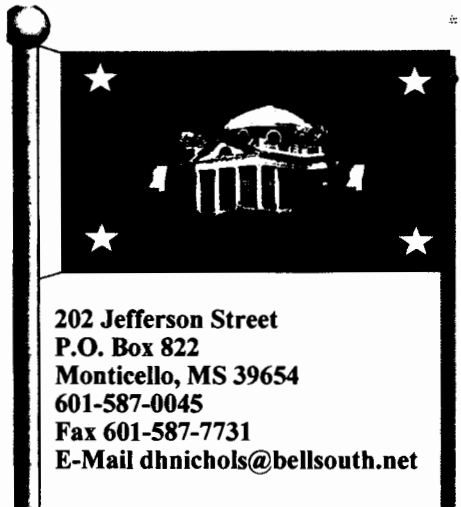




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202 Jefferson Street
P.O. Box 822
Monticello, MS 39654
601-587-0045
Fax 601-587-7731
E-Mail dhnichols@bellsouth.net

Mayor: David H. Nichols, II

Board of Alderman:

Donald Walters

Steve Moreman

Martha Watts

Karen Jolly Hill

Richard Sykes

Police Chief: David Stanley

Fire Chief: Lyle Berard

Public Works: Bobby Selman

Athletic Director:

Nick Daley

Director of Administration:

Deborah Lea

Court Clerk: Amy Bacon

City Attorney: John Sutton

13 March 2017

Mississippi State Auditor
504 Northwest Street
Suite 801, Woolfolk Building
Jackson, Mississippi 39201

SUBJECT: Town of Monticello
2016 Fiscal Year Audit

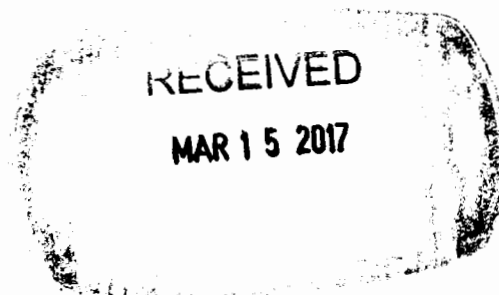
The Town of Monticello is respectfully submitting two (2) copies of their 2016 Annual Fiscal Budget as required by Mississippi Code 1972 Annotated Code Section §21-35-31. The audit was completed by Mr. Charles R. Hart, CPA, and received by the Town of Monticello on 13 March 2017.

Any questions can be directed at the number listed.

Respectfully,

A handwritten signature in cursive script, appearing to read "Deborah L. Lea".

DEBORAH L. LEA
Director of Administration
Town of Monticello



Town of Monticello, Mississippi
Audited Financial Statements and
Special Reports
For the Year Ended September 30, 2016

RECEIVED

MAR 15 2017



TOWN OF MONTICELLO
For the Year Ended September 30, 2016

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Charles R. Hart

Certified Public Accountant

Post Office Box 336
Wesson, MS 39191-0336

Office: 601-643-8358
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Home: 601-643-5631

Communication with Those Charged with Governance at the Conclusion of the Audit

To the Mayor and Board of Aldermen
Town of Monticello, Mississippi

I have audited the financial statements of the governmental activities and business-type activities, each major fund, and the aggregate remaining fund information of Town of Monticello for the year ended September 30, 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated March 15, 2017.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Monticello are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during Y/E September 30, 2016. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatement.

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

Communication with Those Charged with Governance at the Conclusion of the Audit

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter March 15, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to my retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and Board of Aldermen and the management of Town of Monticello, Mississippi, and is not intended to be, and should not be, used by anyone other than these specified parties.



Charles R. Hart
Certified Public Accountant

March 15, 2017
Wesson, Mississippi

Charles R. Hart

Certified Public Accountant

Post Office Box 336
Wesson, MS 39191-0336

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Cell: 601-757-6209

Home: 601-643-5631

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
Town of Monticello, Mississippi

I have audited the accompanying financial statements of Town of Monticello, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements 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 the cash receipts and disbursements basis of accounting described in Note 1; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

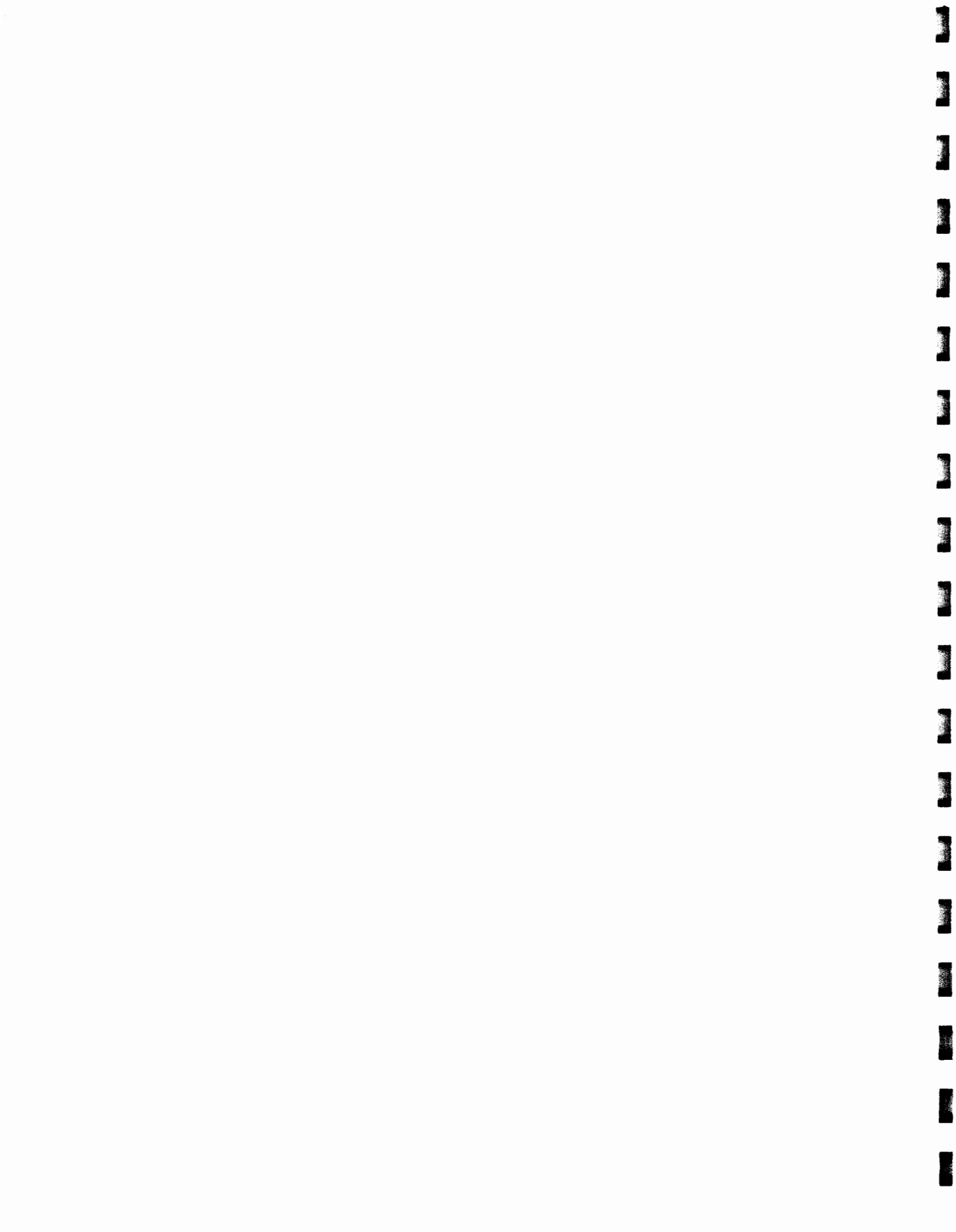
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 audit opinion.

Opinion

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

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MAR 15 2017



Basis of Accounting

I draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

Other Matters:

Required Supplementary Information

The Town of Monticello, Mississippi, has not presented the management's discussion and analysis and the budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

My audit was conducted for the purpose of forming opinions on the financial statements and that collectively comprise the Town of Monticello, Mississippi's financial statements as a whole. The supplemental information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information section is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.



Charles R. Hart
Certified Public Accountant

March 15, 2017
Wesson, Mississippi

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Town of Monticello
Statement of Activities and Net Assets - Cash Basis
Year Ended September 30, 2016

| Function / Programs | Program Cash Receipts | | |
|--------------------------------|-----------------------|----------------------|--------------------------------|
| | Cash Disbursements | Charges for Services | Capital Grants & Contributions |
| PRIMARY GOVERNMENT | | | |
| Government activities: | | | |
| General government | \$ 709,566 | | |
| Public safety | \$ 648,803 | | \$ 20,976 |
| Court | \$ 39,978 | | |
| Culture & recreation | \$ 218,191 | \$ 163,000 | \$ 26,669 |
| Street maintenance | \$ 114,416 | | |
| Total government activities | \$ 1,730,954 | \$ 163,000 | \$ 47,645 |
| Business-type activities: | | | |
| Water & sewer | \$ 490,283 | \$ 535,952 | \$ - |
| Total business-type activities | \$ 490,283 | \$ 535,952 | \$ - |
| Total Primary Government | \$ 2,221,237 | \$ 698,952 | \$ 47,645 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello

Statement of Activities and Net Assets – Cash Basis

Year Ended September 30, 2016

| Function / Programs | Net (Disbursements) Receipts & Changes in Net Assets | | |
|--------------------------------|---|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| PRIMARY GOVERNMENT | | | |
| Government activities: | | | |
| General government | \$ (709,566) | \$ - | \$ (709,566) |
| Public Safety | \$ (627,827) | \$ - | \$ (627,827) |
| Court | \$ (39,978) | \$ - | \$ (39,978) |
| Culture & recreation | \$ (28,522) | \$ - | \$ (28,522) |
| Street maintenance | \$ (114,416) | \$ - | \$ (114,416) |
| Total governmental activities | \$ (1,520,309) | \$ - | \$ (1,520,309) |
| Business-type activities: | | | |
| Water & sewer | \$ - | \$ 45,669 | \$ 45,669 |
| Total business-type activities | \$ - | \$ 45,669 | \$ 45,669 |
| Total Primary Government | \$ (1,520,309) | \$ 45,669 | \$ (1,474,640) |
| General Receipts: | | | |
| Taxes: | | | |
| Ad Valorem | \$ 548,922 | | \$ 548,922 |
| Sales taxes | \$ 515,176 | | \$ 515,176 |
| Franchise & privilege taxes | \$ 63,161 | | \$ 63,161 |
| In Lieu of Tax – Grand Gulf | \$ 17,394 | | \$ 17,394 |
| In Lieu of Tax – MHRA | \$ 18,775 | | \$ 18,775 |
| Unrestricted investment income | \$ - | | \$ - |
| Intergovernmental | \$ 96,321 | | \$ 96,321 |
| Water deposit receipts | \$ - | \$ 10,875 | \$ 10,875 |
| Miscellaneous | \$ 59,827 | \$ 5,040 | \$ 64,867 |
| Rental Income | \$ - | | \$ - |
| Fines & Forfeits | \$ 101,848 | | \$ 101,848 |
| Transfers | \$ - | | \$ - |
| Total General Receipts | \$ 1,421,424 | \$ 15,915 | \$ 1,437,339 |
| Change in Net Assets | \$ (98,885) | \$ 61,584 | \$ (37,301) |
| Net Assets @ Beginning of Year | \$ 976,901 | \$ 169,039 | \$ 1,145,940 |
| Net Assets @ End of Year | \$ 878,016 | \$ 230,623 | \$ 1,108,639 |
| ASSETS | | | |
| ASSETS | | | |
| Cash & cash equivalents | \$ 1,075,749 | \$ 230,623 | \$ 1,306,372 |
| Total Assets | \$ 1,075,749 | \$ 230,623 | \$ 1,306,372 |
| NET ASSETS | | | |
| Non-Spendable | \$ - | \$ - | \$ - |
| Restricted | \$ 21,108 | \$ - | \$ 21,108 |
| Committed | \$ 63,455 | \$ - | \$ 63,455 |
| Assigned | \$ - | \$ - | \$ - |
| Unassigned | \$ 991,186 | \$ - | \$ 991,186 |
| Reserved Business-Type | \$ - | \$ 41,520 | \$ 41,520 |
| Unrestricted Business-Type | \$ - | \$ 189,103 | \$ 189,103 |
| Total Net Assets | \$ 1,075,749 | \$ 230,623 | \$ 1,306,372 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances and Net Assets
Year Ended September 30, 2016

| | Governmental Activities Major Funds General | Business- type Activities Water & Sewer |
|--|--|---|
| RECEIPTS | | |
| Taxes: | | |
| General property taxes | 516,437 | |
| Property Taxes - prior | 16,444 | |
| Penalties & interest on delinquent taxes | 16,041 | |
| Licenses & permits: | | |
| Privilege licenses | 11,676 | |
| Franchise charges - utilities | 51,485 | |
| Intergovernmental revenues: | | |
| Federal revenues: | | |
| EDA Grant | - | - |
| FEMA - Fire Grant | - | |
| MDA Grant | - | - |
| USDA - RBEG Grant | - | |
| General Municipal Aid & Gas Tax | 5,594 | |
| State Shared Revenues: | | |
| Homestead Exemption Reimbursement | 33,558 | |
| Sales Tax | 515,176 | |
| In Lieu of Tax - Grand Gulf | 17,394 | |
| Fire insurance premium tax | 10,076 | |
| JAG Grant | 4,945 | |
| MDES Reimbursement | - | - |
| MDOT Grant | 26,669 | |
| Public Health - MOS Grant | 10,000 | |
| Public Safety-Homeland Security | - | |
| Public Safety - Law Enforcement | 10,976 | |
| Public Safety-Emergency Management | - | |
| Wildlife & Fisheries | - | |
| County: | | |
| Fire protection | 31,093 | |
| Parks & Recreation | 16,000 | |
| Charges for Services: | | |
| Parks & Recreation | 163,000 | |
| Water, Sewer, & Garbage | | 546,827 |
| Fines & Forfeits | 101,848 | |
| Miscellaneous | 6,293 | |
| Total Receipts | 1,564,705 | 546,827 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

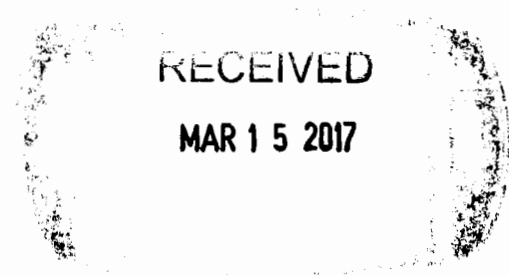
Town of Monticello
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances and Net Assets
Year Ended September 30, 2016

| | Governmental Activities <u>Major Funds</u> <u>General</u> | Business- Type Activities <u>Water &</u> <u>Sewer</u> |
|-------------------------------------|--|---|
| DISBURSEMENTS | | |
| General government | 291,936 | |
| Public safety: | | |
| Police | 455,248 | |
| Streets | 114,416 | |
| Fire | 193,555 | |
| Municipal Court | 39,978 | |
| Culture & recreation: | | |
| Recreation | 218,191 | |
| Enterprise: | | |
| Water & Sewer | | 288,228 |
| Garbage Fees | | 98,786 |
| Debt service - principal & interest | 44,545 | 23,233 |
| Capital outlay | 345,951 | 75,064 |
| Other non-operating disbursements | 27,134 | 4,972 |
| | <u>1,730,954</u> | <u>490,283</u> |
| Total Disbursements | | |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances and Net Assets
Year Ended September 30, 2016

| | Governmental Activities Major Funds General | Business Type Activities Water & Sewer |
|---|--|--|
| Excess(Deficiency) of receipts over disbursements | (166,249) | 56,544 |
| OTHER FINANCING SOURCES (USES) | | |
| MRHA in lieu of taxes | 18,775 | |
| Other non-revenue receipts | 23,422 | 5,040 |
| Notes Payable | 185,000 | |
| Reimbursement from prior year | | |
| Donations | 30,112 | |
| Total other financing resources (Uses) | 257,309 | 5,040 |
| Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses | 91,060 | 61,584 |
| Cash Basis Fund Balance – Beginning of Year | 984,689 | |
| Cash Basis Net Assets – Beginning of Year | | 169,039 |
| Cash Basis Fund Balance – End of Year | 1,075,749 | |
| Cash Basis Net Assets - End of Year | | 230,623 |
| Cash Basis Fund Balance – End of Year | | |
| Non-Spendable | | |
| Restricted | 21,108 | |
| Committed | 63,455 | |
| Assigned | | |
| Unassigned | 991,186 | |
| Total Cash Basis Fund Balance | 1,075,749 | |
| Cash Basis Net Assets - End of Year | | |
| Reserved | | 41,520 |
| Unreserved | | 189,103 |
| Total Cash Basis Net Assets | | 230,623 |



THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



Town of Monticello

Notes to the Financial Statements

Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies.

A. Financial Reporting Entity

The Town of Monticello, Mississippi, (Town) was incorporated in 1811. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

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

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Activities and Net Assets – cash basis) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Town of Monticello

Notes to the Financial Statements

Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies. (Continued)

The Town reports the following major Governmental Fund:

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

The Town reports the following major Business-type Fund:

The *Water and Sewer Fund* is used to account for all financial resources of the water and sewer department.

D. Assets and Net Assets or Equity.

1. Cash and Investments.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit, which are short-term highly liquid investments that are readily convertible to cash. All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value. State law authorizes the Town to invest in interest bearing time certificates of deposits with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

2. Fund Equity.

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-Spendable. The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (Town ordinances).

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Alderman. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Town of Monticello

Notes to the Financial Statements

Year Ended September 30, 2016

Unassigned. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not be restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance account. In other governmental funds if expenditures for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report negative unassigned fund balance.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

Note 2. Defined Benefit Pension Plan.

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

Funding Policy: PERS members are required to contribute 9% of their annual covered salary, and the Town on Monticello, Mississippi, is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town has made all required contributions to PERS as follows: Y/E 09/30/2014, \$111,792; Y/E 09/30/2015, \$118,566; Y/E 09/30/2016, \$110,752.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).

Note 3. Contingencies.

Litigation - The Town of Monticello, Mississippi, is not a defendant in any lawsuits at this time.

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the term and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposed. Any disallowance resulting from a grantor audit may become a liability of the Town.

Town of Monticello

Notes to the Financial Statements

Year Ended September 30, 2016

Note 4. Deposits and Investments.

Deposits:

The carrying amount of the Town's total deposits with financial institutions at September 30, 2016, was \$1,306,372. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2016, none of the Town's bank balance of \$1,306,372 was to custodial credit risk.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2016, the Town had no investments.

Note 5. Property Tax Revenues.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before March 4 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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**Town of Monticello
Notes to the Financial Statements
Year Ended September 30, 2016**

Note 6. Claims and Judgments.

Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

Note 7. Subsequent Events.

The Town has evaluated events and transactions for potential recognition or disclosure through March 15, 2017, which is the date the financial statements were available to be issued.



SUPPLEMENTAL INFORMATION

**Town of Monticello
Schedule of Investments
Year Ended September 30, 2016**

Certificates of Deposit:

General Funds:

General Operating Fund:

.25% dated April 27, 2015, due April 27, 2016

\$ -

101773 - General Fund (First Bank)

Total General CD's

\$ -

Total Certificates Deposits - All Funds

\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello
Schedule of Long-Term Debt
Year Ended September 30, 2016

| | Balance Outstanding Oct. 1, 2015 | Transactions During Fiscal Year | | Balance Outstanding Sept. 30, 2016 |
|---|--|---------------------------------------|----------|--|
| | | Issued | Redeemed | |
| MS Development Authority Sports Complex, 2.00%, 2007 | 28,678 | | 8,862 | 19,816 |
| MS Development Authority Water & Sewer Improvements 2.00%, 2008 | 285,026 | | 19,825 | 265,201 |
| SRF Note Payable, 1.75%, 2012 | 370,160 | | 18,756 | 351,404 |
| MS Developmental Authority Fire Truck, 3.00%, 2016 | | 185,000 | 10,685 | 174,315 |
| Total Long-Term Debt | 683,864 | 185,000 | 58,128 | 810,736 |

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello
Schedule of Surety Bonds for Municipal Officers
Year Ended September 30, 2016

| <u>Name</u> | <u>Position</u> | <u>Surety</u> | <u>Bond Amount</u> |
|------------------|----------------------|-----------------|------------------------|
| David Nichols | Mayor | St. Paul Surety | \$ 50,000 |
| David Stanley | Police Chief | Travelers | \$ 50,000 |
| Deborah Lea | City Clerk | Travelers | \$ 50,000 |
| Amy Corken | Court Clerk | Travelers | \$ 50,000 |
| Kim Davis | Deputy Clerk | Travelers | \$ 50,000 |
| Janice Herring | Parks Ranger | Travelers | \$ 50,000 |
| Karen J. Hill | Alderman | St. Paul Surety | \$ 50,000 |
| Steven Moreman | Alderman | St. Paul Surety | \$ 50,000 |
| Richard T. Sykes | Alderman | St. Paul Surety | \$ 50,000 |
| Donald Walters | Alderman | St. Paul Surety | \$ 50,000 |
| Martha Watts | Alderman | St. Paul Surety | \$ 50,000 |
| Alice Stringer | Concession Manager | Travelers | \$ 50,000 |
| Desirea Ball | Concession Assistant | Travelers | \$ 50,000 |
| Justin Wilson | Athletic Director | Travelers | \$ 50,000 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Monticello

Schedule of Capital Assets

Year Ended September 30, 2016

| | Balance Outstanding Oct. 1, 2015 | Transactions During Fiscal Year | | Balance Outstanding Sept. 30, 2016 |
|--|--|---------------------------------------|----------------|--|
| | | Increases | Decreases | |
| Governmental Activities: | | | | |
| Capital Assets: | | | | |
| Land | 109,055 | | | 109,055 |
| Buildings | 807,022 | | | 807,022 |
| Machinery & Equipment | 1,140,019 | 342,463 | 183,906 | 1,298,576 |
| Infrastructure | 6,419,150 | | | 6,419,150 |
| Construction in Progress | - | | | - |
| Total Governmental activities capital assets | 8,475,246 | 342,463 | 183,906 | 8,633,803 |
| Business-type Activities: | | | | |
| Capital Assets: | | | | |
| Land | 1,800 | | | 1,800 |
| Buildings | 49,232 | | | 49,232 |
| Machinery & Equipment | 190,709 | 75,064 | 4,150 | 261,623 |
| Infrastructure | 5,055,000 | | | 5,055,000 |
| Construction in Progress | 512,500 | 100,000 | | 612,500 |
| Total Business-type activities capital assets | 5,809,241 | 175,064 | 4,150 | 5,980,155 |

AUDITED
MAY 11 2017

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Charles R. Hart

Certified Public Accountant

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Wesson, MS 39191-0336

Office: 601-643-8358

Cell: 601-757-6209

Home: 601-643-5631

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

To the Mayor and Board of Aldermen
Town of Monticello, Mississippi

I have audited the basic financial statements of the Town of Monticello as of and for the year ended September 30, 2016, and have issued my report dated March 15, 2017. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State of Auditor, 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 disclosed no material instances of non-compliance with the municipal compliance questionnaire.

The results of those procedures and my audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.



Charles R. Hart
Certified Public Accountant

March 15, 2017
Wesson, Mississippi

