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TOWN OF TUTWILER, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2016



THOMPSON CPA, PLLC
ACCOUNTING • TAX • ADVISORY

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TOWN OF TUTWILER, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Alderman
Town of Tutwiler
Tutwiler, Mississippi

We have audited the accompanying Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tutwiler, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Tutwiler'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 on the basis of cash receipts and disbursements in accordance with the cash basis of accounting, as described in Note 1. 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 these financial statements 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.

Opinion

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

Other Matters

Omission of Required Supplemental Information

The Town of Tutwiler, Mississippi has omitted the Budgetary Comparison Schedule and Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational and economic context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tutwiler's, Mississippi's basic financial statements. The Schedule of Long-Term Debt, Schedule of Capital Assets, and Schedule of Surety Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplemental information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 such information.

Emphasis of Matter

As discussed in Note 1, the Town of Tutwiler, Mississippi prepares its financial statements 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.

THOMPSON CPA, PLLC
Jackson, Mississippi
September 5, 2017

**TOWN OF TUTWILER, MISSISSIPPI
FINANCIAL STATEMENTS**

TOWN OF TUTWILER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS - ALL FUNDS
For the Year Ended September 30, 2016

	<u>GOVERNMENTAL FUNDS</u>		<u>PROPRIETARY FUNDS</u>	
	<u>General</u>	<u>Capital</u>	<u>Water & Sewer</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Enterprise</u>	
		<u>Fund</u>	<u>Fund</u>	<u>Total</u>
				<u>(Memorandum Only)</u>
RECEIPTS				
Property taxes	1,216,924	-	-	1,216,924
Licenses, commissions and other receipts	25,597	-	-	25,597
Fines and forfeitures	24,691	-	-	24,691
Intergovernmental receipts	169,828	-	-	169,828
Charges for services	58,770	-	920,593	979,363
Miscellaneous receipts	21,125	-	-	21,125
Total Receipts	1,516,935	-	920,593	2,437,528
DISBURSEMENTS				
General government	418,945	-	-	418,945
Public safety	381,210	-	-	381,210
Public works	248,412	-	-	248,412
Health and welfare	-	-	-	-
Culture and recreation	59,243	-	-	59,243
Water & Sewer	-	-	431,881	431,881
Total Disbursements	1,107,810	-	431,881	1,539,691
Excess (Deficiency) of Receipts over Disbursements	409,125	-	488,712	897,837
Cash Basis Fund Balances - Beginning	2,188,741	-	2,189,337	4,378,078
Cash Basis Fund Balances - Ending	\$ 2,597,866	-	2,678,049	5,275,915

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

**TOWN OF TUTWILER, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

TOWN OF TUTWILER, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Town of Tutwiler, Mississippi in Tallahatchie County was incorporated in 1905 as a political subdivision of the State of Mississippi. The Town is governed by its Charter and local laws and the Mississippi Code of 1972. The City operates under the Mayor-Board of Alderman Form of Government, which consists of an elected Mayor and five elected Alderman. This legislative body provides services as authorized by law, including but not limited to, general government support, public safety, parks and recreation, sewer, water, lighting and road maintenance. The City's population according the 2010 census was 3,550.

B. Financial Statement Presentation

In evaluating how to define the Town of Tutwiler for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100 of Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* include whether:

- the organization is legally separate
- the Town holds corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is a fiscal dependency by the organization on the Town

Based on the application of these criteria, there are no outside organizations that should be included as component units of the Town's reporting entity.

C. Measurement Focus and Basis of Accounting

The Town of Tutwiler has elected to prepare its financial statements using the statutory basis required by the Mississippi Office of the State Auditor. This statutory basis is an other comprehensive basis of accounting (OCBOA) that includes a Combined Statement of Cash Receipts and Disbursements presented on a cash basis of accounting, which varies from accounting principles generally accepted in the United States of America (GAAP). This basis of accounting uses the modified accrual basis of accounting for governmental and fiduciary funds and accrual basis for the account groups.

With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues) and decreases (i.e. expenditures) in net current assets. The modified accrual basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The Town of Tutwiler's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. Governmental funds are those in which most governmental functions of the Town are reported. This fund accounts for the Town's expendable financial resources and related liabilities. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The various funds are grouped into the generic fund types and broad categories as follows:

TOWN OF TUTWILER, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

GOVERNMENTAL FUND TYPES

General Fund – The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The majority of current operations are financed by this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Capital Projects Funds – 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.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds (i.e. grants) of specific revenue sources that are legally restricted for specified purposes. All funds operate within the financial limits of an annual budget and exist until completion of stated purpose or full expenditure of funds.

PROPRIETARY FUND TYPES

Water & Sewer Fund – This fund is established to account for revenues derived from charges for water and sewer consumption and usage and the application of such revenues toward related operating expenses

D. Property Tax Receipts

The Board of Alderman, 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 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 original purchase. All property taxes are recognized as receipts when collected. The millage rate for the fiscal year ended September 30, 2016 was 45 mils.

E. Cash and Cash Equivalents

At September 30, 2016, the carrying amount of the Town's deposit with financial institutions was \$4,018,319 and the bank balance was \$3,731,548. The collateral for public entities' 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 the collateral pool administered by the State Treasurer. Financial institutions holding deposits of the 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. As of September 30, 2016, none of the City's bank balance was exposed to custodial credit risk.

F. Defined Benefit Pension Plan

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

TOWN OF TUTWILER, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County 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 Town's contributions to PERS for the years ending September 30, 2016, 2015 and 2014 were \$74,239, \$76,344 and \$72,662 respectively, equal to the required contributions for each year.

G. Budget Policy

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the Town Clerk submits to the Mayor and Board a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments on proposed revenue and expenditures.
- The Mayor and Board of Alderman review and make any necessary revisions to the proposed budget. The budget is legally enacted at the September Board meeting.
- The budget is formally revised during July of each year or when necessary to prevent deficit spending.

Mississippi law requires that a municipality budget and maintain its books on a cash basis. Claims that have been incurred prior to the end of year and that are paid within 30 days are recorded under the modified-accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. Revenue is accounted for under the cash basis.

NOTE II – Risk Management

The Town of Tutwiler has entered into a joint and severable relationship with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experience as well as assessments needed for fund deficits. They also share the benefit of fund surplus in the form of dividends when applicable.

NOTE III – Contingencies

The Town is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Town with respect to the various proceedings. However, the Town's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the Town.

NOTE IV – Subsequent Events

Subsequent events have been evaluated through September 5, 2017, which is the date the financial statements were available to the issued. Events occurring after that date will be evaluated to determine whether a change in the financial statements would be required.

**TOWN OF TUTWILER, MISSISSIPPI
OTHER SUPPLEMENTAL INFORMATION**

TOWN OF TUTWILER, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
September 30, 2016

UNAUDITED

		General Fund			
		Budgeted Amounts		Variance with	
		Original	Final	Final Budget	
		Budget	Budget	Over / (Under)	
REVENUES					
Property taxes	\$	1,190,000	1,190,000	1,202,702	12,702
Sales taxes		55,000	55,000	53,059	(1,941)
Licenses, commissions and other receipts		30,000	30,000	1,236	(28,764)
Fines and forfeitures		35,000	35,000	24,113	(10,887)
Sanitation		60,000	60,000	59,024	(976)
Intergovernmental receipts		60,000	150,000	145,548	(4,452)
Miscellaneous receipts		10,000	15,000	20,923	5,923
Total Receipts		1,440,000	1,535,000	1,506,605	(28,395)
EXPENDITURES					
General government		399,423	399,423	387,066	12,357
Public safety		518,816	751,816	611,655	140,161
Public works		138,280	240,280	218,002	22,278
Sanitation		60,000	60,000	54,034	5,966
Culture and recreation		360,000	360,000	37,320	322,680
Total Disbursements		1,476,519	1,811,519	1,308,076	503,443
Excess of Revenues over (under) Expenditures		(36,519)	(276,519)	198,528	475,047
OTHER CASH SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
Total Other Cash Sources and Uses		-	-	-	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		(36,519)	(276,519)	198,528	475,047
Cash Balances - Beginning		768,000	768,000	2,188,741	1,420,741
Cash Balances - Ending	\$	731,481	491,481	2,387,269	1,895,788

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

**TOWN OF TUTWILER, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
September 30, 2016**

THE TOWN OF TUTWILER CURRENTLY HAS NO LONG-TERM DEBT.

TOWN OF TUTWILER, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
For the Year Ended September 30, 2016

CAPITAL ASSET CLASS	Beginning Balance	Additions	Disposals	Prior Year Adjustments	Ending Balance
Governmental Activities					
Land and land improvements	75,000	-	-	-	75,000
Building and building improvements	634,833	-	-	-	634,833
Furniture and equipment	541,778	-	-	-	541,778
Vehicles & other mobile equipment	63,619	283,789	-	-	347,408
Infrastructure	1,179,940	43,141	-	-	1,223,081
Total capital assets	2,495,170	326,930	-	-	2,822,100
Less; accumulated depreciation	-	-	-	-	-
Gov't fund capital assets, net	2,495,170	326,930	-	-	2,822,100
Business-Type Activities					
Land and land improvements					
Building and building improvements	638,993	-	-	-	638,993
Furniture and equipment	213,973	162,632	-	-	376,605
Mobile equipment	-	-	-	-	-
Construction in progress	-	-	-	-	-
Infrastructure	6,284,502	-	-	-	6,284,502
Total capital assets	7,137,468	162,632	-	-	7,300,100
Less: accumulated depreciation	(863,542)	-	-	-	(863,542)
Enterprise fund capital assets, net	6,412,932	162,632	-	-	6,575,564
Total Capital Assets, net	8,908,102	489,563	-	-	9,397,665

TOWN OF TUTWILER, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
For the Year Ended September 30, 2016

Name	Position	Surety Company	Expiration Date	Bond Amount
Nichole Harris	Mayor	Clyde C. Scott Insurance	7/6/2017	\$25,000
Alma Harris	City Clerk	Clyde C. Scott Insurance	10/10/2017	\$50,000
Modella Hayes	Deputy City Clerk	Clyde C. Scott Insurance	10/10/2017	\$50,000
LaShanda Harris	Court Clerk	Clyde C. Scott Insurance	10/10/2017	\$50,000
James Mason	Police Chief	Clyde C. Scott Insurance	10/10/2017	\$50,000
Donell Wiggins	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Christopher Hooper	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
James Farmer	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Diann Pimpton	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000
Donnie C. Powell	Alderman	Clyde C. Scott Insurance	7/1/2017	\$25,000

**TOWN OF TUTWILER, MISSISSIPPI
OTHER REPORTS**



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

Honorable Mayor and Member of the Board of Alderman
Town of Tutwiler
Tutwiler, Mississippi

We have audited the basic financial statements of the Town of Tutwiler, Mississippi as of and for the year ended September 30, 2016 and have issued our report dated September 5, 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. 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 those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding: NONE

Recommendation: NONE

Response: NONE

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.

THOMPSON CPA, PLLC
Jackson, Mississippi
September 5, 2017