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TOWN OF TAYLORSVILLE, MISSISSIPPI

Audited Financial Statements

For Year Ended September 30, 2017

**PRINCE CPA FIRM, PLLC
CERTIFIED PUBLIC ACCOUNTANTS**

TOWN OF TAYLORSVILLE, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Kellie Phipps and
Members of the Board of Aldermen
Town of Taylorsville, Mississippi

Report on the Financial Statements

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 Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2017, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1H of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes 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 me with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplemental Information

The Schedule of Surety Bonds for Municipal Officials and Employees, Schedule of Changes in Long-term Debt, Schedule of Interfund Receivables and Payables, and Schedule of Capital Assets for the Town of Taylorsville, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Pring CPA Firm, PLLC

December 5, 2017
Magee, Mississippi

TOWN OF TAYLORSVILLE, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
As of and For the Year Ended September 30, 2017

Exhibit A

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|-------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 405,663 | 15,890 | | | (389,773) | | (389,773) |
| Public safety | 546,795 | | | | (546,795) | | (546,795) |
| Public works | 338,094 | | | | (338,094) | | (338,094) |
| Culture and recreation | 173,602 | | | | (173,602) | | (173,602) |
| Debt Service | | | | | | | |
| Principal | 4,946 | | | | (4,946) | | (4,946) |
| Interest | 1,305 | | | | (1,305) | | (1,305) |
| Total Governmental Activities | 1,470,405 | 15,890 | 0 | 0 | (1,454,515) | | (1,454,515) |
| Business-type activities: | | | | | | | |
| Water, sewer and electricity | 719,663 | 773,752 | | | | 54,089 | 54,089 |
| Debt Service: | | | | | | | |
| Principal | 49,133 | | | | | (49,133) | (49,133) |
| Interest | 5,142 | | | | | (5,142) | (5,142) |
| | 773,938 | 773,752 | 0 | 0 | 0 | (186) | (186) |
| Total Primary Government | \$ 2,244,343 | 789,642 | 0 | 0 | (1,454,515) | (186) | (1,454,701) |

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
As of and For the Year Ended September 30, 2017

Exhibit A

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|--|-----------------------|----------------------|--------------------------|--------------------------|--|--------------------------|-----------|
| | Cash Disbursements | Charges for Services | Operating | Capital | Primary Government | | Total |
| | | | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-type Activities | |
| General Receipts and Transfers: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | \$ 380,139 | | 380,139 |
| Sales | | | | | 312,038 | 11,622 | 323,660 |
| Franchise fees | | | | | 55,185 | | 55,185 |
| Privilege license | | | | | 2,867 | | 2,867 |
| Grants and contributions not restricted to specific programs | | | | | 122,470 | | 122,470 |
| Unrestricted interest income | | | | | 2,937 | 383 | 3,320 |
| Loan proceeds | | | | | 42,364 | 386,948 | 429,312 |
| Miscellaneous | | | | | 96,867 | | 96,867 |
| Transfers | | | | | 368,021 | (368,021) | 0 |
| Total General Receipts and Transfers | | | | | 1,382,888 | 30,932 | 1,413,820 |
| | | | | | | | |
| Changes in Net Position | | | | | (71,627) | 30,746 | (40,881) |
| | | | | | | | |
| Net Position - Beginning | | | | | 1,787,903 | 262,984 | 2,050,887 |
| | | | | | | | |
| Net Position - Ending | | | | | \$ 1,716,276 | 293,730 | 2,010,006 |

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
As of and For the Year Ended September 30, 2017

Exhibit A

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|-------------------------------------|-----------------------|-------------|---------------|---------------|--|----------------|------------------|
| | Cash | Charges for | Operating | Capital | Primary Government | Business- | |
| | Disbursements | Services | Grants and | Grants and | Governmental | type | Total |
| | | | Contributions | Contributions | Activities | Activities | |
| Net Position | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | | | | | 5,189 | | 5,189 |
| Public works | | | | | 983,378 | 293,730 | 1,277,108 |
| Culture and recreation | | | | | 4,054 | | 4,054 |
| Economic Development and assistance | | | | | 377,498 | | 377,498 |
| Unrestricted | | | | | 346,157 | | 346,157 |
| | | | | | <u>1,716,276</u> | <u>293,730</u> | <u>2,010,006</u> |

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

TOWN OF TAYLORSVILLE, MISSISSIPPI

Exhibit B

Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements
and Changes in Cash Basis Fund Balances-Governmental Funds
As of and for the Year Ended September 30, 2017

| | Major Fund | Other Governmental Fund | Total Governmental Funds |
|---|-----------------|-------------------------------|--------------------------------|
| | General Fund | | |
| REVENUES | | | |
| Property taxes | \$ 380,139 | | 380,139 |
| Sales Taxes | 312,038 | | 312,038 |
| Franchise Fees | 55,185 | | 55,185 |
| Licenses, commissions and other revenue | 2,867 | | 2,867 |
| Fines and forfeitures | 15,890 | | 15,890 |
| Intergovernmental revenues | 122,470 | | 122,470 |
| Interest income | 2,917 | 20 | 2,937 |
| Miscellaneous revenues | 96,867 | | 96,867 |
| Total Revenues | 988,373 | 20 | 988,393 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 405,663 | | 405,663 |
| Public safety | 509,010 | | 509,010 |
| Public works | 320,019 | | 320,019 |
| Culture and recreation | 50,550 | | 50,550 |
| Debt Service | | | |
| Principal | 4,946 | | 4,946 |
| Interest | 1,305 | | 1,305 |
| Capital Outlay | | | |
| Public Safety | 37,785 | | 37,785 |
| Culture and recreation | 141,127 | | 141,127 |
| Total Expenditures | 1,470,405 | 0 | 1,470,405 |
| Excess of Revenues over (under) Expenditures | (482,032) | 20 | (482,012) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds of loan | 42,364 | | 42,364 |
| Transfers in | 368,021 | | 368,021 |
| Total Other Financing Sources and Uses | 410,385 | 0 | 410,385 |
| Net Changes in Fund Balances | (71,647) | 20 | (71,627) |
| Fund Balances - Beginning | 1,771,369 | 16,534 | 1,787,903 |
| Fund Balances - Ending | \$ 1,699,722 | 16,554 | 1,716,276 |

TOWN OF TAYLORSVILLE, MISSISSIPPI

Exhibit BStatement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements
and Changes in Cash Basis Fund Balances-Governmental Funds

As of and for the Year Ended September 30, 2017

| | <u>Major Fund</u> | | <u>Total</u> |
|-------------------------------------|---------------------|---------------------|---------------------|
| | <u>General</u> | <u>Other</u> | <u>Governmental</u> |
| | <u>Fund</u> | <u>Governmental</u> | <u>Funds</u> |
| | | <u>Fund</u> | |
| Fund Balance | | | |
| Restricted for: | | | |
| Public safety | \$ 5,189 | | 5,189 |
| Public works | 983,378 | | 983,378 |
| Culture and recreation | 4,054 | | 4,054 |
| Economic Development and assistance | 360,944 | 16,554 | 377,498 |
| Unassigned | 346,157 | | 346,157 |
| | <u>\$ 1,699,722</u> | <u>16,554</u> | <u>1,716,276</u> |

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

TOWN OF TAYLORSVILLE, MISSISSIPPI

Exhibit C

Statement of Cash Basis Assets and Net Position and

Cash Receipts, Disbursements and Changes in Cash Basis Net Position-Proprietary Funds

As of and For the Year Ended September 30, 2017

| | Business-type Activities - Enterprise Funds Water and Sewer Fund |
|---|---|
| Operating Receipts | |
| Charges for services | \$ 767,552 |
| Miscellaneous | 6,200 |
| Total Operating Receipts | 773,752 |
| Operating Disbursements: | |
| Utilities | 66,442 |
| Contractual services, materials and supplies | 141,644 |
| Capital Outlay | 511,577 |
| Total Operating Disbursements | 719,663 |
| Excess Operating Receipts Over (Under) Operating Disbursements | 54,089 |
| Nonoperating Receipts/(Disbursements): | |
| Sales tax | 11,622 |
| Proceeds of loans | 386,948 |
| Investment income | 383 |
| Debt Service: | |
| Principal | (49,133) |
| Interest | (5,142) |
| Net Nonoperating Receipts/(Disbursements) | 344,678 |
| Excess Receipts Over (Under) Disbursements Before Transfers | 398,767 |
| Transfers out | (368,021) |
| | (368,021) |
| Changes in Net Position | 30,746 |
| Net Position - Beginning | 262,984 |
| Net Position - Ending | \$ 293,730 |

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

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Fiduciary Assets
As of and for the Year Ended September 30, 2017

Exhibit D

| | | Agency Funds |
|--------------|----|-----------------|
| ASSETS | | |
| Cash | \$ | 74,198 |
| Total Assets | \$ | <u>74,198</u> |

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

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies

A. Introduction.

The Town of Taylorsville, Mississippi ("Town") is incorporated under the laws of the State of Mississippi. The Town operates under a Code Charter with a full-time Mayor elected from the Town at large and five aldermen, with four aldermen elected from wards and one alderman elected from the Town at large. The Town's major operations include police and fire protection, parks and recreation, public works and general administrative services. In addition, the Town owns and operates a water and sewer system, a cable communication system and an electric utility system.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanation, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2017.

B. Financial Statements.

Government-wide Statements:

Government-wide financial statements is the Statement of Activities and Net Position- Cash Basis. These statements report information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the Town's general receipts, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the disbursements of a given function offset by program receipts directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the disbursements and program receipts associated with a distinct functional activity. Program receipts include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These receipts are subject to externally imposed restrictions to these program uses. Taxes and other receipts sources not properly included with program receipts are reported as general receipts.

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies - Continued

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when they are collected and disbursements are recorded when cash is spent.

The Town reports the following major Governmental Fund:

General Fund - This fund is used to account for all financial resources not reported in other funds.

The Town reports the following major Proprietary Funds:

Water and Sewer Fund - This fund is used to account for the operating activities of the Town's water utility services.

Additionally, the Town reports the following fund type:

FIDUCIARY FUND TYPE

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Cash and Investments.

The Town maintains and controls cash in each of the funds or fund type types operated. Investments are separately held and reflected in respective funds as investments, some of which are restricted funds.

State law authorizes the Town to invest in interest bearing time certificates of deposit with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies - Continued

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the Town.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

G. Property Tax Receipts.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

H. Basis of Accounting

For the fiscal year ended September 30, 2017, the basic financial statements are prepared on a modified cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

TOWN OF TAYLORSVILLE, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2017

(2) **Deposits and Investments**

Deposits:

The carrying amount of the Town's total deposits with financial institutions at September 30, 2017, was \$1,566,930, and the bank balance was \$1,612,697. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

Investments:

As of September 30, 2017, the Town's investments consisted of certificates of deposit of \$517,274 with maturities of one year or less.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2014, the Town had no investments other than Certificates of Deposits.

(3) **Claims and Judgments**

Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(4) **Contingencies**

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. Accordingly, no provision for any liability that may result has been recognized in the Town's financial statements.

Litigation - The Town of Taylorsville, Mississippi is not a defendant in any lawsuits at this time.

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2017

(5) Defined Benefit Pension Plan

General Information about the Pension Plan.

Plan Description: The Town of Taylorsville is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the Town. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

Funding Policy: Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the Town's required contribution rate was 15.75 percent of annual covered payroll. The Town's employer contributions to PERS for the years ended September 30, 2017, 2016 and 2015 were \$94,573, \$93,171 and \$86,985, respectively. The contributions for each year met the required contributions.

(6) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through December 5, 2017, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

TOWN OF TAYLORSVILLE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TAYLORSVILLE, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|--------------------------------|--|
| RECEIPTS | | | | |
| Property taxes | \$ 368,420 | 368,420 | 380,139 | 11,719 |
| Sales taxes | 384,000 | 384,000 | 312,038 | (71,962) |
| Licenses, commissions and other receipts | 4,000 | 4,000 | 2,867 | (1,133) |
| Fines and forfeitures | 20,000 | 20,000 | 15,890 | (4,110) |
| Intergovernmental receipts | 21,478 | 21,478 | 122,470 | 100,992 |
| Franchise fees | 80,000 | 80,000 | 55,185 | (24,815) |
| Interest income | 260 | 260 | 2,917 | 2,657 |
| Miscellaneous receipts | 249,000 | 249,000 | 96,867 | (152,133) |
| Total Receipts | <u>1,127,158</u> | <u>1,127,158</u> | <u>988,373</u> | <u>(138,785)</u> |
| DISBURSEMENTS | | | | |
| Current: | | | | |
| General government | 613,593 | 613,593 | 405,663 | 207,930 |
| Public Safety | 473,420 | 473,420 | 546,795 | (73,375) |
| Public works | 348,066 | 348,066 | 320,019 | 28,047 |
| Health and Welfare | 300 | 300 | | 300 |
| Culture and Recreation | 59,800 | 59,800 | 191,677 | (131,877) |
| Debt Service | | | | |
| Principal | | | 4,946 | (4,946) |
| Interest | | | 1,305 | (1,305) |
| Total Disbursements | <u>1,495,179</u> | <u>1,495,179</u> | <u>1,470,405</u> | <u>24,774</u> |
| Excess of Receipts over (under) Disbursements | <u>(368,021)</u> | <u>(368,021)</u> | <u>(482,032)</u> | <u>(114,011)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 368,021 | 368,021 | 368,021 | 0 |
| Proceeds of loans | | | 42,364 | 42,364 |
| Total Other Financing Sources and Uses | <u>368,021</u> | <u>368,021</u> | <u>410,385</u> | <u>42,364</u> |
| Net Change in Fund Balance | 0 | 0 | (71,647) | (71,647) |
| Fund Balances - Beginning | | | 1,771,369 | 1,771,369 |
| Fund Balances - Ending | <u>\$ 0</u> | <u>0</u> | <u>1,699,722</u> | <u>1,699,722</u> |

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

TOWN OF TAYLORSVILLE, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

A. Budgetary Information.

The Town Clerk submits an annual budget to the Board of Aldermen on or before the last Tuesday of August in accordance with the State of Mississippi's statutory requirements. The budget is presented to the Board of Aldermen for review, and public hearings are held to address priorities and the allocation of resources. In September, the Board of Aldermen adopts the annual fiscal year budget for Board of Aldermen operating funds.

B. Basis of Budgeting.

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

Each fund's appropriated budget is prepared on a detailed line item basis. Receipts are budgeted by source. Expenditures are budgeted by department within a fund as follows: personal services, contracted services, supplies, other services and charges, and capital outlay. Budget revisions are subject to final review by the Board of Aldermen. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. One revision to the budget was made throughout the year.

C. Basis of Presentation.

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

TOWN OF TAYLORSVILLE, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TOWN OF TAYLORSVILLE, MISSISSIPPI
Statement of Interfund Receivables and Payables
For the Year Ended September 30, 2017

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|----------------------|----------------|---------------|
| Water and Sewer Fund | General Fund | <u>99,721</u> |

This transaction was the result of reimbursements that was recorded in the incorrect fund

TOWN OF TAYLORSVILLE, MISSISSIPPI
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2017

| | Balance Oct. 1, 2016 | Additions | Deletions | Adjustments | Balance Sept. 30, 2017 |
|--|-------------------------|-----------|-----------|-------------|---------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 404,806 | | | | 404,806 |
| Construction in progress | | 88,578 | | | 88,578 |
| Total non-depreciable capital assets | 404,806 | 88,578 | 0 | 0 | 493,384 |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | 2,244,467 | | | | 2,244,467 |
| Machinery and equipment | 684,853 | 28,101 | 52,880 | 26,996 | 687,070 |
| Other furniture and equipment | 104,731 | 16,897 | | 2,800 | 124,428 |
| Infrastructure | 1,157,398 | 45,336 | | | 1,202,734 |
| Total depreciable capital assets | 4,191,449 | 90,334 | 52,880 | 29,796 | 4,258,699 |
| Total fixed assets | \$ 4,596,255 | 178,912 | 52,880 | 29,796 | 4,752,083 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 23,125 | 3,000 | | 500 | 26,625 |
| Construction in progress | | 402,023 | | 400,882 | 802,905 |
| Total non-depreciable capital assets | 23,125 | 405,023 | 0 | 401,382 | 829,530 |
| <u>Depreciable capital assets:</u> | | | | | |
| Water and sewer lines facilities | 4,004,095 | 24,500 | | | 4,028,595 |
| Machinery and equipment | 685,265 | 82,054 | 29,464 | | 737,855 |
| Leased property under capital lease | 65,870 | | | | 65,870 |
| Total depreciable capital assets | 4,755,230 | 106,554 | 29,464 | 0 | 4,832,320 |
| Total fixed assets | \$ 4,778,355 | 511,577 | 29,464 | 401,382 | 5,661,850 |

TOWN OF TAYLORSVILLE, MISSISSIPPI
Schedule of Changes in Long Term Debt
For the Year Ended September 30, 2017

| Description | Outstanding Balance 10/1/2016 | Issued | Paid | Outstanding Balance 9/30/2017 |
|--------------------------|-------------------------------------|----------------|---------------|-------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital leases | <u>0</u> | <u>27,364</u> | <u>4,946</u> | <u>22,418</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Loans | 595,379 | 401,947 | 32,936 | 964,390 |
| Capital leases | <u>27,601</u> | | <u>16,197</u> | <u>11,404</u> |
| | <u>622,980</u> | <u>401,947</u> | <u>49,133</u> | <u>975,794</u> |

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

| NAME | POSITION | COMPANY | BOND |
|-----------------|--------------|------------------------|-----------|
| Ray Lancaster | Alderman | Western Surety Company | \$ 10,000 |
| Arthur Shelby | Alderman | Western Surety Company | 10,000 |
| Larry Moffett | Alderman | Western Surety Company | 10,000 |
| Dennis Robinson | Alderman | Western Surety Company | 10,000 |
| Janette Brewer | Alderman | Western Surety Company | 10,000 |
| Gabe Horn | Police Chief | Western Surety Company | 50,000 |
| Mitzi Ford | Town Clerk | Western Surety Company | 50,000 |
| Arthur Newman | Deputy Clerk | Western Surety Company | 50,000 |
| New Term | | | |
| Arthur Shelby | Alderman | Western Surety Company | 10,000 |
| Larry Moffett | Alderman | Western Surety Company | 10,000 |
| Sarah Jones | Alderman | Western Surety Company | 10,000 |
| Mark Jones | Alderman | Western Surety Company | 10,000 |
| Ken May | Alderman | Western Surety Company | 10,000 |

TOWN OF TAYLORSVILLE, MISSISSIPPI

SPECIAL REPORT



PRINCE CPA FIRM, PLLC

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CONSULTANTS AND ADVISORS**

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

The Honorable Mayor Kellie Phipps and
Honorable Members of the Board of Aldermen
Town of Taylorsville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Taylorsville, Mississippi, ("Town") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 5, 2017. 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.

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.

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

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Prince CPA Firm, PLLC

December 5, 2017
Magee, Mississippi