



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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 SARDIS, MISSISSIPPI
Audited Financial Statement
For the Year Ended September 30, 2016

W

P

B

WILLIAMSON, PETER & BROWN
CERTIFIED PUBLIC ACCOUNTANTS

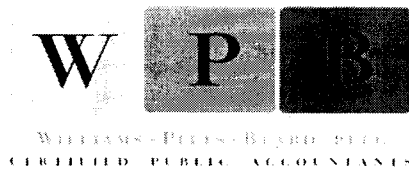
RECEIVED

SEP 13 2017

CITY OF SARDIS, MISSISSIPPI
Audited Financial Statement
For the Year Ended September 30, 2016

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statement	3
Statement of Cash Receipts and Disbursements	4
Notes to Financial Statement	6
Other Information	13
Schedule of Investments.....	14
Schedule of Surety Bonds of Municipal Officials	15
Special Reports	17
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Auditors' Report on Compliance with State Laws and Regulations	21
Schedule of Findings and Responses	22



DONALD L. WILLIAMS
TERRY W. PITTS
RICHARD A. BEARD
KATHLEEN A. WILKINSON
3047 N. HANCOCK ROAD, SUITE A
HERNANDO, MI 48052
602-429-1930
602-429-1955 fax

INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen
City of Sardis
Sardis, Mississippi

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sardis, Mississippi ("the City"), for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 basis of accounting described in Note A; this includes determining that the cash 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sardis, Mississippi, as of September 30, 2016, and the respective changes in cash balances thereof for the year then ended in accordance with the cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are 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. Our opinions are not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Investments and Schedule of Surety Bonds of Municipal Officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of the City's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.



Williams, Pitts & Beard, PLLC
Hernando, Mississippi
August 25, 2017

FINANCIAL STATEMENT

CITY OF SARDIS, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2016

	Governmental Activities			Business-type Activities	Fiduciary Fund	
	Major Funds					
	General	Tourism Tax	Capital Projects	Water and Sewer	Trust	Total
RECEIPTS						
Taxes						
General property taxes	\$ 294,279	\$ -	\$ -	\$ -	\$ -	\$ 294,279
Penalties and interest on delinquent taxes	1,351	-	-	-	-	1,351
Licenses and permits						
Privilege licenses	10,662	-	-	-	-	10,662
Franchise charges - utilities	69,777	-	-	-	-	69,777
Intergovernmental revenues						
Homeland security equipment grant	-	-	-	-	-	-
JAG grant	4,994	-	-	-	-	4,994
MOHS-OP grant	3,965	-	-	-	-	3,965
Fire wise grant	4,000	-	-	-	-	4,000
ARC grant	-	-	-	-	-	-
State shared revenues						
Sales tax	332,582	-	-	-	-	332,582
Tourism tax	-	107,500	-	-	-	107,500
Gasoline tax	5,958	-	-	-	-	5,958
Alcoholic beverage licenses	1,800	-	-	-	-	1,800
Homestead reimbursement	37,690	-	-	-	-	37,690
Fire protection	80,922	-	-	-	-	80,922
Grand gulf distribution	15,745	-	-	-	-	15,745
County shared revenues						
Road and bridge tax funds	28,117	-	-	-	-	28,117
Road and bridge motor vehicle	5,493	-	-	-	-	5,493
Fire protection	109,590	-	-	-	-	109,590
Charges for services						
Sanitation	149,500	-	-	-	-	149,500
Water	-	-	-	831,016	-	831,016
Special police services	5,804	-	-	-	-	5,804
Fines and forfeits	167,310	-	-	-	-	167,310
Interest income	7,481	120	-	508	36	8,145
Miscellaneous receipts						
Miscellaneous	34,295	-	-	6,428	-	40,723
Marina impact fees	22,560	-	-	-	-	22,560
Total receipts	<u>1,393,875</u>	<u>107,620</u>	<u>-</u>	<u>837,952</u>	<u>36</u>	<u>2,339,483</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SARDIS, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2016

	Governmental Activities			Business-type	Fiduciary	
	Major Funds			Activities	Fund	
	General	Tourism Tax	Capital Projects	Water and Sewer	Trust	Total
DISBURSEMENTS						
General government	\$ 352,654	\$ 17,969	\$ -	\$ -	\$ -	\$ 370,623
Public safety						
Police	497,922	-	-	-	-	497,922
Fire	326,988	-	-	-	-	326,988
Public Works	92,602	-	-	-	-	92,602
Culture and recreation						
Parks	1,943	37,044	-	-	-	38,987
Library	12,992	-	-	-	-	12,992
Sanitation	101,443	-	-	-	-	101,443
Enterprise						
Water Utility	-	-	-	849,175	-	849,175
Redemption of principal	26,447	-	-	76,466	-	102,913
Debt service interest	4,962	-	-	33,933	-	38,895
Construction	-	-	-	15,949	-	15,949
Total disbursements	<u>1,417,953</u>	<u>55,013</u>	<u>-</u>	<u>975,523</u>	<u>-</u>	<u>2,448,489</u>
Excess (deficiency) of receipts over disbursements	<u>(24,078)</u>	<u>52,607</u>	<u>-</u>	<u>(137,571)</u>	<u>36</u>	<u>(109,006)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	46,362	-	-	-	-	46,362
Proceeds from capital debt	104,293	-	-	-	-	104,293
Total other financing sources (uses)	<u>150,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,655</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>126,577</u>	<u>52,607</u>	<u>-</u>	<u>(137,571)</u>	<u>36</u>	<u>41,649</u>
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>1,279,184</u>	<u>188,275</u>	<u>1,835</u>	<u>961,345</u>	<u>20,722</u>	<u>2,451,361</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 1,405,761</u>	<u>\$ 240,882</u>	<u>\$ 1,835</u>	<u>\$ 823,774</u>	<u>\$ 20,758</u>	<u>\$ 2,493,010</u>

The accompanying notes are an integral part of the financial statements.

RECEIVED
SEP 13 2017

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Sardis, Mississippi ("the City") was incorporated March 31, 1876. The City operates under a Board of Aldermen-Mayor form of government and provides the following services: public safety (police and fire protection), streets, sanitation, culture, recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These financial statements present all the funds of the City. There are no outside organizations that should be included as component units of the City's reporting entity.

Basis of Presentation

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.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following governmental funds:

General Fund:

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in the fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund:

Special Revenue Funds are used to account for and report the proceeds of specific cash sources that are legally restricted or committed to disbursement for specific purposes other than debt service or capital projects.

Capital Projects Fund:

This fund is used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds

All proprietary funds are usually accounted for using the economic resources measurement focus and the accrual basis of accounting. However, this statement was prepared using the cash basis of accounting as

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

prescribed by the Mississippi Office of the State Auditor. The City has presented the following proprietary fund:

Water and Sewer Fund:

Water and Sewer fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collections activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Fiduciary Fund Types

Private-purpose Trust Fund:

This fund is used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/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 statement is prepared on the cash basis, as prescribed by the Mississippi 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. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("OCBOA"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Budgets and Budgetary Accounting

The City follows these procedures in establishing its budgetary data:

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk submits a budget of estimated expenditure and revenues to the Mayor and Board of Aldermen by August 1.

Upon receipt of the budget estimates, the Board of Aldermen holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the City.

At the September board meeting, the budget is legally enacted through passage of ordinance. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.

The actual receipts and disbursements are accumulated each month and compared to the budgeted amounts and reviewed by the Mayor and Board of Aldermen. Any revisions on the budget during the year are approved by the Board of Aldermen.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

Deposits and Investments

For the purpose of the financial statement, "cash" includes all demand, savings accounts, and certificates of deposits (investments) of the City.

Investments are stated at cost. A schedule of investments is included on page 14.

Business-type cash required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been disclosed as restricted cash. When both restricted and non-restricted cash are available for use, the policy is to use restricted cash first.

Capital Assets

Capital asset purchases are recorded as expenditures at the time of acquisition. Such assets are not capitalized but instead are fully expensed in the year of purchase. Consequently, depreciation has not been provided on fixed assets.

Property Tax Revenues

Restrictions associated with property tax levies vary with the 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 February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien are due in the month that coincides with the month of the original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date when measurable and available; however, under cash basis they are recognized when received.

NOTE B - CASH AND INVESTMENTS

Cash:

The collateral for public City's deposits in financial institutions are 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 Deposit Insurance Corporation ("FDIC").

Custodial credit risk is the risk that, in the event of a financial institution's failure, the City's deposits might not be recovered. As of September 30, 2016, the City's bank balance was not exposed to custodial credit risk.

As of September 30, 2016, the carrying amount of the City's deposits was \$2,493,010 and the bank balance totaled \$2,538,510. Of the bank balances, \$500,000 was insured by FDIC and \$2,038,510 was covered by pooled and/or pledged collateral. Of the \$2,493,008 in cash and investments, \$329,845 was restricted.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

Investments:

As provided in Section 91-13-8 Miss. Code Ann. (1972), the investments of the City are certificates of deposit with First Security Bank. (See page 14 for Schedule of Investments.)

Interest Rate Risk. The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss Code Ann. (1972). The City does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

NOTE C – INSTALLMENT SALE OF CAPITAL ASSETS

The City entered into two separate installment sales agreements to sell buildings during the year ended September 30, 2014. The purchasers paid approximately \$46,362 in principal and \$7,284 in interest on these loans during the current year. The principal was recorded in the general funds sale of capital assets. The remaining balances on these receivables are \$58,429 and \$55,044 respectively at September 30, 2016. A balloon payment was received on December 22, 2016 in the amount of \$58,429, plus interest of \$8,472.

NOTE D - SCHEDULE OF LONG-TERM DEBT

Long-term activity for the year ended September 30, 2016 was as follows:

	<u>Balance at 9/30/2015</u>	<u>Transactions During Year</u>		<u>Balance at 9/30/2016</u>	<u>Amounts due within one year</u>
		<u>Issued</u>	<u>Redeemed</u>		
Governmental activities:					
Loans	\$ 138,204	\$ 104,293	\$ 18,643	\$ 223,854	\$ 25,551
Capital leases	15,772	-	7,804	7,968	7,968
Governmental activities long-term liabilities	<u>\$ 153,976</u>	<u>\$ 104,293</u>	<u>\$ 26,447</u>	<u>\$ 231,822</u>	<u>\$ 33,519</u>
Business-type activities:					
1992 Combined Water and Sewer System Bonds	\$ 695,720	\$ -	\$ 53,061	\$ 642,659	\$ 55,738
Capital leases	53,321	-	23,405	29,916	23,873
Business-type activities long-term liabilities	<u>\$ 749,041</u>	<u>\$ -</u>	<u>\$ 76,466</u>	<u>\$ 672,575</u>	<u>\$ 79,611</u>

Revenue Bonds. The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The \$1,378,400 Combined Water and Sewer System revenue bonds dated 1992, due annually with interest at 5.0%, payable through 2026, had an outstanding balance at September 30, 2016 of \$642,659.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

The annual principal and interest requirements to amortize the bond outstanding as of September 30, 2016, are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2017	\$ 55,738	30,412
2018	58,549	27,601
2019	61,502	24,648
2020	64,604	21,546
2021	67,863	18,287
2022-2026	334,403	37,386
Total	\$ 642,659	\$ 159,880

Loans. The City also uses loans to finance its projects. Loans outstanding as of September 30, 2016 are as follows:

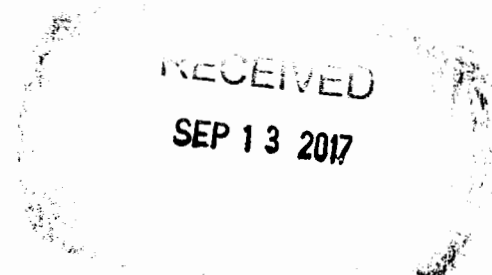
Description	Interest Rate	Maturity Date	Issued	Amount Outstanding
Governmental				
MS Development Authority	3.00%	10/1/2023	\$ 292,835	\$ 122,712
MS Development Authority	2.00%	5/1/2026	104,293	101,142
Total			\$ 397,128	\$ 223,854

The annual principal and interest requirements to amortize all loans outstanding as of September 30, 2016, are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2017	\$ 25,551	\$ 5,453
2018	26,238	4,766
2019	26,944	4,060
2020	27,670	3,334
2021	28,416	2,588
2022-2026	89,035	3,684
Total	\$ 223,854	\$ 23,885

Capital Leases. Future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2016 are as follows:

Year ending September 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 7,968	\$ 92	\$ 23,873	\$ 376
2018	-	-	6,043	20
Total	\$ 7,968	\$ 92	\$ 29,916	\$ 376



CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement
For the Year Ended September 30, 2016

Legal Debt Margin. The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of September 30, 2016, the amount of outstanding debt was equal to 0% of the latest property assessments.

NOTE E - DEFINED BENEFIT PENSION PLAN

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing, multi-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, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2016 was 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 City's contributions (employer share only) to PERS for the years ended September 30, 2016, 2015, and 2014 were \$92,909, \$88,663, and \$81,790 respectively, equal to the required contributions for each year.

NOTE F - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. This exposure is covered by the purchase of commercial insurance.

NOTE G - LITIGATION

Management of the City and its legal counsel have not become aware of any unasserted possible claim or assessment against the City that calls for financial statement disclosure.

NOTE H - SUBSEQUENT EVENTS

Management of the City of Sardis evaluated the activity of the City through August 25, 2017, the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

The City entered into a financing agreement with First Security Bank on February 7, 2017 to finance police cars in the amount of \$56,842 at a rate of 2.38%.

RECEIVED
SEP 13 2017

(This page intentionally left blank)

OTHER INFORMATION

CITY OF SARDIS, MISSISSIPPI
Schedule of Investments
September 30, 2016

Investment balances at September 30, 2016, are as follows:

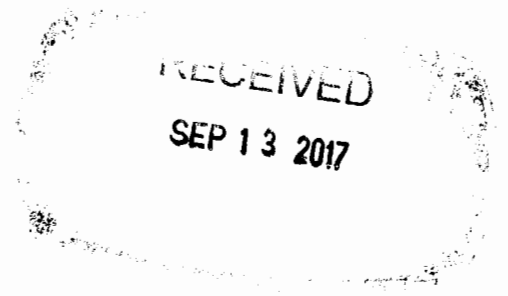
<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	1 Year	\$ 10,138
Total		<u><u>\$ 10,138</u></u>

These investments of the City are included in the cash balance of the financial statement.

CITY OF SARDIS, MISSISSIPPI
Schedule of Surety Bonds of Municipal Officials
September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Billy Russell	Mayor	Travelers	\$ 50,000
Mary McDowell	City Clerk	Travelers	50,000
City of Sardis	Rural Development	Travelers	174,000
Tommy Rayburn	Alderman	Travelers	50,000
Roy Scallorn	Alderman	Travelers	50,000
Clarence Jones Jr.	Alderman	Travelers	50,000
Bonnie Smith	Alderman	Travelers	50,000
Joseph Still	Alderman	Travelers	50,000
Shanan R. Bledsoe	Court Clerk	Travelers	50,000
Donna Kay Goforth	Deputy City Clerk	Travelers	50,000
Kimberly P. Bruce	Deputy City Clerk	Travelers	50,000
Jeanne Beard	Deputy City Clerk	Travelers	50,000
Policeman (each)	Public Safety	RLI Surety	50,000

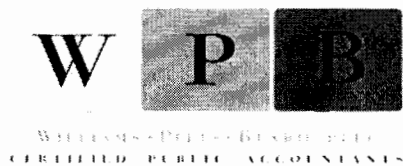
(This page intentionally left blank)



SPECIAL REPORTS

(This page intentionally left blank)

RECEIVED
SEP 13 2017



DAN L. WILLIAMS
Partner
RICHARD A. PELTZ
Partner
KATHLEEN A. BEARD
Partner
2012 ABILENE ROAD, SUITE 100
HARRISBURG, MISSISSIPPI 39047
(601) 421-1430
WWW.WP&B.COM

**INDEPENDENT AUDITORS' 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**

Mayor and Board of Aldermen
City of Sardis
Sardis, Mississippi

We have audited, in accordance with the 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, the statement of cash receipts and disbursements of the governmental activities, the business-type activities and the aggregate remaining fund information of City of Sardis, Mississippi, for the year ended September 30, 2016, and the related notes to the financial statements and have issued our report thereon dated August 25, 2017.

Internal Control Over Financial Reporting

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

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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness, 2016-001.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of City of Sardis, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations dated August 24, 2017, included within this document.

City of Sardis, Mississippi's Response to Findings

City of Sardis, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

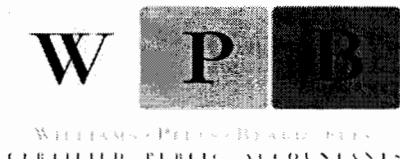
Purpose of this Report

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

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC
Hernando, Mississippi
August 25, 2017

RECEIVED
SEP 13 2017



DANIEL L. WILLIAMS
JERRY W. PITTS
ROBERT A. BEARD
KATHLEEN A. WILLIAMS
2012 MCINAVALL ROAD, SUITE 100
HERNANDO, MISSISSIPPI 39024
601.929-1130
601.929-1131

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Mayor and Board of Aldermen
City of Sardis
Sardis, Mississippi

We have audited the statement of cash receipts and disbursements of the City of Sardis, Mississippi (the "City") as of and for the year ended September 30, 2016 and have issued our report dated August 25, 2017. We have conducted our 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*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the City's management and the Office of 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.

Williams, Pitts & Beard, PLLC
Williams, Pitts & Beard, PLLC
Hernando, Mississippi
August 25, 2017

CITY OF SARDIS, MISSISSIPPI
Schedule of Findings and Responses
For the Year Ended September 30, 2016

Section 1: Summary of Auditors' Results

- | | |
|------------------------------------------------------------------------------------------------|----------------------|
| 1. Type of auditor's report issued on the financial statements: | <u>Unmodified</u> |
| 2. Internal Control over financial reporting: | |
| (a) Material weakness (es) identified? | <u>Yes</u> |
| (b) Significant deficiency (ies) identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| 3. Noncompliance material to the financial statements: | <u>No</u> |

Section 2: Financial Statement Findings

Material Weakness

2016-001 Criteria: The City is responsible for establishing and maintaining effective internal control over financial reporting.

Condition: During the audit, material adjustments to the financial statement were discovered and reported by the external auditors. The City also relies on external auditors in assisting in the preparation of external financial statement and related disclosures. Under auditing standards generally accepted in the United States of America, outside auditors cannot be considered part of the entity's internal control structure. The City does not have documented procedures in place that prevent or detect material misstatements in the external financial statement. However, City management reviewed and approved all adjustments.

Cause: The City has not developed procedures or provided staffing to prepare external financial statements and, consequently, relies on its external auditors for this function.

Effect: The City must incur the expense of outsourcing the preparation of its financial statements or train or hire someone who is capable of preparation of its financial statements, related notes and required supplemental information.

Recommendation: The City should develop internal control procedures to ensure that all material adjustments are reflected in the financial statement. Also, the City should evaluate the costs and benefits of providing for preparation of external financial statement and related disclosures by its personnel.

Response: It is not cost beneficial to hire another employee with the expertise to produce the financial statement.

Panel Questions/Discussion

1. Is it lawful for the constables to serve a declaration on a person's job or is it at the constable's discretion?
2. What are the other counties charging for a re-serve on a summons if the person lives in the same county, \$15.00 or \$35.00?
3. When a case is found guilty or no lo in justice court, then appealed to county court. Then the case has been dismissed in county court. Where does the expungement start? Does justice court have to do the expungement, and send all parties involved copies of the order, (sheriff, Jackson expungement unit, etc.)?
4. Does the justice court office have to run a report every month to show a record of **NON-CASH RECEIPTS**? These receipts consist of the time served cases, where the defendant has served his/her time in jail.
5. Does affidavits and warrants have to be typed out or can they be hand written? I have a judge that refuses to sign them if they are not type out. The law states that we as clerks only acknowledge affidavits, therefore the affiant hand writes the affidavit and the clerk/deputy clerk will only acknowledges their signature. We were told years ago by our county attorney that we as clerks could not write in our handwriting due to getting sued because the affiant could contest it saying "This is not what I said". We just had a case like this to happen when a judge took the affidavit the affiant told me that the judge re-worded it after he left because he did not say what was on the affidavit.
6. Under the new **Mississippi Rules of Criminal Procedure**, if a defendant on a felony charge has bonded on a Grand Jury Bond. Is he/she still eligible for a Preliminary Hearing in Justice Court?
7. Please explain the **new** process for **probable cause** hearings for arrest without a warrant.
8. When does a DUI conviction go into effect?
9. The New RULES OF COURT state if requested a preliminary hearing must be held within 14 days. If the officer involved is not available, can we go over that time line if it's continued?
10. Insurance Electronic Ticket ~ to confirm if a defendant shows proof of insurance after date of ticket. Can the citation be reduced?
11. Can an electronic insurance citation be dismissed if the defendant just bought a car/truck and MHP cannot verify on system but defendant has card but is still issued a ticket?
12. Derrick is driving Ethel's car and gets stopped. Ethel doesn't have insurance but Derrick does on his personal vehicle but not with him. Can he produce it at court and have the citation dismissed?
13. Under the new court rules procedure in issuing a summons in/out of county for a defendant with an old fine. Who serves the summons the Constable or the Sheriff? If constable does, how do they get paid or does it fall under their "lost cause process fee" for in/out of county?

SEP 13 2017

14. What are the proper steps for a writ of execution? When the constable serves it, is he to collect the items the plaintiff is asking for or do we set a court date for the plaintiff and defendant to discuss what happens in front of a judge?
15. What do we do when we send in a fail to appear and the person comes in and pay their tickets and go to Jackson only to be told that their license is not suspended?
16. Are there any provisions to recover cost for serving criminal summons?
17. What bonds do we collect bond fees on? The 2% and VBF?
18. When a defendant signs unsecure bond and fails to show for court, what is the procedure to collect bond fee?
19. When a defendant is arrested on felony charge and does not request a preliminary at what point should the case be closed?
20. Under the new Mississippi rules of Criminal Procedure, on the Criminal Summons to appear and notice to the defendant. Does the Constable get \$35.00 per case or is it per person?
21. If the summons cannot be served by the Constable and it is brought back to the clerk, not found. Can the Judge issue a Bench Warrant at that time or is the case still set for court and the Bench Warrant will be issued as a no show after the court date for a FTA?
22. We are getting calls from the Justice Courts that we are mailing our summons to their county to get served and the questions are: Where is the \$35.00 for constables? How are we going to keep up with what is owed to us? Are all the counties doing this or is it just some of the counties?
23. We are getting more of the summons back not found? At this point what do we do?
24. When a driver is ticketed for no insurance and he is driving another person's vehicle, he produces insurance that belongs to the vehicle's owner, but he himself has no insurance, is the driver responsible for paying the ticket for no insurance? Even if we check the insurance on the new system and the insurance belongs to the owner of the vehicle and not the driver. What do we do in this situation?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

12. _____

13. _____

14. _____

15. _____

SEP 13 2017

SEP 13 2017

16. _____

17. _____

18. _____

19. _____

20. _____

21. _____

22. _____

23. _____

24. _____
