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FINANCIAL STATEMENTS

**Town of Smithville, Mississippi**

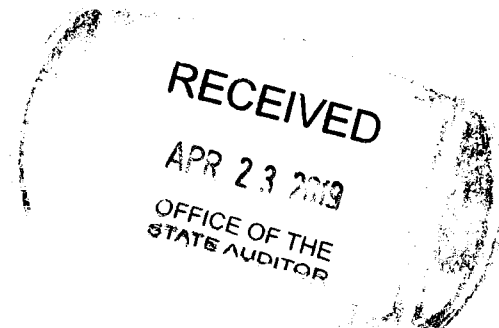
For the year ended  
September 30, 2016



**TOWN OF SMITHVILLE, MISSISSIPPI  
TABLE OF CONTENTS  
September 30, 2016**

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Accountants' Compilation Report .....	1
Statement of Cash Receipts and Disbursements .....	2
Selected Information .....	4
Schedule of Investments .....	5
Schedule of Surety Bonds for Town Officials .....	6
Schedule of Long-Term Debt .....	7
Independent Accountants' Report on Compliance with State Laws and Regulations .....	8
Independent Accountants' Report on Agreed-Upon Procedures .....	9



P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



Partners  
Gary Franks, CPA  
Bryon Wilemon, CPA  
Jonathan Hagood, CPA  
Rudolph Franks, CPA (emeritus)

Honorable Mayor and Board of Aldermen  
Town of Smithville  
Smithville, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Smithville, Mississippi, Mississippi, as of and for the year ended September 30, 2016, in accordance with the cash receipts and disbursements basis of accounting. 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 statement of cash receipts and disbursements 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 the statement of cash receipts and disbursements.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with 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.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

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

Management has also omitted the management's discussion and analysis and other required supplementary information that is required to be presented for purposes of additional analysis. 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 financial reporting for placing the basic financial statement in an appropriate operations, economic, or historical context.

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated January 29, 2019, on the results of our agreed upon procedures.

*Franks, Franks, Wilemon & Hagood P.A.*

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2019



**TOWN OF SMITHVILLE, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the year ended September 30, 2016**

	Governmental Activities			Business-type Activities				Total
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	Government-wide
<b>RECEIPTS</b>								
<b>Ad Valorem Taxes:</b>								
Real and Personal Taxes	\$ 89,655	\$ 8,368	\$ 98,023	\$	\$	\$	\$ -	\$ 98,023
Penalties and Interest	240		240				-	240
<b>Intergovernmental Revenues:</b>								
Federal Revenue								
FEMA Grant		384	384				-	384
<b>State Shared Revenues</b>								
Sales Tax	70,966		70,966				-	70,966
Gasoline Tax	2,767		2,767				-	2,767
Municipal Aid	470		470				-	470
Fire Protection Allocation		6,042	6,042				-	6,042
Homestead Reimbursement	14,813	762	15,575				-	15,575
TVA - In Lieu	3,562		3,562				-	3,562
Other Intergovernmental Revenue								
County Fire Protection		10,000	10,000				-	10,000
<b>Charges for Services:</b>								
Water & Sewer Systems			-	105,987	153,801	86,211	345,999	345,999
Garbage Collections	39,403		39,403				-	39,403
Franchise Fees	12,065		12,065				-	12,065
Privilege License	1,274		1,274				-	1,274
Court Fines	16,319		16,319				-	16,319
Building Permits	1,112		1,112				-	1,112
Interest Income	18		18				-	18
Rents	2,500		2,500				-	2,500
Disaster Relief Donations	100		100				-	100
Other Income	1,745		1,745	7,325	5,463		12,788	14,533
<b>Other Receipts:</b>								
Sale of Surplus Assets	5,386	800	6,186				-	6,186
Insurance Proceeds	1,000		1,000				-	1,000
<b>Total Receipts</b>	<b>\$ 263,395</b>	<b>\$ 26,356</b>	<b>\$ 289,751</b>	<b>\$ 113,312</b>	<b>\$ 159,264</b>	<b>\$ 86,211</b>	<b>\$ 358,787</b>	<b>\$ 648,538</b>

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**STATE AUDITOR**

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the year ended September 30, 2016**

	Governmental Activities			Business-type Activities				Total Government-wide
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	
<b>DISBURSEMENTS</b>								
General Administration and Finance	\$ 99,918	\$	\$ 99,918	\$	\$	\$	\$ -	\$ 99,918
Public Safety:								
Police	118,657		118,657				-	118,657
Fire		11,778	11,778				-	11,778
Public Works:								
Street Department	23,637		23,637				-	23,637
Sanitation	33,562		33,562				-	33,562
Park and Recreation	1,210	5,267	6,477				-	6,477
Proprietary - Water, Rural Water & Sewer			-	85,650	114,880	88,994	289,524	289,524
Interest and Fiscal Charges	2,902		2,902	11,032	16,551		27,583	30,485
<b>Total Disbursements</b>	<b>279,886</b>	<b>17,045</b>	<b>296,931</b>	<b>96,682</b>	<b>131,431</b>	<b>88,994</b>	<b>317,107</b>	<b>614,038</b>
Excess (Deficiency) of receipts over (under) disbursements	(16,491)	9,311	(7,180)	16,630	27,833	(2,783)	41,680	34,500
<b>OTHER FINANCING SOURCES (USES)</b>								
Property Additions			-	(998)	(998)		(1,996)	(1,996)
Redemption of Principal			-	(14,336)	(21,503)		(35,839)	(35,839)
Customer Deposits			-	3,325	1,500		4,825	4,825
Transfers In	3,968		3,968		10,773	1,547	12,320	16,288
Transfers Out	(15,951)	(337)	(16,288)				-	(16,288)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,983)</b>	<b>(337)</b>	<b>(12,320)</b>	<b>(12,009)</b>	<b>(10,228)</b>	<b>1,547</b>	<b>(20,690)</b>	<b>(33,010)</b>
Excess (Deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(28,474)	8,974	(19,500)	4,621	17,605	(1,236)	20,990	1,490
Cash Basis Fund Balance - Beginning of Year	65,805	34,859	100,664	11,555	10,982	2,202	24,739	125,403
Cash Basis Fund Balance - End of Year	\$ 37,331	\$ 43,833	\$ 81,164	\$ 16,176	\$ 28,587	\$ 966	\$ 45,729	\$ 126,893

See notes to the financial statements.



**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SELECTED INFORMATION - Substantially all disclosures required**  
**by generally accepted accounting principles are not included**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town includes all the funds of the Town.

Fund Accounting

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

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

**NOTE B – REPORT CLASSIFICATIONS**

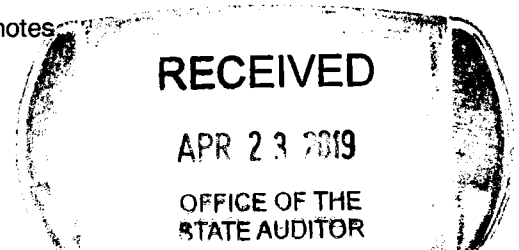
Receipts and disbursements were classified according to requirements for small towns in the state of Mississippi as prescribed by the Office of the State Auditor.

**NOTE C - LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2016, including interest payments of \$420,477 are as follows:

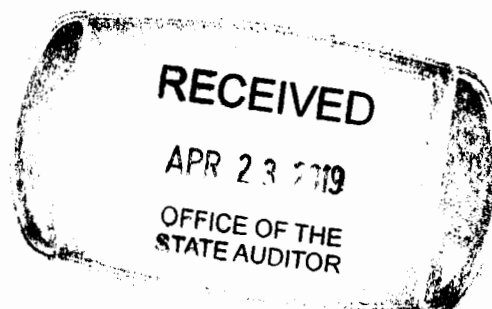
<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Notes</u> <u>Payable</u>	<u>USDA</u> <u>Loans</u>	<u>Interest</u>	<u>Total</u>
2017	380,480	36,034	29,550	446,064
2018	-	36,800	26,617	63,417
2019	-	37,582	25,835	63,417
2020	-	38,381	25,036	63,417
2021	-	39,196	24,221	63,417
2022-2026	-	208,833	108,252	317,085
2027-2031	-	231,986	85,099	317,085
2032-2036	-	257,704	59,381	317,085
2037-2041	-	286,254	30,811	317,065
2042-2046	-	105,817	5,675	111,492
	<u>\$ 380,480</u>	<u>\$ 1,278,587</u>	<u>\$ 420,477</u>	<u>\$ 2,079,544</u>

The Town does not maintain any debt service funds to service the above notes



**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS - ALL FUNDS**  
September 30, 2016

Ownership	Type of Investment	Interest Rate	Other Information	Investment Cost/Value
General Fund:	Certificate of Deposit	0.2498%	Community Bank	\$ 2,822
General and Water/Sewer Fund:	Certificate of Deposit	0.1498%	Community Bank	10,847
General and Water/Sewer Fund:	Certificate of Deposit	0.1498%	Community Bank	11,697
General Fund:	Certificate of Deposit	0.1450%	Renasant Bank	11,739
General Fund:	Certificate of Deposit	0.1450%	Renasant Bank	<u>1,891</u>
Total Investments				\$ <u>38,996</u>





**TOWN OF SMITHVILLE, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
September 30, 2016**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Kim Johnson	Town Clerk	St Paul Travelers	\$ 50,000
Jane Cantrell	Deputy Clerk	St Paul Travelers	\$ 50,000
Jane Cantrell	Court Clerk	St Paul Travelers	\$ 50,000
Darwin Hathcock	Deputy Court Clerk	St Paul Travelers	\$ 50,000
Gregg Kennedy	Mayor	MS Municipal Bond Program	\$ 50,000
Darwin Hathcock	Chief of Police	St Paul Travelers	\$ 50,000
Wesley Kirkpatrick	Police Officer	St Paul Travelers	\$ 25,000
Eric Mills	Police Officer	St Paul Travelers	\$ 25,000
John Bishop	Police Officer	St Paul Travelers	\$ 25,000
Timothy Coker	Police Officer	St Paul Travelers	\$ 25,000
Josh McKenzie	Police Officer	St Paul Travelers	\$ 25,000
Bryan Morrow	Police Officer	St Paul Travelers	\$ 25,000
Jimmy Dabbs, Sr.	Alderman	MS Municipal Bond Program	\$ 50,000
Early Wayne Cowley	Alderman	MS Municipal Bond Program	\$ 50,000
Jim T. Herren	Alderman	MS Municipal Bond Program	\$ 50,000
Johnny Snow	Alderman	MS Municipal Bond Program	\$ 50,000
Joyce Avery	Alderman	MS Municipal Bond Program	\$ 50,000



**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the year ended September 30, 2016**

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING October 1, 2015</u>	<u>TRANSACTIONS DURING FISCAL YEAR ISSUED</u>	<u>TRANSACTIONS DURING FISCAL YEAR REDEEMED</u>	<u>BALANCE OUTSTANDING September 30, 2016</u>
Revenue Bonds:				
USDA Rural Development - Utility	\$ 72,021	\$ 0	\$ 1,957	\$ 70,064
USDA Rural Development - Utility	1,242,405	0	33,882	1,208,523
	<u>1,314,426</u>	<u>0</u>	<u>35,839</u>	<u>1,278,587</u>
Other Long-Term Debt:				
Note Payable - Renasant Bank	100,000	0	0	100,000
Note Payable - TRPDD	280,480	0	0	280,480
	<u>380,480</u>	<u>0</u>	<u>0</u>	<u>380,480</u>
 TOTAL	 \$ <u>1,694,906</u>	 \$ <u>0</u>	 \$ <u>35,839</u>	 \$ <u>1,659,067</u>



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## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Alderman  
Town of Smithville, Mississippi, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements – all fund types of the Town of Smithville, Mississippi, Mississippi, for the year ended September 30, 2016, and have issued our report thereon dated January 29, 2019. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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. However, providing an opinion on compliance with state laws and regulations was not an objective of our engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed the following material instances of noncompliance with state laws and regulations.

1. The Town is not in compliance with Section II, Part C of the Municipal Audit and Accounting Guide, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset inventory listing, take a fixed asset inventory, or tag fixed assets.
2. The Town is not reconciling its bank accounts on a timely basis each month.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Franks, Franks, Wilemon & Hagood P.A.*

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2019



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

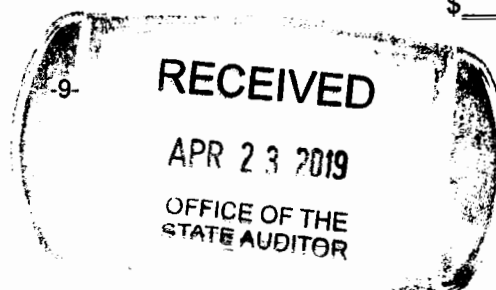
Honorable Mayor and Board of Aldermen  
Town of Smithville, Mississippi

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 Smithville, Mississippi as of September 30, 2016, and for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town of Smithville's management is responsible for the Town's accounting records. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequentially, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. It is understood the report is solely for the use of the governing body of the Town of Smithville, Mississippi, and the Office of the State Auditor and should not be used 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 with the following exception and obtained confirmation of the related balances from the banks:

During our testing, we noted that the Town is not reconciling the bank accounts on a timely basis each month.

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 13,344
Community Bank	General Fund	<u>22,130</u>
Total General Fund		<u>\$ 35,474</u>
Renasant Bank	Special Revenue	<u>\$ 43,833</u>
Total Special Revenue Fund		<u>\$ 43,833</u>
Renasant Bank	Proprietary Fund	\$ 33,982
Community Bank	Proprietary Fund	<u>11,998</u>
Total Proprietary Fund		<u>\$ 45,980</u>



2. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:

- a. Trace levies to governing body minutes;
- b. Traced distribution of taxes collected to proper funds; and
- c. Analyzed increase in taxes for most recent period for completion 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 prescribed tax levies.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

3. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 70,966
Fire Protection	Special Revenue	6,042
Gasoline Tax	General Fund	2,767
TVA In Lieu	General Fund	3,562
Municipal Aid	General Fund	470
Homestead Exemption Reim.	General Fund	15,575

4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code, 1972, if applicable.

The sample consisted of the following:

Number of Sample Items	10
Dollar Value of Sample	\$ 4,634

We have found the Town of Smithville's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

5. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance Administration.



6. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate noncompliance with state requirements:

The Town is not in compliance with Part 5, Item 15 of the Questionnaire, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset listing, take a fixed asset inventory, or tag fixed assets as required by Section II, Part C of the Mississippi Municipal Audit and Accounting Guide.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Smithville, Mississippi, for the year ended September 30, 2016.

*Franks, Franks, Wilemon & Hagood P.A.*

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2019

