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# TOWN OF METCALFE

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*Working Together To Reach Its Potential*

July 22, 2019

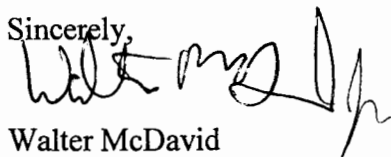
Office of the State Auditor  
P. O. Box 956  
Jackson, MS 39205

RE: Audited Financial Statement and Supplemental Information

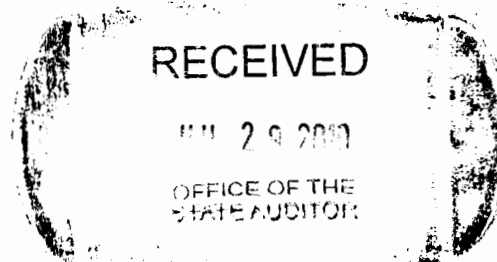
Accompanying this letter is a copy of the annual audit of the financial statements and supplemental information of the Town of Metcalfe, Mississippi, for the fiscal year ending September 30, 2016.

If you have any questions, please call me at 662-335-0212.

Sincerely,



Walter McDavid  
Mayor



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Walter McDavid Jr., Mayor • Rosie Chillis, Town Clerk • LaSalle Stewart, Deputy Clerk  
Board of Alderpersons: Shaquita Allen • Torriane Carter • Theresa Hardy • Aldric Murray • Dewayne Rhodes  
Damon Davis, Chief of Police  
Melvin Carter, Public Works Supervisor • Kenneth Graham, Public Works Assistant

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**TOWN OF METCALFE, MISSISSIPPI**

**Financial Statement and  
Supplemental Information**

**For the Year Ended September 30, 2016**



TOWN OF METCALFE, MISSISSIPPI  
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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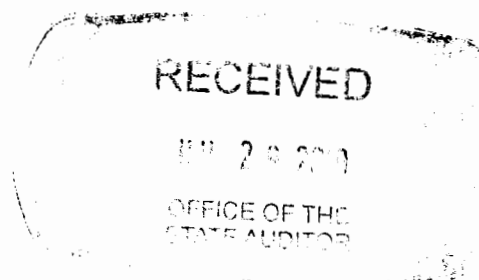
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**BROWN, EWING & CO.**  
P. A.  
**CERTIFIED PUBLIC ACCOUNTANTS**  
(FORMERLY BANKS, FINLEY, WHITE & CO.)

Honorable Mayor and Board of Alderpersons  
Town of Metcalfe, Mississippi

Management is responsible for the financial statements of the Town of Metcalfe, which comprise the combined statement of cash receipts and disbursements for each fund as of September 30, 2016, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 financial statements 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 these financial statements.

Management is also responsible for the accompanying supplementary information contained in Schedules 1 through 2, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

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

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated April 5, 2018, on the results of our agreed-upon procedures.

*Brown, Ewing & Co.*  
Ridgeland, Mississippi  
April 5, 2018

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TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds)  
For the Year Ended September 30, 2016

	<u>Governmental Funds</u>			Total Memo Only 2016
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Revenue receipts:				
General property taxes	\$ 87,833	\$ -	\$ -	\$ 87,833
Licenses and permits	42,302	-	-	42,302
Federal grants	-	46,660	-	46,660
State shared revenues:				
Municipal aid	3,224	-	-	3,224
Sales tax	11,586	-	-	11,586
Gasoline tax	3,001	-	-	3,001
Fire rebates	6,843	-	-	6,843
Other				
Franchise tax	14,787	-	-	14,787
Nuclear plant	895	-	-	895
Fines and bonds	1,630	-	-	1,630
Interest income	4,045	-	-	4,045
Miscellaneous	14,520	3,302	-	17,822
Charges for services:				
Water/sewer	-	-	170,597	170,597
Natural gas	-	-	235,216	235,216
Garbage	-	-	-	-
Total revenue receipts	<u>190,666</u>	<u>49,962</u>	<u>405,813</u>	<u>646,441</u>
Other receipts:				
Interfund loans and transfers	<u>224,611</u>	<u>71,402</u>	<u>19,726</u>	<u>315,739</u>
Total other receipts	<u>224,611</u>	<u>71,402</u>	<u>19,726</u>	<u>315,739</u>
Total receipts	415,277	121,364	425,539	962,180
Cash balance - beginning of year	<u>108,078</u>	<u>22,593</u>	<u>17,945</u>	<u>148,616</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 523,355</u>	<u>\$ 143,957</u>	<u>\$ 443,484</u>	<u>\$ 1,110,796</u>

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds) - Continued  
For the Year Ended September 30, 2016

	<u>Governmental Funds</u>			Total (Memo Only) 2016
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 319,063	\$ 7,400	\$ -	\$ 326,463
Public safety:				
Police	52,216	-	-	52,216
Fire	28,371	26,131	-	54,502
Summer feeding program	-	36,143	-	36,143
Enterprise:				
Water/sewer	-	-	74,001	74,001
Natural gas	-	-	96,178	96,178
Interest on loans and bonds	-	64,549	5,776	70,325
Total operating disbursements	<u>399,650</u>	<u>134,223</u>	<u>175,955</u>	<u>709,828</u>
Other disbursements:				
Capital outlay	-	879	-	879
Interfund loans and transfers	<u>-</u>	<u>-</u>	<u>239,674</u>	<u>239,674</u>
Total other disbursements	<u>-</u>	<u>879</u>	<u>239,674</u>	<u>240,553</u>
Total disbursements	399,650	135,102	415,629	950,381
Cash balance - end of year	<u>123,705</u>	<u>8,855</u>	<u>27,855</u>	<u>160,415</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 523,355</u>	<u>\$ 143,957</u>	<u>\$ 443,484</u>	<u>\$ 1,110,796</u>

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

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

The Town of Metcalfe operates under a Mayor - Board of Alderpersons form of government, and provides services as authorized by law.

**A. Fund Accounting**

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

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

**GOVERNMENTAL FUNDS**

General Fund: The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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

**PROPRIETARY FUNDS**

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

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**C. Total Columns on Combined Statement**

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

**NOTE 2 - 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 3 - PROPERTY TAX**

Property taxes attached as an enforceable lien on property January 1. The millage rate for the Town for the fiscal year ended September 30, 2016 was 28.00 mills for general purposes.

**NOTE 4 - LONG-TERM DEBT**

Long-term debt consist of the following at September 30, 2016 :

***ENTERPRISE FUNDS:***

***Natural Gas Fund - Rural Development Revenue Bonds:***

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$48,800 in combined water and sewer system revenue disposal bonds with interest rates of 5.1250% maturing on April 1, 2023. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the natural gas proprietary fund.

\$ 29,031

***Water/Sewer Fund - Rural Development Revenue Bonds:***

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$82,400 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on October 1, 2029. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

50,926

Total Long-Term Debt

\$ 79,957

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

The following is a schedule by years of the total payment due on the above debt for the Enterprise Funds:

**Natural Gas Fund**

Year Ending September 30	Principal	Interest	Total
2017	\$ 1,689	1,455	\$ 3,144
2018	1,778	1,366	3,144
2019	1,871	1,273	3,144
2020	1,970	1,174	3,144
2021	2,073	1,071	3,144
2022-2026	12,114	3,606	15,720
2027-2030	7,536	539	8,075
Total	<u>\$ 29,031</u>	<u>10,484</u>	<u>\$ 39,515</u>

**Water/Sewer Fund**

Year Ending September 30	Principal	Interest	Total
2017	\$ 2,786	2,446	\$ 5,232
2018	2,929	2,303	5,232
2019	3,078	2,154	5,232
2020	3,236	1,996	5,232
2021	3,401	1,831	5,232
2022-2026	18,839	7,321	26,160
2027-2030	16,657	572	17,229
Total	<u>\$ 50,926</u>	<u>18,623</u>	<u>\$ 69,549</u>

**NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS**

The Town of Metcalfe had \$879 capital outlay disbursements during the current fiscal year for equipment and other capital assets.

**NOTE 6 - FEDERAL GRANTS**

During the fiscal year ended September 30, 2016, the Town received federal grant funds in the amount of \$46,660 and incurred grant expenditures in the same amount.

Funding Source	Grant Name	Grant Number	CFDA Number	Amount Expended
MS Dept. of Education	Summer Feeding Program	V0000723160	10.559	\$ 46,660
				<u>\$ 46,660</u>

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2016.

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TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2016

**NOTE 7 - FEDERAL PAYROLL TAXES**

At September 30, 2016, the Town had an outstanding federal payroll tax liability penalty during a ten (10) year period dating back to 1999 through 2009. A breakdown of the federal payroll tax liability is listed as follows:

<u>Liability Breakdown</u>	<u>Amount</u>
Federal payroll taxes	\$ 477,584
Penalty	5,544
Interest charges	<u>105,437</u>
Total Federal Payroll Taxes Due	<u>\$ 588,565</u>

**NOTE 8 - CASH RESERVE PAYROLL TAX ACCOUNT**

During March 2012, the Town received \$100,000 from Ohio Casualty Insurance Company resulting from a claim filed by the Town against the former Mayor and Town Clerk. The Town used the proceeds to established a cash account which will allow the Town to pay the back federal taxes owed the Internal Revenue Service. The Town has entered into an agreement with Internal Revenue Service to pay such tax liability over a period of time and is making monthly transfers to the cash account in the amount of \$350. At September 30, 2016 the cash reserve balance was \$101,349.

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SUPPLEMENTAL INFORMATION

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Long-Term Debt  
For the Year Ended September 30, 2016

## DEFINITION AND PURPOSE

	Outstanding Balance Oct. 1, 2015	Principal Retired	Outstanding Balance Sept. 30, 2016
<b>Governmental Funds:</b>			
<u>Notes Payable:</u>			
Note payable to Planters Bank	\$ 3,458	\$ (3,458)	\$ -
Total Governmental Funds	<u>\$ 3,458</u>	<u>\$ (3,458)</u>	<u>\$ -</u>
 <b>Enterprise Funds:</b>			
<u>Revenue Bonds Payable:</u>			
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2013	\$ 30,642	(1,611)	\$ 29,031
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2029	<u>53,447</u>	<u>(2,521)</u>	<u>50,926</u>
Total Enterprise Funds	<u>\$ 84,089</u>	<u>\$ (4,132)</u>	<u>\$ 79,957</u>

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TOWN OF METCALFE, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
For the Year Ended September 30, 2016

Name	Position	Company	Bond Amount
Corey Holmes	Mayor	Travelers	\$ 25,000
James Johnson	Vice-Mayor	Travelers	25,000
Raymond Scott	Alderman	Travelers	25,000
Pamela Jimson	Alderwoman	Travelers	25,000
Cora Green	Alderwoman	Travelers	25,000
Javis Ware	Alderman	Travelers	25,000
Rosie L. Chillis	Town Clerk	Travelers	50,000
Tamara Carter	Deputy Clerk	Travelers	50,000
Charles Patterson	Police Chief	Travelers	50,000

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TOWN CLERK

TOWN OF METCALFE, MISSISSIPPI  
Agreed Upon Procedures  
Year Ended September 30, 2016



**BROWN, EWING & CO.**  
P. A.  
**CERTIFIED PUBLIC ACCOUNTANTS**  
(FORMERLY BANKS, FINLEY, WHITE & CO.)

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

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, 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 Metcalfe, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Metcalfe, Mississippi's compliance with certain laws and regulations as of September 30, 2016, and for the year then ended. Management is responsible for the Town of Metcalfe, Mississippi's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Our procedures and findings are as follows:

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

Bank	Fund	Balance per General Ledger
C B & S Bank	General fund operating	\$ 15,523
C B & S Bank	Fire protection fund	1,081
C B & S Bank	Rental units	2,656
Regions Bank	Payroll tax escrow	1,599
Regions Bank	I R S payroll escrow	99,750
Bank Plus	Accounts payable clearing	(826)
C B & S Bank	Payroll tax escrow	3,922
	Total General Fund	<u>\$ 123,705</u>

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Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
C B & S Bank	Home 1995 Ecsrow Account	\$ 700
C B & S Bank	Summer Feeding Program	1,442
C B & S Bank	Special Assessment	1,005
C B & S Bank	Community Facility Building	456
C B & S Bank	Special Events	<u>5,252</u>
	Total Special Revenue	\$ <u>8,855</u>
C B & S Bank	Water/Sewer Operating	\$ 8,423
C B & S Bank	Water/Sewer Customers Deposits	2,944
C B & S Bank	Natural Gas Operating	7,921
C B & S Bank	Natural Gas Change Fund	150
Regions Bank	Natural Gas Customers Deposits	5,726
C B & S Bank	Water Improvement Fund	<u>2,691</u>
	Total Proprietary Fund	\$ <u>27,855</u>

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

<u>Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	Natural gas fund	\$ <u>2,944</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verified use of certified county assessment rolls and traced levies to governing body minutes;
  - Examined uncollected taxes for proper handling, including tax sales;
  - Traced distribution of taxes collected to proper funds; and
  - Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

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

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

Expected Ad valorem tax collections were found to be more than the cash received and recorded by approximately \$ . The City should investigate this difference and reconcile and review collection activity throughout the year.

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

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

Expected Ad valorem tax collections were found to be more than the cash received and recorded by approximately \$ . The City should investigate this difference and reconcile and review collection activity throughout the year.

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

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated below were traced to the deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Balance per General Ledger</u>
General Municipal Aid	General	\$ 532
Gasoline Tax	General	3,001
Homestead Exemption		
Reimbursements	General	7,513
Sales Tax Allocation	General	11,586
Nuclear Plant	General	895
Fire protection rebate	General	6,843
MS Department of Education	Special Revenue	46,660
Office if the Secretary of State	General Fund	692
MS Department of Health	Enterprise Fund	<u>2,000</u>
Total		<u>\$ 79,722</u>

5. We did not selected a sample of purchases made by the municipality during the fiscal year. The Town purchases did not required evaluation for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

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Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

6. We inquired about the Municipal Compliance Questionnaire and were informed by the Town Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the Town had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had no budget overruns for the fiscal year ending September 30, 2016.

We also noted the following:

- ◆ During our review of the cash accounts, we found that a certificate of deposit account was not recorded in the general ledger. This certificate of deposit totaled \$2,944. The Town should adopt administrative control procedures to ensure that all cash bank accounts are identified and recorded in the general ledger.
- ◆ For the current fiscal year, the Town's chart of accounts is not in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ◆ An aging report of utility customers accounts receivable is being prepared on a monthly basis and reconciled to the general ledger.
- ◆ The Town has an outstanding federal payroll tax liability of \$588,565, of which \$110,981 represent interest and penalty. This liability cover the years 1999 through 2009.
- ◆ According to the Section 21-17-5 of the Miss. Code Ann. (1972), the Mayor and Alderpersons are now required to obtain surety bond coverage of \$100,000. As of September 30, 2010, the Town had not updated its surety bond coverage for the Mayor and Alderpersons in order to comply with the new requirement implemented by the state.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Braun, Egan & Co.*  
Ridgeland, Mississippi  
April 5, 2018

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