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TOWN OF SUMRALL

"A Progressive Town"

Good Folks and Good Values since October 6, 1903

Mayor, Gerolene Rayborn

City Clerk: Jo Ann Robbins

Aldermen: Shirley Barnard, James Burnham, Cecil Coulter, Leland Lott, Trina McLendon

June 16, 2017

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

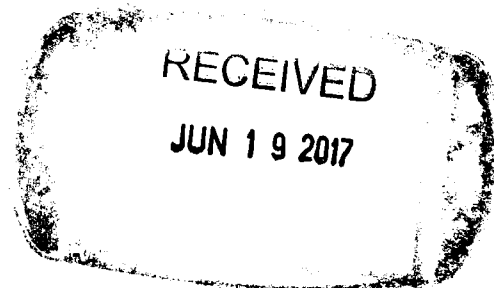
Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the Town of Sumrall, Mississippi, for the fiscal year ended September 30, 2016. In connection with this compilation, a separate management letter was written to the Town. Enclosed you will find a copy of this management letter along with the audit (compilation) reports.

Sincerely,



Gerolene Rayborn,
Mayor, Town of Sumrall



Ross & Betts, PLLC

Certified Public Accountants

Knox W. Ross, Jr.
knoxross@gmail.com

Shirell Stuart Betts
shirellsbetts@yahoo.com

June 1, 2017

To the Honorable Mayor and Board of Aldermen
Town of Sumrall
Sumrall, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of Sumrall, Mississippi (Town) for the year ended September 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

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 the Town of Sumrall 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 the fiscal year ending September 30, 2016. We noted no transactions entered into by the Town 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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 the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement 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 auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representation from management that is included in the management representation letter dated June 1, 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 Town'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 us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Long Term Debt, Schedule of Investments – All Funds, Schedule of Capital Assets, and the Schedule of Surety Bonds for Municipal Officials, which accompanying the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash receipts and disbursements basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Ross & Betts, PLLC

Ross & Betts, PLLC

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**TOWN OF SUMRALL, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**ROSS & BETTS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
107A SOUTH BROOKS STREET
PELAHATCHIE, MS 39145**

**TOWN OF SUMRALL
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TOWN OF SUMRALL, MISSISSIPPI

FINANCIAL SECTION

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Ross & Betts, PLLC
Certified Public Accountants

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Shirell Stuart Betts
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Sumrall, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Sumrall, Mississippi, 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 method of accounting described in Note 1. 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 these financial statements based on our audit. We conducted our audit in accordance with the cash receipts and disbursements method of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles 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 of 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 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.



Town of Sumrall, Mississippi

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Opinions

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

Basis of Accounting

We 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. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Sumrall, Mississippi's financial statements as a whole. The other supplemental section, which includes the Schedule of Long Term Debt, Schedule of Investments – All Funds, Schedule of Capital Assets, and the Schedule of Surety Bonds for Municipal Officials, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

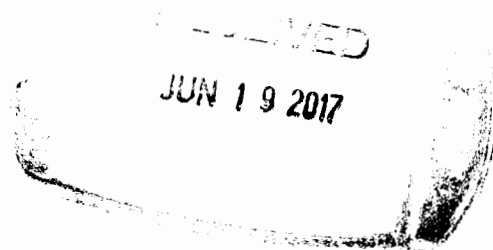
Ross: Beto, Phke

Pelahatchie, Mississippi

June 1, 2017

TOWN OF SUMRALL, MISSISSIPPI

FINANCIAL STATEMENTS





TOWN OF SUMRALL, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the year ended September 30, 2016

Functions/Programs	Program cash receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 222,551	\$ 13,985	\$ -	\$ -	\$ (208,566)	\$ -	\$ (208,566)
Public safety	774,866	51,604	-	19,085	(704,177)	-	(704,177)
Streets	218,637	-	-	-	(218,637)	-	(218,637)
Parks & recreation	6,874	-	-	-	(6,874)	-	(6,874)
Interest on long-term debt	746	-	-	-	(746)	-	(746)
Total Governmental Activities	1,223,674	65,589	-	19,085	(1,139,000)	-	(1,139,000)
Business-type activities:							
Water & Sewer	466,065	458,777	-	51,702	-	44,414	44,414
Garbage	45,577	80,570	-	-	-	34,993	34,993
Interest on long-term debt	7,449	-	-	-	-	(7,449)	(7,449)
Total Business-type Activities	519,091	539,347	-	51,702	-	71,958	71,958
Total Government	\$ 1,742,765	\$ 604,936	\$ -	\$ 70,787	\$ (1,139,000)	\$ 71,958	\$ (1,067,042)
General Receipts:							
Taxes:							
Sales tax					\$ 495,008	\$ -	\$ 495,008
Property tax					379,691	-	379,691
Gasoline tax					4,352	-	4,352
Franchise taxes					85,943	-	85,943
Homestead Reimbursement					9,655	-	9,655
Fire Protection					9,114	-	9,114
Miscellaneous					7,848	-	7,848
Unrestricted investment earnings					3,144	3,534	6,678
Transfers					(28,694)	28,694	-
Total General Receipts					966,061	32,228	998,289
Change in Net Assets					(172,939)	104,186	(68,753)
Net Assets - Beginning					999,515	815,911	1,815,426
Net Assets - Ending					\$ 826,576	\$ 920,097	\$ 1,746,673

The notes to the financial statements are an integral part of this statement.

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TOWN OF SUMRALL, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the year ended September 30, 2016

	Program cash receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Operating	Capital	Governmental	Business-type	Total
	<u>Disbursements</u>	<u>Charges for</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Activities</u>	
		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>	
ASSETS						
Cash and cash equivalents				\$ 826,576	\$ 645,975	\$ 1,472,551
Investments				-	274,122	274,122
Total Assets				<u>\$ 826,576</u>	<u>\$ 920,097</u>	<u>\$ 1,746,673</u>
NET ASSETS						
Nonspendable				\$ -	\$ -	\$ -
Restricted				4,208	-	4,208
Committed				-	-	-
Assigned				112,729	-	112,729
Unassigned				709,639	-	709,639
Unrestricted - Business-type				-	920,097	920,097
Total Net Assets				<u>\$ 826,576</u>	<u>\$ 920,097</u>	<u>\$ 1,746,673</u>
Total Government						

The notes to the financial statements are an integral part of this statement.

TOWN OF SUMRALL, MISSISSIPPI
STATEMENT OF CASH BASIS FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended September 30, 2016

	Governmental Activities		
	Major Fund		Total
	General Fund	Grant Funds	
Receipts			
General Property Taxes	\$ 379,691	\$ -	\$ 379,691
Licenses and Permits	13,985	-	13,985
Franchise Tax on Utilities	85,943	-	85,943
Federal Revenues:			
JAG Grant	19,085	-	19,085
State Shared Revenues:			
General Municipal Aid	709	-	709
Sales Tax	495,008	-	495,008
Gasoline Tax	4,352	-	4,352
Fire Protection	9,114	-	9,114
Homestead	9,655	-	9,655
Drainage Program	-	-	-
Miscellaneous	7,139	-	7,139
Court Fines	51,604	-	51,604
Interest Income	3,144	-	3,144
Total Receipts	\$ 1,079,429	\$ -	\$ 1,079,429

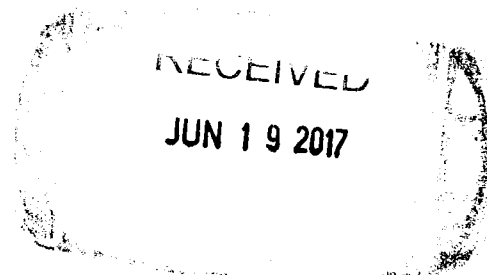
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TOWN OF SUMRALL, MISSISSIPPI
STATEMENT OF CASH BASIS FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended September 30, 2016

	Governmental Activities		
	Major Funds		
	General Fund	Grant Funds	Total
Operating Disbursements			
General Government	\$ 222,551	\$ -	\$ 222,551
Public Safety			
Police	401,438	-	401,438
Fire	14,740	-	14,740
Streets	218,637	-	218,637
Parks & Recreation	6,874	-	6,874
Interest Expense	746	-	746
Total Disbursements	864,986	-	864,986
Excess of Receipts over (under) Disbursements	\$ 214,443	\$ -	\$ 214,443
Other Cash Sources (Uses)			
Purchase of capital assets	(337,748)	-	(337,748)
Transfers Out	(28,694)	-	(28,694)
Principal paid on loans	(20,940)	-	(20,940)
Total Other Cash Sources and (Uses)	\$ (387,382)	\$ -	\$ (387,382)
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	(172,939)	-	(172,939)
CASH BASIS FUND BALANCE- Beginning of Year	999,495	20	999,515
CASH BASIS FUND BALANCE-End of Year	\$ 826,556	\$ 20	\$ 826,576
CASH BASIS FUND BALANCE- End of Year			
Nonspendable	\$ -	\$ -	\$ -
Restricted	4,188	20	4,208
Committed	-	-	-
Assigned	112,729	-	112,729
Unassigned	709,639	-	709,639
Total Cash Basis Fund Balances	\$ 826,556	\$ 20	\$ 826,576

The notes to the financial statements are an integral part of this statement.





TOWN OF SUMRALL, MISSISSIPPI
STATEMENT OF CASH BASIS FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS NET ASSETS
BUSINESS-TYPE FUNDS
As of and for the year ended September 30, 2016

	Business-type Activities		
	Major Funds		
	Water & Sewer Fund	Grant Fund	Total
Receipts			
Grants	\$ -	\$ 51,702	\$ 51,702
Charges for services			
Garbage	80,570	-	80,570
Water & Sewer	458,777	-	458,777
Interest Income	3,534	-	3,534
Total Receipts	<u>\$ 542,881</u>	<u>\$ 51,702</u>	<u>\$ 594,583</u>
Disbursements			
Water and Sewer	\$ 244,952	\$ 4	\$ 244,956
Garbage	<u>45,577</u>	<u>-</u>	<u>45,577</u>
Total Disbursements	<u>290,529</u>	<u>4</u>	<u>290,533</u>
Excess of Receipts over (under) Disbursements	<u>\$ 252,352</u>	<u>\$ 51,698</u>	<u>\$ 304,050</u>
Other Cash Sources (Uses)			
Purchase of capital assets	(157,345)	(42,519)	(199,864)
Transfers In	37,877	(9,183)	28,694
Principal paid on loans	(21,245)	-	(21,245)
Interest paid on loans	<u>(7,449)</u>	<u>-</u>	<u>(7,449)</u>
Total Other Cash Sources and (Uses)	<u>\$ (148,162)</u>	<u>\$ (51,702)</u>	<u>\$ (199,864)</u>
Excess (Deficiency) of receipts and other cash sources over disbursements and other cash uses	104,190	(4)	104,186
CASH BASIS NET ASSETS- Beginning of Year	<u>812,377</u>	<u>3,534</u>	<u>815,911</u>
CASH BASIS NET ASSETS-End of Year	<u>\$ 916,567</u>	<u>\$ 3,530</u>	<u>\$ 920,097</u>
CASH BASIS NET ASSETS- End of Year			
Cash and cash equivalents	\$ 916,567	\$ 3,530	\$ 920,097
Total Cash Basis Net Assets	<u><u>\$ 916,567</u></u>	<u><u>\$ 3,530</u></u>	<u><u>\$ 920,097</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town of Sumrall, Mississippi, operates under a Mayor-Aldermen form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town 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 inter-fund 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 are 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 requirement of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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 disbursements are recorded when cash is spent.

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TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016
(Continued)

(1) Summary of Significant Accounting Policies (cont.)

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 recorded 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.

The town reports the following major Governmental Funds:

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 *Grant Fund* is used to account for all financial resources of grant projects.

The town reports the following major Business-type funds:

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

The *Grant Fund* is used to account for all financial resources of grant projects.

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.



TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016
(Continued)

(1) Summary of Significant Accounting Policies (cont.)

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:

Nonspendable The nonspendable 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).

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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 Aldermen. 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Aldermen, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016
(Continued)

(1) Summary of Significant Accounting Policies (cont.)

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. In the general fund, assigned amounts represent intended uses established by the Board of Aldermen or a Town official delegated that authority by Town Charter or ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit 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 classifications could be used.

(2) Defined Benefit Pension Plan

Plan Description -The Town of Sumrall 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. This information may be obtained by writing to Public Employees' Retirement System, PERS Building, 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 of Sumrall is required to contribute 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 of Sumrall's contributions to PERS for the fiscal years ending September 30, 2016, 2015, and 2014 were \$73,879, \$70,994, and \$65,445, respectively, which equaled the required contributions for each year.



TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016
(Continued)

(2) Defined Benefit Pension Plan (cont.)

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).

(3) Contingencies

Litigation – The Town of Sumrall, 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 terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town.

(4) Deposits and Investments

Deposits

The carrying amount of the Town's total deposits with financial institutions as of September 30, 2016 was \$1,746,674, and the bank balance was \$1,878,222. 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 City's bank balance of \$1,878,222 was exposed to custodial credit risk.

TOWN OF SUMRALL
NOTES TO FINANCIAL STATEMENTS
September 30, 2016
(Continued)

(4) Deposits and Investments (cont.)

Credit Risk – State law limits investments of those prescribed in Sections 27-105-33(d) and 27-105-33E 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 of more of the 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 other than Certificates of Deposits.

(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 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 and are due in the month that coincides with the month of the original purchase.

(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 this risk. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

(7) Subsequent Events

The Town has evaluated events and transactions for potential recognition or disclosure through June 1, 2017, which is the date the financial statements were available to be issued.



TOWN OF SUMRALL, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF SUMRALL, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
General Property Taxes	\$ 356,390	\$ 356,390	\$ 379,691	\$ 23,301
Licenses and Permits	17,920	17,920	13,985	(3,935)
Franchise Tax on Utilities	84,000	84,000	85,943	1,943
Intergovernmental Receipts	498,625	516,025	537,923	21,898
Court Fines	27,850	27,850	51,604	23,754
Miscellaneous	9,250	9,250	10,283	1,033
Total Receipts	<u>\$ 994,035</u>	<u>\$ 1,011,435</u>	<u>\$ 1,079,429</u>	<u>67,994</u>
EXPENDITURES				
General Government	\$ 263,038	\$ 263,038	\$ 222,551	\$ 40,487
Public Safety	423,552	425,752	416,178	9,574
Streets	233,200	233,200	218,637	14,563
Parks & Recreation	10,500	10,500	6,874	3,626
Principal and Interest	21,686	21,686	21,686	-
Total Expenditures	<u>\$ 951,976</u>	<u>\$ 954,176</u>	<u>\$ 885,926</u>	<u>\$ 68,250</u>
Excess of receipts over (under) Expenditures	42,059	57,259	193,503	136,244
OTHER CASH SOURCES (USES)				
Purchase of capital assets	\$ (215,000)	\$ (372,800)	\$ (337,748)	\$ 35,052
Transfers Out	(28,700)	(28,700)	(28,694)	6
Total Other Cash Sources and Uses	<u>\$ (243,700)</u>	<u>\$ (401,500)</u>	<u>\$ (366,442)</u>	<u>\$ 35,058</u>
Net Change in Cash Basis Fund Balance	(201,641)	(344,241)	(172,939)	171,302
Cash Basis Fund Balances - Beginning	999,495	999,495	999,495	-
Cash Basis Fund - Ending	<u>\$ 797,854</u>	<u>\$ 655,254</u>	<u>\$ 826,556</u>	<u>\$ 171,302</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.



TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2016

A. Budgetary Information

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

The budgetary Comparison Schedule – Budget and Actual (Non-GAAP) Basis is a part of required supplemental information.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF SUMRALL, MISSISSIPPI

SUPPLEMENTARY INFORMATION

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**TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF INVESTMENTS
Year Ended September 30, 2016**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
Business-type Fund	Certificate of Deposit	0.70%	6/10/2015	24 month	Citizens Bank	<u>\$ 274,122</u>

TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
Fiscal Year Ended September 30, 2016

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital Assets:				
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Buildings	298,877	-	-	298,877
Machinery & Equipment	874,529	76,904	-	874,529
Infrastructure	2,730,052	260,844	-	2,990,896
Total Governmental activities capital assets	<u>\$ 3,961,458</u>	<u>\$ 337,748</u>	<u>\$ -</u>	<u>\$ 4,222,302</u>
Business-type activities:				
Capital Assets:				
Land	\$ 51,627	\$ -	\$ -	\$ 51,627
Buildings	447,533	-	-	447,533
Machinery & Equipment	270,975	-	-	270,975
Infrastructure	5,155,846	199,864	-	5,355,710
Total Business-type activities capital assets	<u>\$ 5,925,981</u>	<u>\$ 199,864</u>	<u>\$ -</u>	<u>\$ 6,125,845</u>

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**TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
Year Ended September 30, 2016**

	Balance Outstanding 9/30/2015		Transactions During Fiscal Year		Balance Outstanding 9/30/2016
			Issued	Redeemed	
Mississippi Development Authority - Water & Sewer Improvements	\$ 375,038	\$ -		\$ 21,245	\$ 353,793
Mississippi Development Authority - Fire Truck	46,140	-		20,940	25,200
Total	<u>\$ 421,178</u>	<u>\$ -</u>		<u>\$ 42,185</u>	<u>\$ 378,993</u>

TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
Year Ended September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Gerolene Rayborn	Mayor	Fidelity and Deposit Company of Maryland	\$ 50,000
Jo Ann Robbins	Clerk	Fidelity and Deposit Company of Maryland	50,000
Kaye Farve	Deputy Clerk	Fidelity and Deposit Company of Maryland	50,000
Cassie Dement	Deputy Clerk	Fidelity and Deposit Company of Maryland	50,000
Tony Kepper	Deputy Clerk	Fidelity and Deposit Company of Maryland	50,000
Trina McLendon	Alderman	Fidelity and Deposit Company of Maryland	25,000
James Burnham	Alderman	Fidelity and Deposit Company of Maryland	25,000
Leland Lott	Alderman	Fidelity and Deposit Company of Maryland	25,000
Cecil Coulter	Alderman	Fidelity and Deposit Company of Maryland	25,000
Shirley Barnard	Alderman	Fidelity and Deposit Company of Maryland	25,000
Christopher Dungan	Police Chief	Fidelity and Deposit Company of Maryland	50,000
John A. Kepper	Policeman	Fidelity and Deposit Company of Maryland	25,000
LeByron Jackson	Policeman	Fidelity and Deposit Company of Maryland	25,000
Frank DelPilar	Policeman	Fidelity and Deposit Company of Maryland	25,000
William Joel Lofton	Policeman	Fidelity and Deposit Company of Maryland	25,000
Charles Reid	Policeman	Fidelity and Deposit Company of Maryland	25,000
William Knight	Policeman	Fidelity and Deposit Company of Maryland	25,000
William Russell	Policeman	Fidelity and Deposit Company of Maryland	25,000
Nicholas Verner	Policeman	Fidelity and Deposit Company of Maryland	25,000
George Trihoulis	Policeman	Fidelity and Deposit Company of Maryland	25,000

TOWN OF SUMRALL, MISSISSIPPI

SPECIAL REPORTS

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JUN 19 2017

Ross & Betts, PLLC
Certified Public Accountants

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Shirell Stuart Betts
shirellsbetts@yahoo.com

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

Honorable Mayor and Board of Aldermen
Town of Sumrall, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sumrall, Mississippi, as of and for the year ended September 30, 2016 and have issued our report dated June 1, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

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 audit and, accordingly, we do not express such an opinion.

We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of my compliance tests and my audit of financial statements of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Town's management and the management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ross & Betts, PLLC

Pelahatchie, Mississippi
June 1, 2017

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