,562</u>	<u>1,464,562</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:					
Principal Retirement-Notes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Disbursements	<u>\$ 962,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,464,562</u>	<u>\$ 2,427,217</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS – ALL FUNDS

For Fiscal Year Ended September 30, 2016

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>(Memorandum Only) 2016</u>
OTHER FINANCING SOURCES, USES(-):					
Operating Transfers In	363,593	-	-	-	363,593
Operating Transfers Out	-	-	-	(363,593)	(363,593)
Total Other Financing Sources, Uses (-)	<u>363,593</u>	<u>-</u>	<u>-</u>	<u>(363,593)</u>	<u>-</u>
Cash Receipts and Other Financing Sources Over, Under (-)					
Cash Disbursements	<u>(598,281)</u>	<u>-</u>	<u>-</u>	<u>363,593</u>	<u>(234,688)</u>
Cash and Investments Balance - Beginning of Year	<u>126,703</u>	<u>59,308</u>	<u>676</u>	<u>186,687</u>	<u>373,374</u>
Cash and Investments Balance - End of Year	<u>\$ 297,858</u>	<u>\$ 59,308</u>	<u>\$ 676</u>	<u>\$ 357,842</u>	<u>\$ 138,686</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

CITY OF ITTA BENA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015, and September 30, 2016

NOTES 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The **City of Itta Bena** operates under the Mayor/Board of Alderman form of government and provides services as authorized by law. City population on the 2000 census was approximately 2,200. The accounting policies of the City of Itta Bena conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is summary of the more significant policies.

- A. **REPORTING ENTITY** – The financial statement of the City consists of all the funds of the City.
- B. **FUND ACCOUNTING** - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.
- C. **BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** – All governmental and propriety funds are accounted for using the cash receipts and disbursements basis of accounting, as prescribed by the Office of the State Auditor, State of Mississippi. This basis of accounting differs from generally accepted accounting principles (which include pronouncements of the Governmental Accounting Standards Board) in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are recognized when paid rather than when the related liability is incurred. The financial statement presentation differs from generally accepted accounting principles (which include pronouncements of the Governmental Accounting Standards Board) in that only a combined statement of cash receipts and disbursements (all funds) is presented rather than government-wide financial statements, individual fund financial statements and required supplementary information which includes management’s discussion and analysis. The new reporting model for financial statement format and presentation requirements of the Governmental Accounting Standards Board Statement Number 34 does not apply when only a Statement of Cash Receipts and Disbursements prepared on another comprehensive basis of accounting is presented.
- D. **BUDGET** – The budget for all funds is prepared and adopted on the cash receipts and disbursements basis of accounting, a basis of accounting other than generally accounting principles.

CITY OF ITTA BENA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015, and September 30, 2016

This basis is consistent with the applicable laws of the state of Mississippi. Revenues which are legally receipted October 1 through September 30 may be credited to the budget. Expenditures which may be charged to the budget are those which were legally budgeted, incurred prior to the end of the fiscal year, and disbursed the fiscal year or within 30 days thereafter.

- E. **TOTAL COLUMNS ON COMBINED STATEMENTS** – Total columns on the combined statements are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the City of Itta Bena, Mississippi, taken as a whole.

NOTE 2 – PROPERTY TAX:

Property taxes attached as an enforceable lien on property as of February 1. The City utilized the county tax rates and the county collects tax and remits to the City. The primary months of collection are December and January.

The City's millage rate for 2016 and 2015 taxes is 41 mills. The City utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the City boundaries. Taxes on automobiles are billed and collected by the county and remitted to the City in the month following the month of collection.

Property for which ad valorem taxes have not been paid is advertised for sale in April and September each year. Property not sold at auction is purchased by the City. A reconciliation of assessed properties and property taxes is not contained in this compilation report.

NOTE 3 – CASH AND INVESTMENTS:

Cash and investments consist of bank deposits in the form of checking accounts and saving accounts with the City's depository bank. At June 30, 2015 and 2016, the carrying amount of the City's deposits with financial institutions were \$ 188,687 and 357,842, respectively and the bank balance was \$ 32,051 and \$ 157,150. 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 Sections 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through the collateral pool administered by the State Treasurer.

CITY OF ITTA BENA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015, and September 30, 2016

Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of financial institutions, 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.

Deposits are insured by Federal Deposit Insurance Corporation.

NOTE 4 – RURAL UTILITIES SERVICE BOND RESERVE REQUIREMENTS:

The City's Rural Utilities Service Revenue Bond ordinance requires that the City make deposits to reserve accounts. On February 1, 2006 the City, in a proposal that was approved by Rural Development, stated that the City would make, in addition to the monthly bond payment, monthly deposits in a special set-up account identified as the Water and Sewer Account in the amount of \$684.00 and earmarked as follows.

Prior written approval must be obtained from Rural Utilities Service before withdrawals may be made from these accounts during the life of the loans. The monthly deposit requirements for each bond are as follows: \$ 342.00 for the Cushion Fund, \$ 171.00 for the Depreciation Fund and \$ 171.00 for the Contingent Fund.

Cushion Fund	\$3,000
Contingent Fund	3,000
Depreciation Fund	<u>3,000</u>
Total	<u><u>\$9,000</u></u>

NOTE 5 – PENSION PLAN:

Plan Description

The City of Itta Bena contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple-employer defined pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits provisions are established by State law and may be amended only by the State of Mississippi Legislature.

CITY OF ITTA BENA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015, and September 30, 2016

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.

NOTE 6 – LONG TERM DEBT:

Combined Water & Sewer System Revenue Bond #R-01; original amount is \$ 1,393,800.00; due to Rural Development. Payment of interest only due 10-07-2005 and 10-07-2006, due in 354 monthly payments of \$ 6,823.82, including interest at 4.5%. Balance at December 31, 2016 is \$ 1,227,296.52. The annual maturities for the 2004 Rural Development Revenue Bond for the years subsequent to September 30, 2014 is not presented in compilation report. Rural Development increased the monthly payments from \$6,000.00 per month to \$ 9,000.00.

The annual maturities for the 2004 Rural Development Revenue Bond for the years subsequent to June 30, 2014:

Year Ended September 30,	Principal	Interest	Total
2014	\$ 29,836	\$ 52,044	\$ 81,880
2015	31,207	50,673	81,880
2016	32,641	49,239	81,880
2017	34,075	47,811	81,886
2018	35,509	46,377	81,886
Thereafter	<u>1,064,699</u>	<u>569,887</u>	<u>1,634,586</u>
Total	\$ <u>1,227,967</u>	\$ <u>816,031</u>	\$ <u>2,043,998</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES:

The City is current on all IRS payroll withholding deposits as of September 30, 2016 and 2015. The City has a past due balance to Municipal Energy Agency of Mississippi (MEAM), which is repaid at a rate of \$ 30,000.00 per month plus the current utility payment. The City is currently paying all MEAM payments in accordance with their agreement and starting to maintain cash balances.

CITY OF ITTA BENA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015, and September 30, 2016

NOTE 8 – RISK MANAGEMENT:

The City of Itta Bena has entered into a joint and several relationships with other public entities in the Mississippi Municipal Worker’s Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for inadequacies. They also share the benefits of fund surplus in the form of dividends when applicable.

NOTE 9 – SUBSEQUENT EVENTS:

Management has evaluated all subsequent events through September 21, 2021, the date of the financial statements that were made available for issuance.

CITY OF ITTA BENA, MISSISSIPPI
OFFICIAL'S ADMINISTRATION

OFFICIAL'S ADMINISTRATION • OCTOBER 1, 2014 TO SEPTEMBER 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
J. D. Brasel	Mayor	Clyde Scott Insurance Company	\$ 50,000
Mildred Miller	Mayor Pro Temp	Clyde Scott Insurance Company	\$ 50,000
Edna Beverly	City Clerk	Clyde Scott Insurance Company	\$ 50,000
Jo Ann Purnell	Aldersperson	Clyde Scott Insurance Company	\$ 50,000
Johnnie Riley	Aldersperson	Clyde Scott Insurance Company	\$ 50,000
Darrick Hart	Alderman	Clyde Scott Insurance Company	\$ 50,000
Reginald Freeman	Alderman	Clyde Scott Insurance Company	\$ 50,000

CITY OF ITTA BENA, MISSISSIPPI
SCHEDULE OF LONG – TERM DEBT
FOR THE YEARS ENDED SEPTEMBER 30, 2015, AND SEPTEMBER 30, 2016

<u>Date Issued</u>	<u>Definition and Purpose</u>	<u>Balance Outstanding 10-1-14</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 9-30-16</u>
			<u>Issued</u>	<u>Redeemed</u>	
10-7-2004	Combined Water & Sewer System Revenue Bond #R-01, Due to Rural Development Payment of Interest Only Due 10-07-05 and 10-07-06, Starting 11-02-06, Due in 354 Monthly Payments of \$ 6,823.82, Including Interest at 4.5%	\$ <u>1,236,720</u>	0	\$ <u>8,753</u>	\$ <u>1,227,967</u>
Total		\$ <u><u>1,236,720</u></u>	0	\$ <u><u>8,753</u></u>	\$ <u><u>1,227,967</u></u>

CITY OF ITTA BENA, MISSISSIPPI
SCHEDULE OF INVESTMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015, AND SEPTEMBER 30, 2016

PROPRIETARY FUNDS:

Light Department:

Bank of Commerce	\$	-0-
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Consumer Deposit Fund

Bank of Commerce		-0-
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Water Fund

State Bank and Trust		-0-
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Total Investments	\$	-0-
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Booker T. Camper Jr., CPA PLLC

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

**Honorable Mayor and Members of the Board of Alderpersons
City of Itta Bena, Mississippi**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined statement of cash receipts and disbursements (all funds), of the City of Itta Bena, Mississippi, as of and for the years ended September 30, 2015 and September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Itta Bena, Mississippi's basic financial statements, and have issued my report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered City of Itta Bena, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Itta Bena, Mississippi's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Itta Bena, Mississippi's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as item 2015 – 002 and 2016 – 002; 2012 – 002, 2013 – 002, and 2014 – 002.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as item 2015 – 002 and 2016 – 002; 2012 – 001, 2013 -001, and 2014 – 001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, I performed test 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City of Itta Bena, Mississippi's response to the findings identified in my audit is described in the accompanying schedule of findings, responses and questioned costs. The City of Itta Bena, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a stylized flourish at the end.

Booker T. Camper, Jr.

Memphis, Tennessee

September 21, 2021



Booker T. Camper Jr., CPA PLLC

Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 Report on Compliance for Each Major Federal Program

**Honorable Mayor and Members of the Board of Alderpersons
City of Itta Bena, Mississippi**

I have audited the City of Itta Bena, Mississippi's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have direct and material effect on each of the City of Itta Bena, Mississippi's major federal programs for the year ended September 30, 2015 and September 30, 2016. The City of Itta Bena, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the City of Itta Bena, Mississippi's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Itta Bena, Mississippi's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of the City of Itta Bena, Mississippi's compliance.

Basis for Qualified Opinion on Rural Utility Service Loan

As described in the accompanying schedule of findings and questioned costs, the City of Itta Bena, Mississippi did not comply with requirements regarding the USDA Rural Development Rural Utility Service Loan provisions as described in finding numbers 2015 – 003 and 2016 – 003, 2012 – 003, 2013 – 003 and 2014 -003.

Compliance with such requirements is necessary, in our opinion, for the City of Itta Bena, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on Rural Utility Service Loan

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Itta Bena, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on USDA Rural Development Utility Service Loan for the years ended September 30, 2015 and September 30, 2016.

Other Matters

The City of Itta Bena, Mississippi's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned cost. The City of Itta Bena, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

Management of City of Itta Bena, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered City of Itta Bena, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of City of Itta Bena, Mississippi's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be a significant deficiency.

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 noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I did not find a material weakness in internal control over compliance.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015 – 003 and 2016 – 003; 2012 -003, 2013 – 003, and 2014 – 003 to be a significant deficiency.

The City of Itta Bena, Mississippi's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The City of Itta Bena, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion of the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a long horizontal flourish extending to the right.

Booker T. Camper, Jr.

Memphis, Tennessee

September 21, 2021

CITY OF ITTA BENA, MISSISSIPPI
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015, AND SEPTEMBER 30, 2016

SCHEDULE I- SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS

A. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS:

1. The audit's report expresses a modified opinion on the financial statements of the City of Itta Bena, Mississippi for the years ended September 30, 2015 and September 30, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2. A significant deficiency and a material weakness related to the audit of the financial statement for the years ended September 30, 2015 and September 30, 2016 of the City of Itta Bena, Mississippi, are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

NONCOMPLIANCE MATERIAL TO FINANCIAL STATEMENT:

3. No instances of noncompliance material to the financial statements of the City of Itta Bena, Mississippi, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit for the years ended September 30, 2015 and September 30, 2016.

FEDERAL AWARDS:

4. Significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 for the years ended September 30, 2015 and September 30, 2016.

TYPE OF AUDITOR'S REPORT ISSUED:

5. The auditor's report on compliance for the major federal award programs for the City of Itta Bena, Mississippi expresses a modified opinion on the major federal program.

AUDIT FINDINGS:

6. Audit findings are required to be reported in accordance with Section 510(a) of OMB A-133 in Section III-Federal Award Findings, Responses and Questioned Costs.

IDENTIFICATION OF MAJOR PROGRAMS:

7. The programs tested as major program are U. S. Department of Agriculture, Water and Waste Disposal Systems for Rural Communities, CFDA Number 10.760, for the years ended September 30, 2015 and September 30, 2016.

CITY OF ITTA BENA, MISSISSIPPI
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015, AND SEPTEMBER 30, 2016

DOLLAR THRESHOLD:

8. The threshold for distinguishing Types A and B programs was \$300,000.

AUDITEE QUALIFIED AS:

9. The City of Itta Bena, Mississippi did not qualify as a low-risk auditee.

Findings- Financial Statement Audit:

Significant Deficiencies in Internal Control

2015 -001, 2016-001; 2012 - 001, 2013 – 001 and 2014 – 001. Lack of Segregation of Duties.

Criteria: In several instances a single employee performs various procedures in the accounting process which would normally be divided among other employees in an environment where there were more clerical and accounting employees.

Condition: The desired level of internal control obtained by adequate separation of duties in the accounting control categories cannot be achieved due to the small number of persons employed.

Effect: The City has certain inherent weaknesses in its internal control structure. As typical for a city this size, it is not economically feasible to employ additional persons solely for the purpose of achieving adequate internal controls.

Recommendation: The City should utilize other systems of checks and balances to minimize the inherent weaknesses in internal controls.

City's Response: It is not cost effective to employ additional staff necessary to provide for adequate separation of duties within the accounting function; however, the City believes that reasonable effort is being made to affect internal controls considering the limited staff.

Material Weaknesses in Internal Control

2015 -002, 2016-002; 2012 – 002, 2013 – 002, 2014 – 002. Inability of management to prepare the financial statements in accordance with cash receipts and disbursements basis of accounting as prescribed by the Office of the State Auditor, State of Mississippi.

Criteria: All Mississippi governmental municipalities with a population of less than 3,000 are required to prepare financial statements using the cash receipts and disbursements basis of accounting. This is the responsibility of the City's management. The preparation of the financial statements in accordance with the cash receipts and disbursements basis of accounting requires internal controls over both (1) recording, processing and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting cash receipts and disbursements financial statements, including the related footnotes (i.e., external financial reporting).

CITY OF ITTA BENA, MISSISSIPPI
SCHEDULE OF FINDING, RESPONSES AND QUESTIONED COSTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015, AND SEPTEMBER 30, 2016

Condition: As with many smaller sized governmental municipalities, the City has historically relied on its independent external auditors to assist in the preparation of the receipts and disbursements financial statements and footnotes as part of its external financial reporting process. As a result, the government's ability to prepare financial statements in accordance with the cash receipts and disbursement basis of accounting is based, primarily, on its reliance on its external auditors, who cannot by definition be considered a part of the City's internal controls.

Effect: Because of this condition, the City lacks internal controls over the preparation of financial statements in accordance with the cash receipts and disbursements basis of accounting, and instead relies, primarily, on its auditors for assistance with these tasks.

Recommendation: The accounting personnel should receive proper training in order to prepare the cash receipts and disbursements financial statements in accordance with the cash receipts and disbursements basis of accounting.

City's Response: It is not cost effective to employ additional staff necessary to provide for adequate separation of duties within the accounting function; however, the City, as of the fiscal year 2015, hired a qualified City Clerk to handles City Clerk duties and prepare financial statements in accordance with the cash receipts and disbursements basis of accounting.

Findings and Questioned Cost – Major Federal Awards Program Audit:

Non-Compliance with Major Federal Awards Program

Significant Deficiencies in Internal Control

2015 -003, 2016-003; 2012 – 003, 2013 – 003, 2014 – 003. Management's improper use of reserve account funds, in accordance with the proposal that was approved by Rural Development.

Criteria: On February 1, 2006 the City entered into an agreement with Rural Development, which stated that in addition to the monthly bond payments, the City would make monthly deposits into a special reserve accounts; any monies withdrawn from these accounts during the life of the loan would require prior written approval from Rural Development Utility Service.

Condition: The City withdrew funds from these accounts without receiving prior written approval from the Rural Development Rural Utility Service.

Effect: As a result, the City was not compliant with the Rural Development Rural Utility Service covenants.

Recommendation: The City should make the required deposits to the reserve accounts until the reserve accounts are fully funded.

City's Response: The City at the time needed access to the reserve account funds for operations. The City will replenish reserve accounts as soon as possible until the reserve accounts are fully funded; also, the City will in the future be compliant with the Rural Development approved proposal and agreement.



Booker T. Camper Jr., CPA PLLC

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

Honorable Mayor and Board of Aldermen
City of Itta Bena, Mississippi

I have audited the basic financial statements of the City of Itta Bena, Mississippi as of and for the year ended September 30, 2015 and September 30, 2016 and have issued my report thereon dated October 9, 2020. I conducted my audit 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*.

I 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 my audit and, accordingly, I do not express such an opinion.

The results of those procedures and my audit of the financial statements disclosed the following material instances of noncompliance with state laws and regulations. My findings and recommendations are as follows:

Cash Reserves and Investments: - The City did not maintain the required and actual reserve account balances for the Combined Water and Sewer Bond at September 30, 2015, and September 30, 2016. Accordingly, the monthly deposits were not made as required by the ordinance of the City's Rural Utilities Service Revenue Bond. Also, the City did not obtain prior written approvals from Rural Utilities Service before withdrawals.

Response: - The City is in the process of replacing those funds. The City utilized those funds for operating expenses.

Lack of Accounting Personnel in the Clerk Office: - The City should employ a per diem accountant to prepare financial statements and other municipal reports as required and reconcile cash accounts; also that person should oversee the functioning of the accounting system on a current basis.

Response: - The City is in the process of complying with the State of Mississippi's laws and regulations.

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above. The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken. This report is intended for the information of the City of Itta Bena, Mississippi's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr." with a long horizontal flourish extending to the right.

Booker T. Camper, Jr.
Memphis, Tennessee
September 21, 2021