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FINANCIAL STATEMENTS

**Town of Smithville, Mississippi**

For the year ended  
September 30, 2017

**TOWN OF SMITHVILLE, MISSISSIPPI  
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September 30, 2017**

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Rudolph Franks, CPA (1933-2019)

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

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Smithville, Mississippi, Mississippi, as of and for the year ended September 30, 2017, in accordance with the cash receipts and disbursements basis of accounting. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Management has also omitted the management's discussion and analysis and other required supplementary information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operations, economic, or historical context.

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated January 29, 2021, on the results of our agreed upon procedures.

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

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2021

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the year ended September 30, 2017**

	Governmental Activities			Business-type Activities				Total
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	
<b>RECEIPTS</b>								
Ad Valorem Taxes:								
Real and Personal Taxes	\$ 92,293	\$ 10,352	\$ 102,645	\$ -	\$ -	\$ -	\$ -	\$ 102,645
Penalties and Interest	226	-	226	-	-	-	-	226
Intergovernmental Revenues:								
Federal Revenue								
FEMA Grant	-	26,527	26,527	-	-	-	-	26,527
State Shared Revenues								
Sales Tax	71,238	-	71,238	-	-	-	-	71,238
Gasoline Tax	2,767	-	2,767	-	-	-	-	2,767
Municipal Aid	470	-	470	-	-	-	-	470
Fire Protection Allocation	-	5,274	5,274	-	-	-	-	5,274
Homestead Reimbursement	13,413	1,490	14,903	-	-	-	-	14,903
TVA - In Lieu	6,371	-	6,371	-	-	-	-	6,371
Other State Grants	-	-	-	-	-	-	-	-
Other Intergovernmental Revenue								
County Fire Protection	-	10,000	10,000	-	-	-	-	10,000
Charges for Services:								
Water & Sewer Systems								
Garbage Collections	39,461	-	39,461	101,720	157,096	85,421	344,237	344,237
Franchise Fees	12,546	-	12,546	-	-	-	-	39,461
Privilege License	597	-	597	-	-	-	-	12,546
Court Fines	14,690	-	14,690	-	-	-	-	597
Building Permits	298	-	298	-	-	-	-	14,690
Interest Income	27	-	27	-	-	-	-	298
Rents	1,600	-	1,600	-	-	-	-	27
Disaster Relief Donations	-	-	-	-	-	-	-	1,600
Other Income	240	-	240	8,715	5,142	-	13,857	-
Other Receipts:								
Sale of Surplus Assets	804	-	804	-	-	-	-	14,097
Total Receipts	\$ 257,041	\$ 53,643	\$ 310,684	\$ 110,435	\$ 162,238	\$ 85,421	\$ 358,094	\$ 668,778

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the year ended September 30, 2017**

	Governmental Activities			Business-type Activities				Total
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	
<b>DISBURSEMENTS</b>								
General Administration and Finance	\$ 73,271	\$ -	\$ 73,271	\$ -	\$ -	\$ -	\$ -	\$ 73,271
Public Safety:								
Police	116,928	-	116,928	-	-	-	-	116,928
Fire	-	15,565	15,565	-	-	-	-	15,565
Public Works:								
Street Department	26,716	-	26,716	-	-	-	-	26,716
Sanitation	28,005	-	28,005	-	-	-	-	28,005
Park and Recreation	1,547	7,153	8,700	-	-	-	-	8,700
Proprietary - Water, Rural Water & Sewer				83,313	102,541	80,974	266,828	266,828
Interest and Fiscal Charges	18,816	-	18,816	10,726	16,089	-	26,815	45,631
Total Disbursements	265,283	22,718	288,001	94,039	118,630	80,974	293,643	581,644
Excess (Deficiency) of receipts over (under) disbursements	(8,242)	30,925	22,683	16,396	43,608	4,447	64,451	87,134
<b>OTHER FINANCING SOURCES (USES)</b>								
Property Additions	(3,597)	-	(3,597)	(2,500)	(2,547)	(3,941)	(8,988)	(12,585)
Debt Issuance	10,740	-	10,740	-	-	-	-	10,740
Redemption of Principal	(6,509)	-	(6,509)	(14,642)	(21,964)	-	(36,606)	(43,115)
Customer Deposits	-	-	-	3,459	1,635	-	5,094	5,094
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	634	-	634	(13,683)	(22,876)	(3,941)	(40,500)	(39,866)
Excess (Deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(7,608)	30,925	23,317	2,713	20,732	506	23,951	47,268
Cash Basis Fund Balance - Beginning of Year	37,331	43,833	81,164	16,176	28,587	966	45,729	126,893
Cash Basis Fund Balance - End of Year	\$ 29,723	\$ 74,758	\$ 104,481	\$ 18,889	\$ 49,319	\$ 1,472	\$ 69,680	\$ 174,161

See notes to the financial statements.

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SELECTED INFORMATION - Substantially all disclosures required**  
**by generally accepted accounting principles are not included**  
**September 30, 2017**

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

General Information

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

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

**NOTE B – REPORT CLASSIFICATIONS**

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

**NOTE C - LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2017, including interest payments of \$392,437 are as follows:

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Notes</u> <u>Payable</u>	<u>USDA</u> <u>Loans</u>	<u>Interest</u>	<u>Total</u>
2018	384,711	36,800	29,518	451,029
2019	-	37,582	25,835	63,417
2020	-	38,381	25,036	63,417
2021	-	39,196	24,221	63,417
2022	-	40,029	23,388	63,417
2023-2027	-	213,271	103,814	317,085
2028-2032	-	236,915	80,170	317,085
2033-2037	-	263,180	53,905	317,085
2038-2042	-	292,357	24,728	317,085
2043-2046	-	44,270	1,822	46,092
	<u>\$ 384,711</u>	<u>\$ 1,241,981</u>	<u>\$ 392,437</u>	<u>\$ 2,019,129</u>

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

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS - ALL FUNDS**  
September 30, 2017

Ownership	Type of Investment	Interest Rate	Other Information	Investment Cost/Value
General Fund:	Certificate of Deposit	0.25%	Community Bank	\$ 2,830
General and Water/Sewer Fund:	Certificate of Deposit	0.15%	Community Bank	10,864
General and Water/Sewer Fund:	Certificate of Deposit	0.15%	Community Bank	11,715
General Fund:	Certificate of Deposit	0.1450%	Renasant Bank	11,756
General Fund:	Certificate of Deposit	0.1450%	Renasant Bank	<u>1,894</u>
Total Investments				\$ <u><u>39,059</u></u>

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

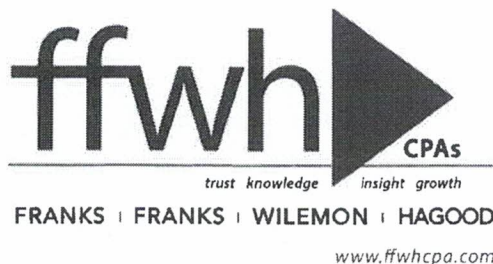
<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Kim Johnson	Town Clerk	St Paul Travelers	\$ 50,000
Jane Cantrell	Deputy Clerk	St Paul Travelers	\$ 50,000
Jane Cantrell	Court Clerk	St Paul Travelers	\$ 50,000
Darwin Hathcock	Deputy Court Clerk	St Paul Travelers	\$ 50,000
Early Wayne Cowley	Mayor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

**TOWN OF SMITHVILLE, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
For the year ended September 30, 2017

<u>DEFINITION AND PURPOSE</u>	BALANCE OUTSTANDING October 1, 2016	TRANSACTIONS DURING FISCAL YEAR ISSUED	TRANSACTIONS DURING FISCAL YEAR REDEEMED	BALANCE OUTSTANDING September 30, 2017
Revenue Bonds:				
USDA Rural Development - Utility	\$ 70,064	\$ -	\$ 1,998	\$ 68,066
USDA Rural Development - Utility	1,208,523	-	34,608	1,173,915
	<u>1,278,587</u>	<u>-</u>	<u>36,606</u>	<u>1,241,981</u>
Other Long-Term Debt:				
Note Payable - Renasant Bank	100,000	550	-	100,550
Note Payable - TRPDD	280,480	10,190	6,509	284,161
	<u>380,480</u>	<u>10,740</u>	<u>6,509</u>	<u>384,711</u>
 TOTAL	 \$ <u>1,659,067</u>	 \$ <u>10,740</u>	 \$ <u>43,115</u>	 \$ <u>1,626,692</u>

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

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

We have compiled the accompanying statement of cash receipts and disbursements – all fund types of the Town of Smithville, Mississippi, Mississippi, for the year ended September 30, 2017, and have issued our report thereon dated January 29, 2021. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

As required by the State legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our engagement and, accordingly, we do not express such an opinion.

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

1. The Town is not in compliance with Section II, Part C of the Municipal Audit and Accounting Guide, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset inventory listing, take a fixed asset inventory, or tag fixed assets.
2. The Town is not reconciling its bank accounts on a timely basis each month.
3. The Public Depositor Report was not filed within the 30 day after fiscal year-end deadline. The Town filed this report on November 13, 2017.
4. The Municipal Compliance Questionnaire was not approved by the Board within the 30 day after fiscal year-end deadline. The Board approved on November 7, 2017.
5. The Town had budget overages in several expenditure categories for the year ended September 30, 2017.

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

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

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

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2021

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

Honorable Mayor and Board of Aldermen  
Town of Smithville, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Smithville, Mississippi as of September 30, 2017, and for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town of Smithville's management is responsible for the Town's accounting records. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequentially, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. It is understood the report is solely for the use of the governing body of the Town of Smithville, Mississippi, and the Office of the State Auditor and should not be used for any other purposes.

Our procedures and findings are as follows:

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

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

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 16,312
Community Bank	General Fund	13,411
Total General Fund		<u>\$ 29,723</u>
Renasant Bank	Special Revenue	\$ 74,758
Total Special Revenue Fund		<u>\$ 74,758</u>

Renasant Bank	Proprietary Fund	\$ 57,682
Community Bank	Proprietary Fund	<u>11,998</u>
Total Proprietary Fund		<u>\$ 69,680</u>

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Traced levies to governing body minutes;
  - b. Traced distribution of taxes collected to proper funds; and
  - c. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

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

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

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 71,238
Fire Protection	Special Revenue	5,274
Gasoline Tax	General Fund	2,767
TVA In Lieu	General Fund	6,371
Municipal Aid	General Fund	470
Homestead Exemption Reim.	General Fund	14,903

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

The sample consisted of the following:

Number of Sample Items	10
Dollar Value of Sample	\$ 3,356

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

5. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance Administration. We found the municipality's procedures to be in agreement with the requirements of the above-mentioned sections.

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

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

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in paragraphs 1, 2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Smithville, Mississippi, for the year ended September 30, 2017.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
January 29, 2021