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**TOWN OF KOSSUTH, MISSISSIPPI**  
**FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2016**



**Certified Public Accountants**

**TOWN OF KOSSUTH, MISSISSIPPI**  
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**September 30, 2016**

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

To the Honorable Mayor and Board of Aldermen of the  
Town of Kossuth, Mississippi, and  
To the Office of the State Auditor of the  
State of Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Kossuth, Mississippi, as of September 30, 2016, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Kossuth, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Consequently, we make no representation regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

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

| <u>Bank</u>     | <u>Fund</u>  | <u>Balance per<br/>General Ledger</u> |
|-----------------|--------------|---------------------------------------|
| Regions Bank    | General Fund | \$ 113,959                            |
| Total All Funds |              | <u>\$ 113,959</u>                     |

2. The Town held no securities for investment for the year ended September 30, 2015.
3. The Town collected no taxes on real or personal property (including motor vehicles) during the year ended September 30, 2016.
4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

Florence, Alabama  
Phone: (256)764-0991

Red Bay, Alabama  
Phone: (256)356-9375

Muscle Shoals, Alabama  
Phone: (256)314-5082

Booneville, Mississippi  
Phone: (662)728-6172

Corinth, Mississippi  
Phone: (662)286-7082

Iuka, Mississippi  
Phone: (662)423-5057

| <u>Payment Purpose</u>        | <u>Receiving Fund</u> | <u>General Ledger<br/>Amount</u> |
|-------------------------------|-----------------------|----------------------------------|
| General Municipal Aid         | General Fund          | \$ 104                           |
| Sales Tax Allocation          | General Fund          | 39,758                           |
| Gasoline Tax Allocation       | General Fund          | 627                              |
| TVA Payments in Lieu of Taxes | General Fund          | 1,776                            |

5. 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 Ann. (1972), if applicable.

The sample consisted of the following:

|                              |         |
|------------------------------|---------|
| Number of Sample Items       | 20      |
| Total Dollar Value of Sample | \$7,562 |

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

6. The Town collected no fines or forfeitures during the year ended September 30, 2016.
7. We have read the Municipal Compliance Questionnaire completed by the municipality. The following response to the questionnaire indicates noncompliance with state requirements.
- a. Budget to actual financial statements are not prepared and presented to the board prior to authorizing payments of claims.

Because the above procedures do not constitute an audit 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 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 Kossuth, Mississippi, for the year ended September 30, 2016.

*The Sparks CPA Firm, P.C.*

The Sparks CPA Firm, P.C.  
 Certified Public Accountants  
 Corinth, Mississippi  
 October 18, 2017



Member of:

American Institute of Certified Public Accountants

Alabama Society of Certified Public Accountants

Mississippi Society of Certified Public Accountants

Certified Public Accountants

[www.sparkscpas.com](http://www.sparkscpas.com)

Independent Accountants' Compilation Report

To the Honorable Mayor and Board of Alderpersons of the  
Town of Kossuth, Mississippi

We have compiled the accompanying combined Statement of Cash Receipts and Disbursements – Governmental Activities and Schedule of Surety Bonds for Town Officials of the Town of Kossuth, Mississippi, for the year ended September 30, 2016. We have not audited or reviewed the accompanying Statement of Cash Receipts and Disbursements – Governmental Activities, and accordingly, do not express an opinion or provide any assurance about whether the Statement of Cash Receipts and Disbursements – Governmental Activities are in accordance with the cash basis of accounting.

Management of the Town of Kossuth, Mississippi, is responsible for the preparation and fair presentation of the Statement of Cash Receipts and Disbursements – Governmental Activities in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Statement of Cash Receipts and Disbursements – Governmental Activities.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The Town's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the Statement of Cash Receipts and Disbursements – Governmental Activities is not intended to present results of operations in conformity with generally accepted accounting principles.

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

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who

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considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information contained on page 7 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Kossuth, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Corinth, Mississippi  
October 18, 2017

**TOWN OF KOSSUTH, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements -**  
**Governmental Activities**  
**For the Year Ended September 30, 2016**

|   | Major Funds       |               |                 | Totals<br>(Memorandum<br>Only) |
|---|-------------------|---------------|-----------------|--------------------------------|
|   | General<br>Fund   | Grant<br>Fund | Fire<br>Fund    |                                |
| <b>RECEIPTS</b>   |                   |               |                 |                                |
| Franchise Taxes   | \$ 3,815          | -             | -               | \$ 3,815                       |
| Privilege License   | 75                | -             | -               | 75                             |
| Miscellaneous Receipts  | 2,534             | -             | -               | 2,534                          |
| Intergovernmental Revenues:   |                   |               |                 |                                |
| General Municipal Aid (From State)  | 104               | -             | -               | 104                            |
| State Shared Revenues:  |                   |               |                 |                                |
| Sales taxes   | 39,758            | -             | -               | 39,758                         |
| Gasoline tax  | 627               | -             | -               | 627                            |
| Fire Safety Grant   | -                 | -             | -               | -                              |
| Fire Protection   | -                 | -             | 1,340           | 1,340                          |
| Small Municipality Grant  | -                 | -             | -               | -                              |
| Federal Revenues:   |                   |               |                 |                                |
| TVA in Lieu Tax   | 1,776             | -             | -               | 1,776                          |
| Total Receipts  | <u>48,689</u>     | <u>-</u>      | <u>1,340</u>    | <u>50,029</u>                  |
| <b>DISBURSEMENTS</b>  |                   |               |                 |                                |
| General Government  | 30,782            | -             | -               | 30,782                         |
| Public Safety:  |                   |               |                 |                                |
| Fire  | -                 | -             | 2,683           | 2,683                          |
| Public Works  | 6,694             | -             | -               | 6,694                          |
| Total Disbursements   | <u>37,476</u>     | <u>-</u>      | <u>2,683</u>    | <u>40,159</u>                  |
| Excess (Deficiency) of receipts and other financing<br>sources over disbursements and other<br>financing uses | 11,213            | -             | (1,343)         | 9,870                          |
| <b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR</b>  | <u>101,154</u>    | <u>251</u>    | <u>2,683</u>    | <u>104,088</u>                 |
| <b>CASH BASIS FUND BALANCE - END OF YEAR</b>  | <u>\$ 112,367</u> | <u>\$ 251</u> | <u>\$ 1,340</u> | <u>\$ 113,958</u>              |

See independent accountants' compilation report



**TOWN OF KOSSUTH, MISSISSIPPI**  
**Selected Notes to Financial Statements**  
**September 30, 2016**

Note A: Summary of Significant Accounting Policies

General Information

The town operates under the mayor-alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the town consists of 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 is prepared on a 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.

**TOWN OF KOSSUTH, MISSISSIPPI**  
**Supplementary Schedules**  
**For the Year Ended September 30, 2016**

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**

| <u>Name</u>      | <u>Position</u> | <u>Surety</u>                                  | <u>Amount</u> |
|------------------|-----------------|--|---------------|
| Donald Pace      | Mayor           | Travelers Casualty & Surety Company of America | \$ 25,000     |
| Randy Holt       | Town Clerk      | Fidelity and Deposit Company of Maryland       | \$ 50,000     |
| Steve Jones      | Alderman        | Travelers Casualty & Surety Company of America | \$ 10,000     |
| Dusty Essary     | Alderman        | Travelers Casualty & Surety Company of America | \$ 10,000     |
| Jerry Strickland | Alderman        | Travelers Casualty & Surety Company of America | \$ 10,000     |
| James Allen      | Alderman        | Travelers Casualty & Surety Company of America | \$ 10,000     |
| Kenneth Rainey   | Alderman        | Travelers Casualty & Surety Company of America | \$ 10,000     |

**SCHEDULE OF LONG TERM DEBT**

The Town of Kossuth did not have any outstanding debt during the fiscal year.

**SCHEDULE OF INVESTMENTS – ALL FUNDS**

The Town of Kossuth did not have any investments during the fiscal year.

See independent accountants' compilation report



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Alabama Society of Certified Public Accountants  
Mississippi Society of Certified Public Accountants

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## REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and Board of Aldermen of the  
Town of Kossuth, Mississippi, and  
To the Office of the State Auditor of the  
State of Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental funds and Schedule of Surety Bonds for Town Officials, of the Town of Kossuth, Mississippi, as of and for the year ended September 30, 2016, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described by the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town'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 compilation of the accompanying Statement of Cash Receipts and Disbursements – Governmental funds and Schedule of Surety Bonds for Town Officials, for the Town of Kossuth, Mississippi, for the year ended September 30, 2016 disclosed no material instances of noncompliance with the state laws and regulations.

This report is intended for the information of the Town of Kossuth, 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 these specified parties. However, this report is a matter of public record and its distribution is not limited.

*The Sparks CPA Firm, P.C.*

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October 18, 2017

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