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TOWN OF METCALFE

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Phone: (662) 335-0212 · Fax: (662) 378-8041 · Email: townofmetcalfe@suddenlinkmail.com

Working Together To Reach Its Potential

August 5, 2019

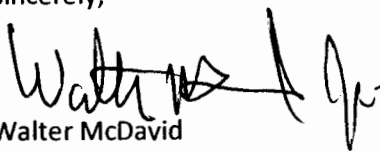
Office of the State Auditor
P.O. Box 956
Jackson, Ms 39205

RE: Audited Financial Statement and Supplemental Information

Accompanying this letter is a copy of the annual audit of the financial statements and supplemental information of the Town of Metcalfe, Mississippi, for the fiscal year ending September 30, 2017.

If you have any questions, please call me at 662-335-0212.

Sincerely,


Walter McDavid
Mayor

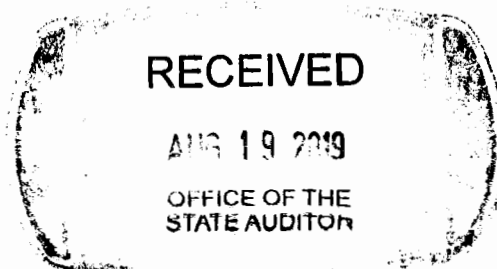


Walter McDavid Jr., Mayor · Rosie Chillis, Town Clerk · LaSalle Stewart, Deputy Clerk
Board of Alderpersons: Shaquita Allen · Torriane Carter · Theresa Hardy · Aldric Murray · Dewayne Rhodes
Damon Davis, Chief of Police
Melvin Carter, Public Works Supervisor · Kenneth Graham, Public Works Assistant

TOWN OF METCALFE, MISSISSIPPI

**Financial Statement and
Supplemental Information**

For the Year Ended September 30, 2017



TOWN OF METCALFE, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Board of Alderpersons
Town of Metcalfe, Mississippi

Management is responsible for the financial statements of the Town of Metcalfe, which comprise the combined statement of cash receipts and disbursements for each fund as of September 30, 2017, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

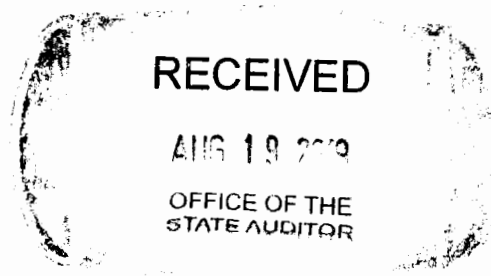
Management is also responsible for the accompanying supplementary information contained in Schedules 1 through 2, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements.

Management also has not presented the management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated May 15, 2019, on the results of our agreed-upon procedures.

Brown, Ewing & Co.
Ridgeland, Mississippi
May 15, 2019



TOWN OF METCALFE, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds)
For the Year Ended September 30, 2017

	<u>Governmental Funds</u>			Total Memo Only 2017
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Revenue receipts:				
General property taxes	\$ 85,435	\$ -	\$ -	\$ 85,435
Licenses and permits	1,872	-	-	1,872
State and local grants	7,675	-	-	7,675
Federal grants	-	39,810	-	39,810
State shared revenues:				
Municipal aid	532	-	-	532
Sales tax	10,850	-	-	10,850
Gasoline tax	3,001	-	-	3,001
Fire rebates	5,974	-	-	5,974
Other				
Franchise tax	16,017	-	-	16,017
Nuclear plant	887	-	-	887
Fines and bonds	329	-	-	329
Interest income	3,945	-	-	3,945
Miscellaneous	42,522	1,566	-	44,088
Charges for services:				
Water/sewer	-	-	182,881	182,881
Natural gas	-	-	231,487	231,487
Garbage	-	-	-	-
Total revenue receipts	<u>179,039</u>	<u>41,376</u>	<u>414,368</u>	<u>634,783</u>
Other receipts:				
Interfund loans and transfers	<u>275,929</u>	<u>-</u>	<u>-</u>	<u>275,929</u>
Total other receipts	<u>275,929</u>	<u>-</u>	<u>-</u>	<u>275,929</u>
Total receipts	454,968	41,376	414,368	910,712
Cash balance - beginning of year	<u>108,078</u>	<u>22,593</u>	<u>17,945</u>	<u>148,616</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 563,046</u>	<u>\$ 63,969</u>	<u>\$ 432,313</u>	<u>\$ 1,059,328</u>



TOWN OF METCALFE, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds) - Continued
For the Year Ended September 30, 2017

	<u>Governmental Funds</u>			Total (Memo Only) 2017
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 358,259	\$ -	\$ -	\$ 358,259
Public safety:				
Police	55,838	-	-	55,838
Fire	23,520	11,233	-	34,753
Summer feeding program	-	39,810	-	39,810
Enterprise:				
Water/sewer	-	-	64,058	64,058
Natural gas	-	-	109,480	109,480
Interest on loans and bonds	3,850	-	1,533	5,383
Total operating disbursements	<u>441,467</u>	<u>51,043</u>	<u>175,071</u>	<u>667,581</u>
Other disbursements:				
Capital outlay	-	-	-	-
Interfund loans and transfers	-	4,899	247,997	252,896
Total other disbursements	<u>-</u>	<u>4,899</u>	<u>247,997</u>	<u>252,896</u>
Total disbursements	441,467	55,942	423,068	920,477
Cash balance - end of year	<u>121,579</u>	<u>8,027</u>	<u>9,245</u>	<u>138,851</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 563,046</u>	<u>\$ 63,969</u>	<u>\$ 432,313</u>	<u>\$ 1,059,328</u>



TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Metcalfe operates under a Mayor - Board of Alderpersons form of government, and provides services as authorized by law.

A. Fund Accounting

The financial statement consist of all the funds of the Town of Metcalfe: General Fund, Special Revenue Funds, and the Enterprise Funds.

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

GOVERNMENTAL FUNDS

General Fund: The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the Town's restricted resources.

PROPRIETARY FUNDS

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's Water and Sewer and Natural Gas Funds are included in this category.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

C. Total Columns on Combined Statement

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the Town as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

NOTE 2 - REPORT CLASSIFICATIONS

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

NOTE 3 - PROPERTY TAX

Property taxes attached as an enforceable lien on property January 1. The millage rate for the Town for the fiscal year ended September 30, 2017 was 28.00 mills for general purposes.

NOTE 4 - LONG-TERM DEBT

Long-term debt consist of the following at September 30, 2017:

ENTERPRISE FUNDS:

Natural Gas Fund - Rural Development Revenue Bonds:

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$48,800 in combined water and sewer system revenue disposal bonds with interest rates of 5.1250% maturing on April 1, 2023. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the natural gas proprietary fund.

\$ 27,335

Water/Sewer Fund - Rural Development Revenue Bonds:

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$82,400 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on October 1, 2029. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

48,242

Total Long-Term Debt

\$ 75,577



TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

The following is a schedule by years of the total payment due on the above debt for the Enterprise Funds:

Natural Gas Fund

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,778	\$ 1,366	\$ 3,144
2019	1,871	1,273	3,144
2020	1,970	1,174	3,144
2021	2,073	1,071	3,144
2022	2,186	958	3,144
2023-2027	13,077	3,043	16,120
2028-2030	4,380	199	4,579
Total	<u>\$ 27,335</u>	<u>\$ 9,084</u>	<u>\$ 36,419</u>

Water/Sewer Fund

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,929	\$ 2,303	\$ 5,232
2019	3,078	2,154	5,232
2020	3,236	1,996	5,232
2021	3,401	1,831	5,232
2022	3,575	1,657	5,232
2023-2027	20,816	5,344	26,160
2028-2030	11,207	572	11,779
Total	<u>\$ 48,242</u>	<u>\$ 15,857</u>	<u>\$ 64,099</u>

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

The Town of Metcalfe had \$- capital outlay disbursements during the current fiscal year for equipment and other capital assets.

NOTE 6 - FEDERAL GRANTS

During the fiscal year ended September 30, 2017, the Town received federal grant funds in the amount of \$39,810 and incurred grant expenditures in the same amount.

<u>Funding Source</u>	<u>Grant Name</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
MS Dept. of Education	Summer Feeding Program	V0000723160	10.559	\$ 39,810
				<u>\$ 39,810</u>

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2017.

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2017

NOTE 7 - FEDERAL PAYROLL TAXES

At September 30, 2017, the Town had an outstanding federal payroll tax liability penalty during a ten (10) year period dating back to 1999 through 2009. A breakdown of the federal payroll tax liability is listed as follows:

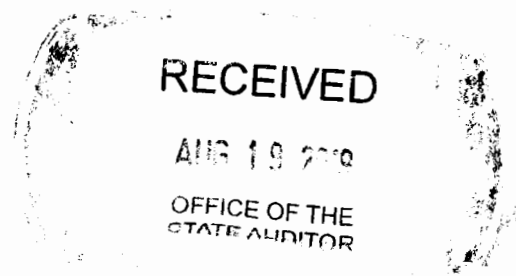
<u>Liability Breakdown</u>	<u>Amount</u>
Federal payroll taxes	\$ 477,584
Penalty	5,544
Interest charges	105,437
Total Federal Payroll Taxes Due	<u>\$ 588,565</u>

NOTE 8 - CASH RESERVE PAYROLL TAX ACCOUNT

During March 2012, the Town received \$100,000 from Ohio Casualty Insurance Company resulting from a claim filed by the Town against the former Mayor and Town Clerk. The Town used the proceeds to established a cash account which will allow the Town to pay the back federal taxes owed the Internal Revenue Service. The Town has entered into an agreement with Internal Revenue Service to pay such tax liability over a period of time and is making monthly transfers to the cash account in the amount of \$350. At September 30, 2017 the cash reserve balance was \$101,084.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

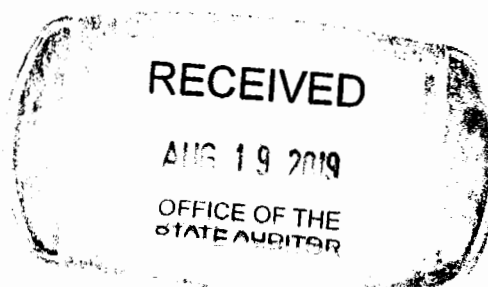


SUPPLEMENTAL INFORMATION

TOWN OF METCALFE, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2017

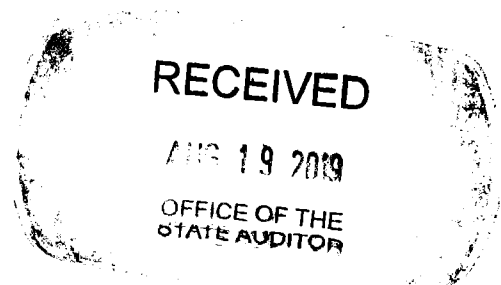
DEFINITION AND PURPOSE

	Outstanding Balance Oct. 1, 2016	Additions	Principal Retired	Outstanding Balance Sept. 30, 2017
Governmental Funds:				
<u>Notes Payable:</u>				
Note payable to Planters Bank	\$ 3,458	\$ -	\$ (3,458)	\$ -
Total Governmental Funds	<u>\$ 3,458</u>	<u>\$ -</u>	<u>\$ (3,458)</u>	<u>\$ -</u>
Enterprise Funds:				
<u>Revenue Bonds Payable:</u>				
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2013	\$ 30,642	\$ -	\$ (1,611)	\$ 29,031
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2029	<u>53,447</u>	<u>-</u>	<u>(2,521)</u>	<u>50,926</u>
Total Enterprise Funds	<u>\$ 84,089</u>	<u>\$ -</u>	<u>\$ (4,132)</u>	<u>\$ 79,957</u>



TOWN OF METCALFE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2017

Name	Position	Company	Bond Amount
Walter McDavid, Jr.	Mayor	Travelers	\$ 25,000
Aldric Murray	Vice-Mayor	Travelers	25,000
Dewayne Rhodes	Alderman	Travelers	25,000
Shaquita Allen	Alderwoman	Travelers	25,000
Theresa Hardy	Alderwoman	Travelers	25,000
Torrione Carter	Alderman	Travelers	25,000
Rosie L. Chillis	Town Clerk	Travelers	50,000
Tamara Carter	Deputy Clerk	Travelers	50,000
Damon Davis	Police Chief	Travelers	50,000



TOWN OF METCALFE, MISSISSIPPI
Agreed Upon Procedures
Year Ended September 30, 2017



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

SPECIAL REPORT ON AGREED-UPON
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Metcalfe, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Metcalfe, Mississippi's compliance with certain laws and regulations as of September 30, 2017, and for the year then ended. Management is responsible for the Town of Metcalfe, Mississippi's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances for the banks:

Bank	Fund	Balance per General Ledger
C B & S Bank	General fund operating	\$ 13,968
C B & S Bank	Fire protection fund	1,564
C B & S Bank	Rental units	755
Regions Bank	Payroll tax escrow	1,334
Regions Bank	I R S payroll escrow	99,750
Bank Plus	Accounts payable clearing	86
C B & S Bank	Payroll tax escrow	4,122
	Total General Fund	<u>\$ 121,579</u>

Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
C B & S Bank	Home 1995 Escrow Account	\$ 1,300
C B & S Bank	Summer Feeding Program	4,934
C B & S Bank	Special Assessment	1,005
C B & S Bank	Community Facility Building	456
C B & S Bank	Special Events	<u>332</u>
	Total Special Revenue	<u>\$ 8,027</u>
C B & S Bank	Water/Sewer Operating	\$ 2,467
C B & S Bank	Water/Sewer Customers Deposits	644
C B & S Bank	Natural Gas Operating	2,289
C B & S Bank	Natural Gas Change Fund	150
Regions Bank	Natural Gas Customers Deposits	812
C B & S Bank	Water Improvement Fund	<u>2,883</u>
	Total Proprietary Fund	<u>\$ 9,245</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	Natural gas fund	\$ <u>644</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verified use of certified county assessment rolls and traced levies to governing body minutes;
 - Examined uncollected taxes for proper handling, including tax sales;
 - Traced distribution of taxes collected to proper funds; and
 - Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

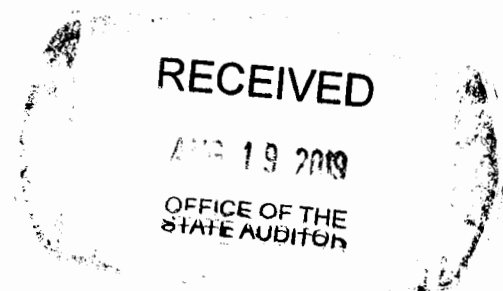
Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-87 and 21-33-303, Miss Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated below were traced to the deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Balance per General Ledger</u>
General Municipal Aid	General	\$ 532
Gasoline Tax	General	3,001
Homestead Exemption		
Reimbursements	General	7,675
Sales Tax Allocation	General	10,850
Nuclear Plant	General	887
Fire protection rebate	General	5,974
MS Department of Education	Special Revenue	39,810
MS Emergency Management Agency	General Fund	<u>851</u>
Total		<u>\$ 69,580</u>

5. We did not select a sample of purchases made by the municipality during the fiscal year. The Town purchases did not required evaluation for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.



Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

6. We inquired about the Municipal Compliance Questionnaire and was informed by the Town Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the Town had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had no budget overruns for the fiscal year ending September 30, 2017.

We also noted the following:

- ◆ During our review of the cash accounts, we found that deposits in transit totaling \$9,995 for the general operating dating back as far as September 2014 were listed on the bank reconciling items. The Town should adopt administrative control procedures to investigate such outstanding deposits and remove these items from the bank reconciliation. Such deposits should be cleared from the bank reconciliation within one month.
- ◆ For the current fiscal year, the Town's chart of accounts is not in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ◆ An aging report of utility customers' accounts receivable is being prepared on a monthly basis and reconciled to the general ledger.
- ◆ The Town has an outstanding federal payroll tax liability of \$588,565, of which \$110,981 represent interest and penalty. This liability covers the years 1999 through 2009.
- ◆ According to the Section 21-17-5 of the Miss. Code Ann. (1972), the Mayor and Alderpersons are now required to obtain surety bond coverage of \$100,000. As of September 30, 2010, the Town had not updated its surety bond coverage for the Mayor and Alderpersons in order to comply with the new requirement implemented by the state.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Metcalf, Office of the State Auditor, and the State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Brown, Egan & Co.
Ridgeland, Mississippi
May 15, 2019