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FINANCIAL REPORT

TOWN OF MANTACHIE, MISSISSIPPI

Year Ended September 30, 2017

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Franks, Franks, Jarrell & Wilemon, P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Partners

Gary Franks, CPA

Greg Jarrell, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (emeritus)

Honorable Mayor and Board of Aldermen
Town of Mantachie, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mantachie, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's primary government 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Other Governmental Funds	Unmodified
Enterprise Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion

The Town of Mantachie, Mississippi does not maintain complete and adequate subsidiary records documenting the existence, completeness and valuation of the fixed assets included in the governmental activities, the business-type activities and the enterprise fund. Due to the lack of adequate subsidiary records, we were unable to satisfy ourselves as to the fair presentation of the fixed assets reported in the governmental activities, the business-type activities and the enterprise fund of the Town of Mantachie, Mississippi at September 30, 2017.

Qualified Opinion

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion" paragraph, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and the enterprise fund of the Town of Mantachie, Mississippi as of September 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of general fund, other governmental funds and the aggregate remaining fund information of the Town of Mantachie, Mississippi as of September 30, 2017, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the schedule of Town's proportionate share of the net pension liability on page 40 and the schedule of the Town's contributions on page 41 be presented to supplement the basic financial statements. Such 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 statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mantachie, Mississippi's basic financial statements. The individual fund financial statements and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and other supplemental information 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and other supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2018, on our consideration of the Town of Mantachie, Mississippi's internal control over financial reporting and 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 the 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 the Town of Mantachie, Mississippi's internal control over financial reporting and compliance.

Franks, Franks, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Fulton, Mississippi
June 26, 2018

TOWN OF MANTACHIE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year Ended September 30, 2017

This section of the Town of Mantachie's Financial Report presents our discussion and analysis of the Town's financial performance during the fiscal year ending September 30, 2017. The information contained in this Management Discussion and Analysis has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at September 30, 2017 and 2016 by \$1,164,517 and \$1,190,486. Of this amount, \$155,554 and \$124,389 may be used to meet the Town of Mantachie's ongoing obligations to citizens and creditors.
- As of September 30, 2017 and 2016, the Town of Mantachie's governmental funds reported combined ending fund balances of \$388,048 and \$325,219, an increase of \$62,829 and \$53,097 in comparison to the prior years. Approximately 81.9% and 80.2% of the combined fund balances, \$317,723 and \$260,949 is considered unassigned and is available for spending at the Town of Mantachie discretion.
- The Town of Mantachie's total debt as of September 30, 2017 and 2016 was \$1,545,036 and \$1,601,428. Debt in the amount of \$56,392 and \$65,472 was repaid during the years ended September 30, 2017 and 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town of Mantachie.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town of Mantachie's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town of Mantachie's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The Town of Mantachie has two Governmental Fund types: the General and Special Revenue.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Water and Sewer System funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the Town of Mantachie's financial statements, including the portion of the Town of Mantachie they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the Town of Mantachie's Government-wide and Fund Financial Statements:

	Government-wide Statements	Governmental Funds	Fund Statements Proprietary Funds
Scope	Entire Town Government (except fiduciary funds) and the Town's component units.	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the Town operates similar to private businesses: Water and Sewer System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the Town of Mantachie as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town of Mantachie's net position and how they have changed. Net position—the difference between the Town of Mantachie's assets and liabilities—is one way to measure the Town of Mantachie's financial health, or position.

- Over time, increases or decreases in the Town of Mantachie's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- *Governmental activities* –Most of the Town of Mantachie's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The Town of Mantachie charges fees to customers to help it cover the costs of certain services it provides. The Town of Mantachie's water and sewer systems services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town of Mantachie's most significant funds—not the Town as a whole. The "fund" level is where the basic unit of financial organization and operation within the Town of Mantachie exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Mantachie has two kinds of funds:

- **Governmental funds**—most of the Town of Mantachie's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town of Mantachie's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town of Mantachie utilizes two types of governmental funds: the General Fund and Special Revenue Funds.
- **Proprietary funds**—Services for which the Town of Mantachie charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The Town has only one type of proprietary funds—enterprise funds. The Town of Mantachie's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The Town of Mantachie's assets exceeded liabilities by \$1,164,517 at the close of the most recent fiscal year.

A large portion, 81% and 84%, of the Town's net position reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) for the years ended September 30, 2017 and 2016, respectively. The Town uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

Town of Mantachie's Net Position

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 492,033	\$ 435,757	\$ 392,886	\$ 361,810	\$ 884,919	\$ 797,567
Capital Assets	401,910	411,847	2,081,764	2,191,468	2,483,674	2,603,315
Total Assets	893,943	847,604	2,474,650	2,553,278	3,368,593	3,400,882
Deferred Outflows	15,216	52,060	11,068	37,473	26,284	89,533
Total Deferred Outflows	15,216	52,060	11,068	37,473	26,284	89,533
Current and Other Liabilities	44,552	49,381	74,098	71,257	118,650	120,638
Long-Term Liabilities	302,452	324,780	1,783,930	1,853,027	2,086,382	2,177,807
Total Liabilities	347,004	374,161	1,858,028	1,924,284	2,205,032	2,298,445
Deferred Inflows	14,662	863	10,666	621	25,328	1,484
Total Deferred Inflows	14,662	863	10,666	621	25,328	1,484
Net Position:						
Net Investment in Capital						
Assets	401,910	411,847	536,728	589,980	938,638	1,001,827
Restricted	70,325	64,270	0	0	70,325	64,270
Unrestricted	75,258	48,523	80,296	75,866	155,554	124,389
Total Net Position	<u>\$ 547,493</u>	<u>\$ 524,640</u>	<u>\$ 617,024</u>	<u>\$ 665,846</u>	<u>\$ 1,164,517</u>	<u>\$ 1,190,486</u>

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The \$155,554 of unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was \$80,296 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The Town of Mantachie generally can only use this net position to finance the continuing operations of the business type activities.

TOWN OF MANTACHIE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in net position: Approximately 28.17% of the Town of Mantachie's revenue comes from sales tax allocation. (See Table A-2.) This compares to 29.52% for the fiscal year ended September 30, 2016. Another 64.02% comes from fees charged for services and the balance is from investment earnings and other miscellaneous receipts. This compares to 63.99% for the fiscal year ended September 30, 2016.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the Town of Mantachie's Net Position

	Governmental Activities		Business-Type Activities		Total	Total
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ 96,008	\$ 91,763	\$ 423,525	\$ 414,863	\$ 519,533	\$ 506,626
Operating Grants & Contributions	0	1,967	0	0	0	1,967
Capital Grants & Contributions	0	0	0	0	0	0
General Revenues:						
Sales Tax Allocation	228,560	233,748	0	0	228,560	233,748
Other Taxes	31,333	26,526		0	31,333	26,526
Intergovernmental Revenues	10,479	11,411		0	10,479	11,411
Investment Income	933	706	863	817	1,796	1,523
Other	19,779	9,960	0	0	19,779	9,960
Total Revenues	387,092	376,081	424,388	415,680	811,480	791,761
Expenses						
General Government	108,380	110,586	0	0	108,380	110,586
Public Safety	177,274	180,013	0	0	177,274	180,013
Public Works	63,485	61,828	0	0	63,485	61,828
Culture & Recreation	27,340	25,038	0	0	27,340	25,038
Water & Sewer	0	0	460,970	473,492	460,970	473,492
Total Expenses	376,479	377,465	460,970	473,492	837,449	850,957
Excess of Revenue Over Expenses	10,613	(1,384)	(36,582)	(57,812)	(25,969)	(59,196)
Transfers	12,240	12,240	(12,240)	(12,240)	0	0
Increase (Decrease) in Net Position	22,853	10,856	(48,822)	(70,052)	(25,969)	(59,196)
Net Position--Beginning	524,640	513,784	665,846	735,898	1,190,486	1,249,682
Net Position--Ending	\$ 547,493	\$ 524,640	\$ 617,024	\$ 665,846	\$ 1,164,517	\$ 1,190,486

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the Town's net position by \$22,853. Key elements of this increase are as follows:

The largest funding sources for the Town's governmental activities, as a percent of total revenues, are sales tax allocation (59% and 62% for 2017 and 2016 respectively) and charges for services (25% and 24% for 2017 and 2016 respectively).

The largest expense category for the Town's governmental activities is public safety (47% and 48% for 2017 and 2016 respectively).

Business-type Activities

Business-type activities decreased the Town's net position by \$48,822.

Charges for services are the major revenue categories for the enterprise funds. The business-type revenues are comprised of \$423,525 for water and sewer system.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$317,723 which comprised the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 94% of total fund expenditures. The fund balance increased by \$56,774 during the current fiscal year.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$70,325, which will be used for future expenditures.

Proprietary Funds—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$617,024.

Budgetary Highlights

The Town's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The Town's 2016-2017 general fund operating budget increased by approximately \$1,250 during the current fiscal year. This increase was primarily related to increases in other services and charges in general government and public safety.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town has no tax millage for the 2017 fiscal year. The Town has never assessed any form of property tax on the citizens of the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the Town has recorded depreciation expense associated with all of its capital assets, including infrastructure. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted to \$2,483,674, net of accumulated depreciation of \$3,652,079. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

Town of Mantachie's Capital Assets

	Governmental Activities	Business-Type Activities	Total 9/30/17	Total 9/30/16
Land	\$ 103,606	\$ 8,000	\$ 111,606	\$ 111,606
Plant, Buildings & Improvements	440,408	5,249,797	5,690,205	5,690,205
Machinery & Equipment	231,308	89,334	320,642	314,376
Infrastructure	13,300	-	13,300	13,300
Construction in Progress	-	-	-	-
Accumulated Depreciation	<u>(386,712)</u>	<u>(3,265,367)</u>	<u>(3,652,079)</u>	<u>(3,526,232)</u>
Total	<u>\$ 401,910</u>	<u>\$ 2,081,764</u>	<u>\$ 2,483,674</u>	<u>\$ 2,603,255</u>

Long-term Debt—At year-end, the Town had \$1,545,036 in bonds and notes outstanding. More detailed information about the Town of Mantachie's long-term liabilities is presented in the notes to the financial statements.

Table A-4

Town of Mantachie's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total 9/30/17	Total 9/30/16
Promissory Notes	\$ -	\$ 1,545,036	\$ 1,545,036	\$ 1,601,428
Total	<u>\$ -</u>	<u>\$ 1,545,036</u>	<u>\$ 1,545,036</u>	<u>\$ 1,601,428</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2018 budget. The total budgeted appropriations for the Town operations are \$404,505. This budget reflects an increase of approximately \$35,850. Notable increases included capital outlay in public works and cultural and recreational.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE TOWN OF MANTACHIE FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town of Mantachie's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Mantachie's Finance Department, P.O. Box 70 Mantachie, MS 38855.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2017

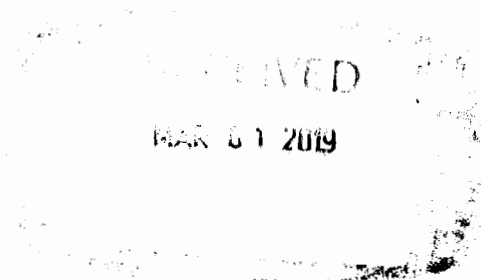
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash on Deposit	\$ 277,474	\$ 290,651	\$ 568,125
Money Market, CD's	85,250	60,410	145,660
Accounts Receivable	31,577	37,044	68,621
Court Fines Receivable	59,433	-	59,433
Notes Receivable	8,926	-	8,926
Due from Other Funds	29,373	4,721	34,094
Utility Deposits	-	60	60
Capital Assets:			
Land	103,606	8,000	111,606
Plant, Buildings and Improvements	440,408	5,249,797	5,690,205
Machinery and Equipment	231,308	89,334	320,642
Infrastructure	13,300	-	13,300
Construction in Progress	-	-	-
Accumulated Depreciation	<u>(386,712)</u>	<u>(3,265,367)</u>	<u>(3,652,079)</u>
TOTAL ASSETS	<u>893,943</u>	<u>2,474,650</u>	<u>3,368,593</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows - Pensions	<u>15,216</u>	<u>11,068</u>	<u>26,284</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,216</u>	<u>\$ 11,068</u>	<u>\$ 26,284</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 10,458	\$ 10,157	\$ 20,615
Due to Other Funds	34,094	-	34,094
Refundable Meter Deposits	-	82,814	82,814
Net Pension Liability	302,452	220,021	522,473
Long-Term Liabilities:			
Due Within One Year	-	63,941	63,941
Due in More Than One Year	-	1,481,095	1,481,095
TOTAL LIABILITIES	347,004	1,858,028	2,205,032
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows - Pensions	14,662	10,666	25,328
TOTAL DEFERRED INFLOWS OF RESOURCES	14,662	10,666	25,328
<u>NET POSITION:</u>			
Net Investment in Capital Assets	401,910	536,728	938,638
Restricted for:			
Fire Rebate	42,925	-	42,925
Home Grant	27,400	-	27,400
Unrestricted	75,258	80,296	155,554
TOTAL NET POSITION	\$ 547,493	\$ 617,024	\$ 1,164,517

See accompanying notes to the financial statements.



TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2017

FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT		
						Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 108,380	\$ -	\$ -	\$ -	\$ -	\$ (108,380)	\$ -	\$ (108,380)
Public Safety	177,274	7,907	-	-	7,907	(169,367)	-	(169,367)
Public Works	63,485	69,335	-	-	69,335	5,850	-	5,850
Culture and Recreation	27,340	18,766	-	-	18,766	(8,574)	-	(8,574)
TOTAL GOVERNMENTAL ACTIVITIES	376,479	96,008	-	-	96,008	(280,471)	-	(280,471)
Business-Type Activities:								
Water & Sewer System	460,970	423,525	-	-	423,525	-	(37,445)	(37,445)
TOTAL BUSINESS-TYPE ACTIVITIES	460,970	423,525	-	-	423,525	-	(37,445)	(37,445)
TOTAL PRIMARY GOVERNMENT	\$ 837,449	\$ 519,533	\$ -	\$ -	\$ 519,533	\$ (280,471)	\$ (37,445)	\$ (317,916)
GENERAL REVENUES:								
Taxes:								
Sales Taxes						\$ 228,560	\$ -	\$ 228,560
Licenses and Permits						5,672	-	5,672
In Lieu Taxes						31,333	-	31,333
Intergovernmental Revenues						10,479	-	10,479
Investment Earnings						933	863	1,796
Miscellaneous Revenues						14,107	-	14,107
Transfers (to) from Other Funds						12,240	(12,240)	-
TOTAL GENERAL REVENUES AND TRANSFERS						303,324	(11,377)	291,947
CHANGE IN NET POSITION						22,853	(48,822)	(25,969)
NET POSITION--BEGINNING						524,640	665,846	1,190,486
NET POSITION--ENDING						\$ 547,493	\$ 617,024	\$ 1,164,517

See accompanying notes to the financial statements.

**TOWN OF MANTACHIE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017**

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>ASSETS:</u>			
Cash on Deposit	\$ 245,448	\$ 32,026	\$ 277,474
Money Market, CD's	85,250	-	85,250
Accounts Receivable	31,577	-	31,577
Notes Receivable	-	8,926	8,926
Due from Other Funds	-	29,373	29,373
TOTAL ASSETS	\$ 362,275	\$ 70,325	\$ 432,600
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 10,458	\$ -	\$ 10,458
Due to Other Funds	34,094	-	34,094
TOTAL LIABILITIES	44,552	-	44,552
<u>FUND BALANCES:</u>			
Restricted:			
Home Grant Fund	-	27,400	27,400
Fire Rebate Fund	-	42,925	42,925
Unassigned	317,723	-	317,723
TOTAL FUND BALANCES	\$ 317,723	\$ 70,325	\$ 388,048

See accompanying notes to the financial statements.

**TOWN OF MANTACHIE, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2017**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 388,048
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	401,910
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Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds:

Net pension liability	(302,452)
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Deferred outflows and inflows of resources, related to pensions are applicable to future periods and, therefore are not reported in the funds:

Deferred outflows of resources related to pensions	15,216
Deferred inflows of resources related to pensions	(14,662)

Accrual of court fine revenues to qualify as financial resources.	<u>59,433</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 547,493</u>
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See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Sales and Use Taxes	\$ 228,560	\$ -	\$ 228,560
Privilege Taxes	5,157	-	5,157
Licenses and Permits	515	-	515
In Lieu of Taxes	31,333	-	31,333
Intergovernmental Revenues	4,074	6,405	10,479
Garbage Services	69,335	-	69,335
City Park Fees and Concessions	18,766	-	18,766
Fines and Forfeits	9,631	-	9,631
Interest Revenues	787	146	933
Grant Income	-	-	-
Miscellaneous Revenues	13,845	262	14,107
TOTAL REVENUES	<u>382,003</u>	<u>6,813</u>	<u>388,816</u>
EXPENDITURES:			
Current:			
General Government	99,479	-	99,479
Public Safety	154,700	645	155,345
Public Works	63,485	-	63,485
Culture and Recreation	19,805	113	19,918
TOTAL EXPENDITURES	<u>337,469</u>	<u>758</u>	<u>338,227</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>44,534</u>	<u>6,055</u>	<u>50,589</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	12,240	-	12,240
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,240</u>	<u>-</u>	<u>12,240</u>
NET CHANGE IN FUND BALANCES	56,774	6,055	62,829
FUND BALANCES - Beginning	<u>260,949</u>	<u>64,270</u>	<u>325,219</u>
FUND BALANCES - Ending	<u>\$ 317,723</u>	<u>\$ 70,325</u>	<u>\$ 388,048</u>

See accompanying notes to the financial statements.

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TOWN OF MANTACHIE, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 62,829
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	6,265
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(16,202)
Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.	(28,315)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	<u>(1,724)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,853</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the fiscal year ended September 30, 2017

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>(Unfavorable)</u>
REVENUES:				
Sales and Use Taxes	\$ 245,000	\$ 235,000	\$ 226,702	\$ (8,298)
Licenses and Permits	1,150	1,550	5,672	4,122
In Lieu of Taxes	31,400	30,350	31,936	1,586
Intergovernmental Revenues	4,070	4,070	4,074	4
Charges for Services	84,250	84,250	88,036	3,786
Fines and Forfeits	10,000	10,000	9,631	(369)
Interest Revenues	650	650	787	137
Grant Income	-	-	-	-
Miscellaneous Revenues	1,850	3,100	13,845	10,745
TOTAL REVENUES	<u>378,370</u>	<u>368,970</u>	<u>380,683</u>	<u>11,713</u>
EXPENDITURES:				
Current:				
General Government	118,055	107,805	101,944	5,861
Public Safety	166,750	174,350	152,235	22,115
Public Works	62,750	65,000	63,485	1,515
Culture and Recreation	19,850	21,500	19,805	1,695
Community Development	-	-	-	-
TOTAL EXPENDITURES	<u>367,405</u>	<u>368,655</u>	<u>337,469</u>	<u>31,186</u>
EXCESS OF REVENUES				
OVER (UNDER)				
EXPENDITURES	<u>10,965</u>	<u>315</u>	<u>43,214</u>	<u>42,899</u>
OTHER FINANCING				
SOURCES (USES):				
Proceeds from Debt Issuances	-	-	-	-
Transfers (to) from Other Funds	12,240	12,240	12,240	-
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>12,240</u>	<u>12,240</u>	<u>12,240</u>	<u>-</u>
EXCESS (DEFICIENCY) OF				
REVENUES AND OTHER				
SOURCES OVER FINANCING				
AND OTHER USES	<u>\$ 23,205</u>	<u>\$ 12,555</u>	<u>\$ 55,454</u>	<u>\$ 42,899</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF NET POSITION-PROPRIETARY FUND
September 30, 2017 and 2016

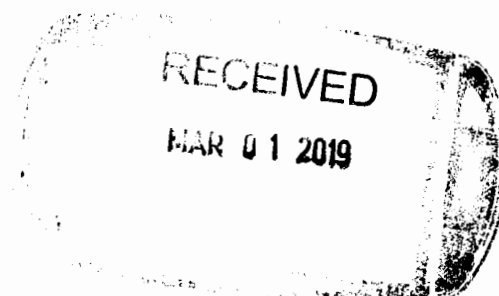
	Water and Sewer System	
	September 30, 2017	September 30, 2016
<u>ASSETS:</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 290,651	\$ 261,154
Investments	60,410	60,259
Accounts Receivable	37,044	34,625
Due from Other Funds	4,721	5,772
Total Current Assets	<u>392,826</u>	<u>361,810</u>
<u>Noncurrent Assets</u>		
Water and Sewer Plant and System	5,339,131	5,339,131
Land	8,000	8,000
Construction in Progress	-	-
Less: Accumulated Depreciation	<u>(3,265,367)</u>	<u>(3,155,723)</u>
Net Noncurrent Assets	<u>2,081,764</u>	<u>2,191,408</u>
<u>Other Assets</u>		
Utility Deposits	60	60
Total Other Assets	<u>60</u>	<u>60</u>
TOTAL ASSETS	<u>2,474,650</u>	<u>2,553,278</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Outflows - Pensions	<u>11,068</u>	<u>37,473</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,068</u>	<u>\$ 37,473</u>
<u>LIABILITIES:</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 4,748	\$ 4,719
Accrued Interest	2,640	2,640
Accrued Liabilities	2,769	2,381
Current Portion of Long-term Debt	<u>63,941</u>	<u>61,517</u>
Total Current Liabilities	<u>74,098</u>	<u>71,257</u>
<u>Noncurrent Liabilities</u>		
Long-term Debt: Less Current Portion	1,481,095	1,539,911
Net Pension Liability	220,021	233,780
Refundable Meter Deposits	<u>82,814</u>	<u>79,336</u>
Total Noncurrent Liabilities	<u>1,783,930</u>	<u>1,853,027</u>
TOTAL LIABILITIES	<u>1,858,028</u>	<u>1,924,284</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Inflows - Pensions	<u>10,666</u>	<u>621</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,666</u>	<u>621</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	536,728	589,980
Unrestricted	<u>80,296</u>	<u>75,866</u>
TOTAL NET POSITION	<u>\$ 617,024</u>	<u>\$ 665,846</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUND
For the fiscal years ended September 30,

	Totals	
	2017	2016
OPERATING REVENUES:		
Charges for Services	\$ 423,525	\$ 414,863
Total Operating Revenues	<u>423,525</u>	<u>414,863</u>
Less: Water Purchased	<u>53,192</u>	<u>51,306</u>
Net Income Before Operating Expenses	<u>370,333</u>	<u>363,557</u>
OPERATING EXPENSES:		
Personal Services	150,112	154,664
Contractual Services	21,740	21,560
Supplies	16,186	20,358
Other Services and Charges	41,861	54,210
Depreciation	109,644	110,548
Total Operating Expenses	<u>339,543</u>	<u>361,340</u>
Operating Income (Loss)	<u>30,790</u>	<u>2,217</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest Income	863	817
Interest Expense	(68,235)	(60,846)
Transfers In (Out)	<u>(12,240)</u>	<u>(12,240)</u>
Total Non Operating Revenues (Expenses)	<u>(79,612)</u>	<u>(72,269)</u>
Change in Net Position	<u>(48,822)</u>	<u>(70,052)</u>
Total Net Position - Beginning	<u>665,846</u>	<u>735,898</u>
Total Net Position - Ending	\$ <u>617,024</u>	\$ <u>665,846</u>

See accompanying notes to the financial statements.



TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF CASH FLOWS-PROPRIETARY FUND
For the fiscal years ended September 30,

	Totals	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 424,584	\$ 417,629
Cash Payments for Personal Services	(127,033)	(127,873)
Cash Payments for Contractual Services	(21,740)	(21,560)
Cash Payments for Supplies	(16,186)	(20,358)
Cash Payments for Other Services	(93,973)	(109,079)
Net Cash Provided by Operating Activities	165,652	138,759
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Paid on Notes	(56,392)	(65,472)
Interest Paid on Bonds and Notes Payable	(68,235)	(59,155)
Proceeds from Issuance of Notes Payable	-	-
Fixed Asset Additions	-	(4,950)
Net Cash Used In Capital and Related Financing Activities	(124,627)	(129,577)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers In (Out)	(12,240)	(12,240)
Net Cash Used In Noncapital Financing Activities	(12,240)	(12,240)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Interest on Investments	863	817
Net Increase (Decrease) In Cash	29,648	(2,241)
Cash at Beginning of Year	321,413	323,654
Cash at End of Year	\$ 351,061	\$ 321,413
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 30,790	\$ 2,217
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	109,644	110,548
Net Pension Expense	22,691	28,026
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(2,419)	(854)
(Increase) Decrease in Due from Other Funds	1,051	(4,010)
Increase (Decrease) in Accounts Payable - Operating	29	447
Increase (Decrease) in Accrued Liabilities	388	(1,235)
Increase (Decrease) in Refundable Meter Deposits	3,478	3,620
Net Cash Provided by Operating Activities	\$ 165,652	\$ 138,759

See accompanying notes to the financial statements.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Mantachie, Mississippi operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the Town provides the following services: public safety (police and fire), street maintenance, sanitation, water and sewer services and general administrative services.

Government-Wide and Fund Financial Statements

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

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TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual include sales tax and various categorical grants.

The Town reports the following governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a non major governmental fund used to report Home Grant Repayment Funds and Fire Rebate Funds.

The Town reports the following major proprietary funds:

The Water and Sewer Fund – This fund is used to account for the Town's water and sewer treatment and distribution system. This fund is responsible for water delivery to the residents of the Town of Mantachie.

The Town has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water, charges for sewer treatment and sale of gas. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

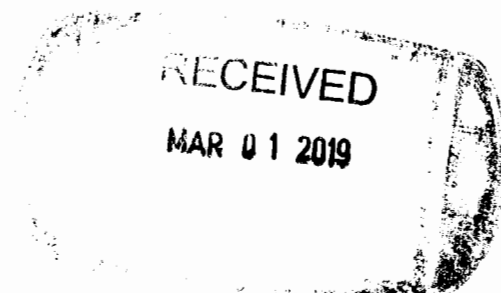
Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the 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

Included within the reporting entity:

Town of Mantachie water and sewer system. The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the water and sewer debt remains with the government.



**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted.
- (5) Between September 1st-15th the budget must be adopted.
- (6) Between September 1st-30th, in accordance with the Town's population, the budget must be posted in three public places.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection.

Further, budgets are used as management control devices in the General, Special Revenue and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the governmental fund types budget revenues on the cash basis in accordance with Mississippi law and the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Cash and Investments

The Town deposits funds in the financial institutions selected by the Board of Alderman in accordance with state statutes.

The collateral for public entities' deposits in financial institutions is now 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 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.

Investments - State statutes authorize the Town's investments. The Town is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments.

Fund Balance Classification

The Town has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's Board of Aldermen. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual
- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the Town's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Byhalia's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the Town of Mantachie's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by funds type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

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TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the Town does not employ an encumbrance system.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Business Information

The Town of Mantachie, Mississippi provides water and sewer services for customers inside the Town limits of Mantachie as well as a limited number of customers outside the Town limits. Credit is extended to all water and sewer customers.

NOTE 2 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2017:

Primary Government:

	Balance 10-01-16	Additions	Disposals	Balance 09-30-17
Capital Assets, not being depreciated:				
Land	\$ 103,606	\$ 0	\$ 0	\$ 103,606
Construction in Progress	0	0	0	0
Total Capital Assets, not being				
Depreciated:	103,606	0	0	103,606
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	440,408	0	0	440,408
Infrastructure	13,300	0	0	13,300
Machinery and Equipment	225,043	6,265	0	231,308
Total Capital Assets being depreciated	678,751	6,265	0	685,016
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(170,540)	(11,628)	0	(182,168)
Machinery and Equipment	(190,660)	(4,574)	0	(195,234)
Infrastructure	(9,310)	0	0	(9,310)
Total Accumulated Depreciation	(370,510)	(16,202)	0	(386,712)
Total Capital Assets, depreciated, net				
Governmental Activities	308,241	(9,937)	0	298,304
Capital Assets, net	\$ 411,847	\$ (9,937)	\$ 0	\$ 401,910

The City adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets effective for the current fiscal year.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - FIXED ASSETS - continued

A summary of business-type capital asset activity at September 30, 2017 follows:

	Balance 10-01-16	Additions	Adjustments / Disposals	Balance 09-30-17
Capital Assets, not being depreciated:				
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	<u>8,000</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	5,249,797	0	0	5,249,797
Machinery and Equipment	<u>89,334</u>	<u>0</u>	<u>0</u>	<u>89,334</u>
Total Capital Assets being depreciated	<u>5,339,131</u>	<u>0</u>	<u>0</u>	<u>5,339,131</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(3,072,146)	(108,420)	0	(3,180,566)
Machinery and Equipment	<u>(83,577)</u>	<u>(1,224)</u>	<u>0</u>	<u>(84,801)</u>
Total Accumulated Depreciation	<u>(3,155,723)</u>	<u>(109,644)</u>	<u>0</u>	<u>(3,265,367)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>2,183,408</u>	<u>(109,644)</u>	<u>0</u>	<u>2,073,764</u>
Capital Assets, net	<u>\$ 2,191,408</u>	<u>\$ (109,644)</u>	<u>\$ 0</u>	<u>\$ 2,081,764</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 6,614
Public Safety	2,964
Public Works	0
Culture & Recreation	<u>6,624</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 16,202</u>
*Depreciation expense for Water and Sewer	<u>\$ 109,644</u>

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - RECEIVABLES

Receivables at September 30, 2017, consisted primarily of other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues and accrued interest on investments.

All accounts receivable are shown net of an allowance for uncollectible accounts of \$32,003 for Governmental activities and \$5,912 for Business-Type activities. The allowance is based on management estimates and the average age of receivables.

NOTE 4 - NOTES PAYABLE/LONG-TERM DEBT

The following is a summary of debt transactions of the Town for the year ended September 30, 2017:

Notes Payable-Long Term Debt at 10/01/16	\$ 1,601,428
Notes Payable-Issued during the year	0
Notes Payable-Retired during the year	<u>(56,392)</u>
Notes Payable-Long Term Debt at 09/30/17	\$ <u>1,545,036</u>

Notes Payable-Long Term Debt at September 30, 2017 is comprised of the following:

Farmers Home Administration note due in monthly payments of \$658 through August 2021; interest rate 5.875%.	\$ 20,462
Farmers Home Administration note due in annual payments of \$25,000 through August 2038; interest rate 5%.	325,976
Farmers & Merchants Bank note due in monthly payments of \$1,100 through March 2027; interest rate 4.25%.	115,722
Combined Water and Sewer Revenue Bond Payable due in annual payments of \$57,603 through February 2041; interest rate 4.25%.	791,027
Mississippi Department of Environmental Quality State Revolving Loan due in monthly payments of \$1,744 through September 2033; interest rate 1.75%.	<u>291,849</u>
	\$ <u>1,545,036</u>

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 4 - NOTES PAYABLE/LONG-TERM DEBT - continued

The annual requirements to amortize all debt outstanding as of September 30, 2017 including interest payments of \$694,069 are as follows:

<u>Year Ending September 30,</u>	<u>Proprietary Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 63,941	\$ 60,687
2019	66,470	58,158
2020	68,777	55,516
2021	64,084	52,645
2022	66,495	50,234
2023-2027	384,790	211,073
2028-2032	379,073	138,573
2033-2037	370,828	63,114
2038-2042	<u>80,578</u>	<u>4,069</u>
	\$ <u>1,545,036</u>	\$ <u>694,069</u>

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the Town of Mantachie are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN - continued

Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, the COLA is equal to 3% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3% compounded for each fiscal year thereafter.

Employee membership data related to the Plan, as of June 30, 2017 was as follows:

Retirees and Survivors	102,260
Terminated Vested Employees	16,682
Inactive Nonvested Members	50,170
Active Members	<u>152,382</u>
Total	<u>321,494</u>

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the Town of Mantachie is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the Town to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2017 the Town of Mantachie's total payroll for all employees was \$211,554. Total covered payroll was \$194,604. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the Town of Mantachie reported a liability of \$522,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Mantachie's proportion of the net pension liability was based on a projection of the Town of Mantachie's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Town of Mantachie's proportion was 0.003143%.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5 - DEFINED BENEFIT PENSION PLAN - continued

For the year ended September 30, 2017, the Town of Mantachie recognized pension expense of \$81,656. At September 30, 2017, the Town of Mantachie reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Results - Pensions	\$ 7,506	\$ 3,812
Town Pension Contributions Subsequent to the Measurement Date	7,165	0
Changes of Assumptions	11,613	890
Net Difference Between Projected and Actual Investment Earnings on Investments	0	6,708
Changes in Proportion and Differences Between ER Contributions and Proportionate Share Of ER Contributions	0	13,918
Total	\$ <u>26,284</u>	\$ <u>25,328</u>

The \$7,165 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2018	\$ 3,215
2019	2,353
2020	(1,686)
2021	<u>(10,091)</u>
Total	<u>\$ (6,209)</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.25-18.50%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with males rates set forward one year.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5 - DEFINED BENEFIT PENSION PLAN - continued

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00%	4.60%
International Equity	18.00%	4.50%
Emerging Markets Equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed Income	18.00%	0.75%
Real Estate	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5 - DEFINED BENEFIT PENSION PLAN - continued

Sensitivity of the Town of Mantachie's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town of Mantachie's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Town of Mantachie's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$685,259
Current discount rate	7.75%	\$522,473
1% increase	8.75%	\$387,326

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

NOTE 6 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Town. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Town if disposed of unfavorably.

NOTE 7 - RISK MANAGEMENT

The Town of Mantachie, Mississippi is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the Town except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the Town retains the risk of loss.

Risk of loss related to workers compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The Town pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 7 - RISK MANAGEMENT - continued

The Town Attorney estimates that the amount of actual or potential claims against the Town as of September 30, 2017, will not materially affect the financial condition of the Town. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the Town during the current or prior year.

NOTE 8 - FUND BALANCE RECONCILIATION - GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes – All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year accrued revenues were \$1,320 more than cash revenues.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2018 the date which the financial statements were available to be issued.

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**TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years
For the Year Ended September 30, 2017**

	2017	2016	2015
A. Mantachie's proportion of net pension liability (%)	0.003143%	0.003127%	0.003130%
B. Mantachie's proportionate share of net pension liability	\$522,473	\$558,560	\$483,836
C. Mantachie's covered employee payroll	\$194,604	\$199,453	\$195,890
D. Mantachie's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	268.48%	280.05%	246.99%
E. Plan fiduciary net position as a percentage of total pension liability	61.49%	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the Town has only presented information for the years in which information was available.

TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS
For the Last 10 Fiscal Years
For the Year Ended September 30, 2017

	2017	2016	2015	2014
A. Statutorily required contributions	\$30,650	\$31,414	\$30,853	\$30,851
B. Contributions in relation to statutorily required contributions	\$30,650	\$31,414	\$30,853	\$30,851
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0
D. Mantachie's covered employee payroll	\$194,604	\$199,453	\$195,890	\$195,879
E. Contributions as a percentage of covered employee payroll	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the Town has only presented information for the years in which information was available.

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**TOWN OF MANTACHIE, MS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

PENSION SCHEDULES

(1) Changes in benefit provisions

a. 2016

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(2) Changes in assumptions

a. 2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disable lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

b. 2016

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

c. 2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disable Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

- (3) The comparative information presented on the Schedule of the Town's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
For the fiscal year ended September 30, 2017

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Sales and Use Taxes	\$ 235,000	\$ 226,702	\$ (8,298)
Licenses and Permits	1,550	5,672	4,122
In Lieu of Taxes	30,350	31,936	1,586
Intergovernmental Revenues	4,070	4,074	4
Charges for Services:	84,250	88,036	3,786
Fines and Forfeitures	10,000	9,631	(369)
Interest Revenues	650	787	137
Grant Income	-	-	-
Miscellaneous Revenues	3,100	13,845	10,745
TOTAL REVENUES	\$ 368,970	\$ 380,683	\$ 11,713
EXPENDITURES:			
General Government:			
Administration:			
Personnel Services	\$ 25,305	\$ 22,204	\$ 3,101
Contractual Services	24,500	20,316	4,184
Supplies	3,000	2,610	390
Other Services and Charges	55,000	54,349	651
Capital Outlay	-	2,465	(2,465)
Total	107,805	101,944	5,861
Total General Government	107,805	101,944	5,861
Public Safety:			
Police and Fire Department:			
Personnel Services	123,250	115,777	7,473
Contractual Services	3,100	2,828	272
Supplies	2,000	1,603	397
Other Services and Charges	31,000	28,227	2,773
Capital Outlay	15,000	3,800	11,200
Total	174,350	152,235	22,115
Total Public Safety	174,350	152,235	22,115
Public Works:			
Street and Sanitation Department:			
Contractual Services	65,000	63,485	1,515
Other Services and Charges	-	-	-
Total	65,000	63,485	1,515
Total Public Works	\$ 65,000	\$ 63,485	\$ 1,515

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
For the fiscal year ended September 30, 2017

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture & Recreation:			
Parks and Recreation:			
Personnel Services	\$ 5,259	\$ 5,259	\$ -
Contractual Services	6,241	6,241	-
Supplies	3,500	3,449	51
Other Services and Charges	6,500	4,856	1,644
Capital Outlay	-	-	-
Total	<u>21,500</u>	<u>19,805</u>	<u>1,695</u>
Total Culture & Recreation	<u>21,500</u>	<u>19,805</u>	<u>1,695</u>
Community Development:			
Other Services and Charges	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Development	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>368,655</u>	<u>337,469</u>	<u>31,186</u>
Excess (Deficiency) of Revenue			
Over (Under) Expenditures	<u>315</u>	<u>43,214</u>	<u>42,899</u>
Other Financing Sources (Uses):			
Transfers (to) from Other Funds	<u>12,240</u>	<u>12,240</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>12,240</u>	<u>12,240</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other			
Sources Over (Under) Expenditures	<u>12,555</u>	<u>55,454</u>	<u>42,899</u>
and Other Uses			
Fund Balance:			
October 1,	<u>260,949</u>	<u>260,949</u>	<u>-</u>
(Non-GAAP Budgetary Basis) September 30,	\$ <u>273,504</u>	316,403	\$ <u>42,899</u>
Adjustments to GAAP Basis:			
Accrued Revenue		<u>1,320</u>	
Fund Balance (GAAP) September 30,		<u>\$ 317,723</u>	

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**TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2017**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mark Roberts	Police Chief	Travelers Casualty and Surety Company of America	\$50,000
Tanya Rayburn	Town Clerk	Travelers Casualty and Surety Company of America	\$50,000
David Turner	Vice-Mayor/Alderman	Travelers Casualty and Surety Company of America	\$25,000
Amanda Bridges	Alderman	Travelers Casualty and Surety Company of America	\$25,000
Wayne Guin	Alderman	Travelers Casualty and Surety Company of America	\$25,000
Jonathan Hester	Alderman	Travelers Casualty and Surety Company of America	\$25,000
Matt Fennell	Mayor	Travelers Casualty and Surety Company of America	\$50,000
Wilton Cooper	Alderman	Travelers Casualty and Surety Company of America	\$25,000
Diane Clouse	Deputy Clerk	Travelers Casualty and Surety Company of America	\$50,000
Jordan Jones	Park Director	Travelers Casualty and Surety Company of America	\$50,000

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**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**

Honorable Mayor and Board of Aldermen
Town of Mantachie, 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Mantachie, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Mantachie, Mississippi's basic financial statements and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Mantachie, Mississippi'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 statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Mantachie, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mantachie, Mississippi'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. [17-1, 17-2, 17-3 and 17-4]

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mantachie, Mississippi'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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 17-1.

Town of Mantachie, Mississippi's Response to Findings

Town of Mantachie, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Mantachie, Mississippi'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.

Franks, Franks, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Fulton, Mississippi
June 26, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
Town of Mantachie, Mississippi

We have audited the financial statements of Town of Mantachie, Mississippi as of and for the year ended September 30, 2017 and have issued our report dated June 26, 2018. 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 instance of noncompliance with state laws and regulations. Our finding and recommendation and your response can be found in the accompanying schedule of findings and responses as item 17-1.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit 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, Jarrell & Wilemon, P.A.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
Fulton, Mississippi
June 26, 2018

**TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2017**

FINDING AND SIGNIFICANT DEFICIENCY NO. 17-1:

Criteria: State law requires municipalities of the State to maintain a complete fixed asset inventory listing, to properly tag all fixed assets, and to perform an annual fixed asset inventory.

Cause of Condition: The Town of Mantachie's internal control procedures over fixed assets have not been properly developed and implemented. During our audit testing, we noted that the Town does not maintain a fixed asset inventory system as prescribed by the Mississippi Code. The Town does not maintain a complete fixed asset listing containing items description, location, condition, and inventory tag number. Fixed asset inventory tags are not being properly used by the Town. The Town does not perform an annual fiscal inventory of fixed assets as prescribed by the Mississippi Code.

Recommendation: The Town should begin to develop and implement internal control policies and procedures related to fixed asset management. The Town should perform a fixed asset inventory and prepare a current fixed asset inventory listing as prescribed by state law. The Town should place inventory tags on all existing fixed assets and all fixed assets acquired by the Town in the future.

Response: The Town will attempt to develop and implement better internal controls over its fixed assets.

FINDING AND SIGNIFICANT DEFICIENCY NO. 17-2:

Criteria: A valuable element of the internal control structure is proper segregation of duties of accounting personnel.

Cause of Condition: The Town of Mantachie's internal control structure does not provide for adequate segregation of duties due to the Town's small size and small number of employees.

Recommendation: The Town's mayor and board should continue to be actively involved in a supervisory position in the Town's operations.

Response: The Town will attempt to maximize segregation of duties whenever possible. The mayor and board will remain actively involved in a supervisory position over the Town's operations.

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**TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2017**

FINDING AND SIGNIFICANT DEFICIENCY NO. 17-3:

Criteria: The Town is to maintain adequate internal controls to ensure accurate processing and accounting of transactions for the fair presentation of its financial records.

Cause of Condition: The Town's system for accounting for the transactions of the Town related to court fines and assessments should continue to be improved. During our audit testing, we noted the court fine receivable listing provided by the Town was manually compiled by the Town Clerk and some court fine receivables could be omitted. Additionally, the Town does not currently have an adequate system to document complete accountability for outstanding tickets or ticket books. The current court system is a manual system with limited controls and the Town cannot ensure accountability of issued tickets.

Recommendation: The Town should take necessary steps to continue to improve the system for accounting for court fines, assessments and ticket books. The Town should ensure that one complete system is maintained with all fines and collections posted. The Town should ensure all efforts are made to collect the large amount of outstanding court fines.

Response: The Town will implement adequate internal controls over the processing of court fines and assessments of the Town.

FINDING AND SIGNIFICANT DEFICIENCY NO. 17-4:

Criteria: The Town is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

Cause of Condition: The Town did not maintain adequate internal control over its park and recreation collection department. The Town did not ensure that all documentation was retained in order for proper testing of the park and recreation activities to be performed. All receipt books, receipts and other documentation relating to the activities of the park and recreation department should be retained by the Town.

Recommendation: The Town should implement adequate internal controls over its park and recreation department. The Town should adopt procedures to ensure accountability for all documentation related to the activities of the park and recreation department.

Response: The Town will take steps necessary to ensure that controls over the park and recreation department are revised to ensure future compliance.

- * - Findings No. 17-1, 17-2, 17-3 and 17-4 are considered material weaknesses in internal control.
- * - Finding No. 17-1 is considered a noncompliance finding.
- * - Findings No. 17-1, 17-2 and 17-3 were also prior year findings.