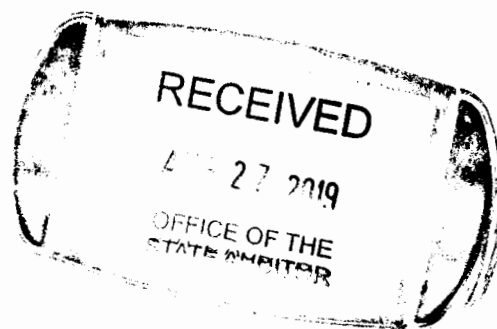




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TOWN OF TERRY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS

SEPTEMBER 30, 2017



TOWN OF TERRY, MISSISSIPPI

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TOWN OF TERRY, MISSISSIPPI

FINANCIAL SECTION

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American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Terry, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Terry, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

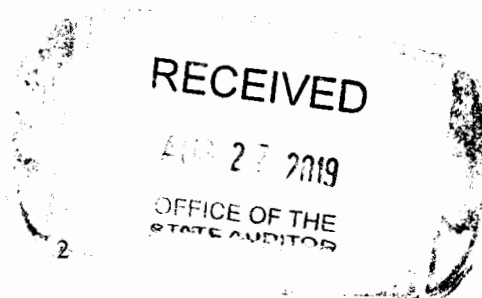
Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 *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 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 opinion.



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 of Terry, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules 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 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 an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary and Other Information

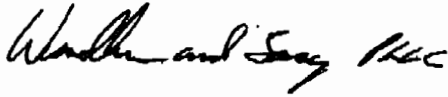
The Schedule of Changes in Long-term Debt, the Schedule of Investments-All Funds, the Schedule of Capital Assets, and the Schedule of Surety Bonds and Fidelity Bonds for Municipal Officials and Employees for the Town of Terry, Mississippi, have not been subjected to the auditing procedures applied in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

Other Reporting Requirements Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of the Town of Terry, Mississippi's internal control over financial reporting and on 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 effectiveness of the Town of Terry, Mississippi's 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 Terry, Mississippi's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the Town of Terry, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
July 1, 2019

TOWN OF TERRY, MISSISSIPPI

FINANCIAL STATEMENTS

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

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 406,584	54,539			(352,045)		(352,045)
Public safety	191,340			5,952	(185,388)		(185,388)
Public works	130,222	8,400			(121,822)		(121,822)
Culture and recreation	10,189				(10,189)		(10,189)
Interest on long-term debt	10,466				(10,466)		(10,466)
Total Governmental Activities	<u>748,801</u>	<u>62,939</u>	<u>0</u>	<u>5,952</u>	<u>(679,910)</u>	<u>0</u>	<u>(679,910)</u>
Business-type Activities:							
Water, sewer and garbage	390,756	419,409	37,570			66,223	66,223
Interest on long-term debt	17,850					(17,850)	(17,850)
Miscellaneous						0	0
Total Business-type Activities	<u>408,606</u>	<u>419,409</u>	<u>37,570</u>	<u>0</u>	<u>0</u>	<u>48,373</u>	<u>48,373</u>
Total Government	<u>\$ 1,157,407</u>	<u>482,348</u>	<u>37,570</u>	<u>5,952</u>	<u>(679,910)</u>	<u>48,373</u>	<u>(631,537)</u>
General Receipts							
Taxes:							
Property taxes					\$ 270,327		270,327
Sales tax					353,157		353,157
Franchise taxes					29,496		29,496
Grants and contributions not restricted to specific programs					25,062		25,062
Unrestricted investment income					18	31	49
Proceeds from debt					26,432		26,432
Donations (Sesquicentennial Celebration)					18,399		18,399
Transfers in (out)					22,264	(22,264)	
Total General Receipts					<u>745,155</u>	<u>(22,233)</u>	<u>722,922</u>
Change in Net Cash Position					65,245	26,140	91,385
Net Cash Position - Beginning					<u>178,160</u>	<u>169,860</u>	<u>348,020</u>
Net Cash Position - Ending					<u>\$ 243,405</u>	<u>196,000</u>	<u>439,405</u>

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

(Continued)

ASSETS

Cash and cash equivalents	\$ 356,993
Restricted cash	<u>82,412</u>
Total Assets	\$ <u>439,405</u>

NET CASH POSITION

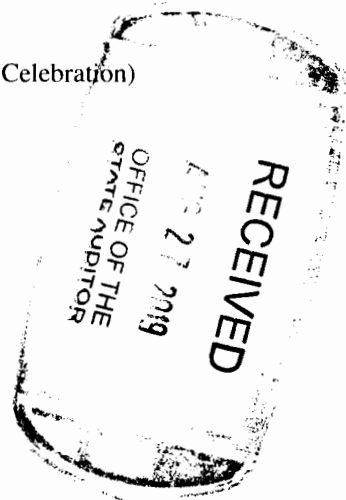
Restricted:	
Restricted for debt service	\$ 11,709
Restricted for public safety	18,973
Restricted for public works	43,521
Restricted for culture and recreation	8,209
Unrestricted	<u>356,993</u>
Total Net Cash Position	\$ <u>439,405</u>

The Notes to the Financial Statements are an integral part of this statement.



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

	<u>Governmental Activities</u>				<u>Business-type Activities</u>
	<u>Major Funds</u>		<u>Other Funds</u>		<u>Major Fund</u>
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Fire Protection Fund</u>	<u>Total</u>	<u>Water, Sewer and Garbage Fund</u>
RECEIPTS					
Ad valorem taxes	\$ 270,327			270,327	
Franchise taxes on utilities	29,496			29,496	
License, permits, fines and fees	54,539			54,539	
Intergovernmental revenues:					
Federal revenues:					
Grants				0	37,570
State shared revenues:					
Sales tax	353,157			353,157	
Homestead exemption reimbursement	11,992			11,992	
General municipal aid	530			530	
Gasoline tax	2,790			2,790	
Fire rebate	5,952			5,952	
Grand Gulf	8,565			8,565	
Liquor tax	900			900	
Other aid	285			285	
Donations (Sesquicentennial Celebration)	18,399			18,399	
Charges for services:					
Water, sewer and garbage					419,409
Cemetery		8,400		8,400	
Interest income		12	6	18	31
Total Receipts	<u>756,932</u>	<u>8,412</u>	<u>6</u>	<u>765,350</u>	<u>457,010</u>



(Continued)

TOWN OF TERRY, MISSISSIPPI

Statement of Cash Basis Assets and Fund Balances and

Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -

Governmental and Business-type Funds

As of and for the Year Ended September 30, 2017

	Governmental Activities				Business-type Activities
	Major Funds		Other Funds		Major Fund
	General Fund	Cemetery Fund	Fire Protection Fund	Total	Water, Sewer and Garbage Fund
DISBURSEMENTS					
General government	393,324			393,324	
Public safety	157,726			157,726	
Public works	129,844	378		130,222	
Culture and recreation	10,189			10,189	
Water, sewer and garbage:					
Maintenance, repairs and sanitation fees					235,298
Utilities					103,675
Total Disbursements	691,083	378	0	691,461	338,973
Excess of Receipts Over (Under) Disbursements	65,849	8,034	6	73,889	118,037
OTHER CASH SOURCES (USES)					
Principal paid on loans and lease purchases	(20,442)			(20,442)	(51,783)
Interest paid on loans and lease purchases	(10,466)			(10,466)	(17,850)
Proceeds from debt	26,432			26,432	
Capital outlay equipment	(26,432)			(26,432)	
Transfers in (out) to other funds	25,683	(3,419)		22,264	(22,264)
Total Other Cash Sources and (Uses)	(5,225)	(3,419)	0	(8,644)	(91,897)
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	60,624	4,615	6	65,245	26,140
CASH BASIS FUND BALANCE - Beginning of Year	120,287	38,906	18,967	178,160	169,860
CASH BASIS FUND BALANCE - End of Year	\$ 180,911	43,521	18,973	243,405	196,000

(Continued)

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

	Governmental Activities			Business-type Activities
	Major Funds		Other Funds	Major Fund
	General Fund	Cemetery Fund	Fire Protection Fund	Water, Sewer and Garbage Fund
CASH BASIS ASSETS - End of Year				
Cash and cash equivalents	\$ 172,702			184,291
Restricted cash	8,209	43,521	18,973	11,709
Total Cash Basis Assets	<u>\$ 180,911</u>	<u>43,521</u>	<u>18,973</u>	<u>243,405</u>
CASH BASIS FUND BALANCES - End of Year				
Restricted:				
Restricted for debt service	\$			11,709
Restricted for public safety			18,973	18,973
Restricted for public works		43,521		43,521
Restricted for culture and recreation	8,209			8,209
Unassigned	172,702			184,291
Total Cash Basis Fund Balances	<u>\$ 180,911</u>	<u>43,521</u>	<u>18,973</u>	<u>243,405</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWN OF TERRY, MISSISSIPPI

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

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.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual 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 disbursements are recorded when cash is spent.

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 collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *cemetery fund* accounts for activities for the operations of the town cemetery.

TOWN OF TERRY, MISSISSIPPI

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

The government reports the following major Proprietary Fund:

The *water, sewer and garbage fund* accounts for the activities of providing water, sewer and garbage services to citizens of the Town.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

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

D. Assets and Net Assets or Equity.

1. Cash and Investments.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. Fund Equity.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$82,412 reported as restricted cash basis fund balances.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$439,405 and the bank balance was \$468,441. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through 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.



TOWN OF TERRY, MISSISSIPPI

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

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a 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 Treasury manages the 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 the behalf of the Town. The Town failed to have the financial institution holding the Town's public funds to report \$62,546 as public funds to the Mississippi State Treasury. As of September 30, 2017, \$62,546 of the Town's bank balance of \$468,441 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments 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.

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Terry contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town joined PERS in July of 2017. The Town's contributions to PERS for the year ended September 30, 2017 was \$7,804, which is equal to the required contributions for the year.

(4) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Terry Board of Aldermen and the Hinds County Board of Supervisors negotiates property tax abatements on an individual basis. The Town has no tax abatement agreements with any entity as of September 30, 2017.

TOWN OF TERRY, MISSISSIPPI

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

(5) Subsequent Events.

Events that occur after the Statement of Net Cash 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 Cash 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 July 1, 2019, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

TOWN OF TERRY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF TERRY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 466,000	466,000	270,327	(195,673)
Franchise taxes on utilities	38,000	38,000	29,496	(8,504)
License, permits, fines and fees	81,800	81,800	54,539	(27,261)
Intergovernmental revenues:				
State shared revenues:				
Sales taxes	199,000	199,000	353,157	154,157
Homestead exemption reimbursement	5,000	5,000	11,992	6,992
General municipal aid	1,000	1,000	530	(470)
Gasoline tax	5,000	5,000	2,790	(2,210)
Fire rebate			5,952	5,952
Grand Gulf			8,565	8,565
Liquor tax	7,000	7,000	900	(6,100)
Other aid			285	285
Donations (Sesquicentennial Celebration)			18,399	18,399
Total Receipts	<u>802,800</u>	<u>802,800</u>	<u>756,932</u>	<u>(45,868)</u>
EXPENDITURES				
General government	482,233	482,233	393,324	88,909
Public safety	185,083	185,083	157,726	27,357
Public works	163,333	163,333	129,844	33,489
Culture and recreation			10,189	(10,189)
Total Expenditures	<u>830,649</u>	<u>830,649</u>	<u>691,083</u>	<u>139,566</u>
Excess of Receipts Over (Under) Expenditures	<u>(27,849)</u>	<u>(27,849)</u>	<u>65,849</u>	<u>93,698</u>
OTHER CASH SOURCES (USES)				
Principal paid on loans and lease purchases	(32,000)	(32,000)	(20,442)	11,558
Interest paid on loans and lease purchases			(10,466)	(10,466)
Proceeds from debt			26,432	26,432
Capital outlay equipment			(26,432)	(26,432)
Transfers in (out) to other funds			25,683	25,683
Total Other Cash Sources and Uses	<u>(32,000)</u>	<u>(32,000)</u>	<u>(5,225)</u>	<u>26,775</u>
Net Change in Cash Basis Fund Balance	(59,849)	(59,849)	60,624	120,473
Cash Basis Fund Balances - Beginning	<u>120,287</u>	<u>120,287</u>	<u>120,287</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 60,438</u>	<u>60,438</u>	<u>180,911</u>	<u>120,473</u>

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

TOWN OF TERRY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared 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.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final 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.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

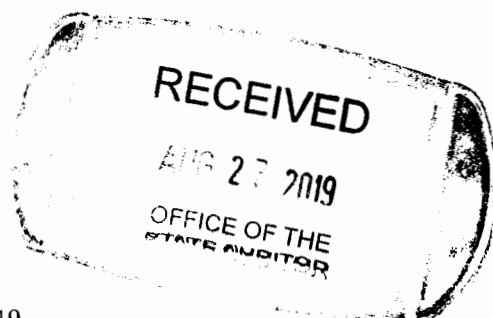


TOWN OF TERRY, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TERRY, MISSISSIPPI
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2017

Description	Outstanding Balance Sept. 30, 2016	Transactions During Fiscal Year			Outstanding Balance Sept. 30, 2017
		Issued	Redeemed	Adjustments	
Original amount \$23,608, payable \$523 a month at 3.09% interest. Final payment due November, 2016. Due to Bancorp Equipment Finance. Collateral is the vehicle.	\$ 2,125		1,558	567	0
Original amount \$29,570, payable \$656 a month at 3.09% interest. Final payment due August, 2017. Due to Bancorp Equipment Finance. Collateral is the vehicle.	7,182		7,182		0
Original amount \$453,881, payable \$2,296 a month at 2.00% interest. Final payment due October, 2034. Due to State of Mississippi Development Authority.	418,315		19,184		399,131
Original amount \$533,274, payable \$2,799 a month at 2% interest with final payment due July, 2030. Due to State of Mississippi Economic Development. Collateral is sales tax collections.	403,079		25,633		377,446
Original amount of \$320,000 is payable \$1,920 a month at 3.75% interest with final payment due August, 2032. Due to USDA. Collateral is the Fire Station/Public Works Building.	266,867		13,260		253,607
Original amount \$30,000 payable \$577 a month at 5.768% interest with final payment due June 1, 2021. Due to First Capital Equipment Leasing Government Obligation Contract	28,701		5,408		23,293
Original amount \$26,432 payable \$497 a month at 4.75% interest with final payment due July 30, 2022. Due to Copiah Bank for lease purchase of police car.		26,432			26,432
Total	\$ 1,126,269	26,432	72,225	567	1,079,909



TOWN OF TERRY, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2017

	<u>Deposit Amount</u>
Certificate of Deposit with Regions Bank, maturing February 3, 2018, Interest rate 0.05%	\$ 23,655
Certificate of Deposit with Regions Bank, maturing February 8, 2018, Interest rate 0.05%	<u>53,037</u>
	\$ <u>76,692</u>
 Fund Recap:	
Cemetery fund	\$ 23,655
Water, sewer and garbage fund	<u>53,037</u>
	\$ <u>76,692</u>

TOWN OF TERRY, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Year Ended September 30, 2017

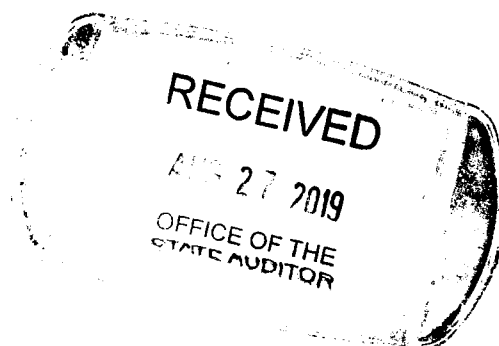
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Buildings	\$ 1,033,817			1,033,817
Machinery, equipment and vehicles	379,596	26,432		406,028
Furniture and fixtures	31,123			31,123
Total Governmental Activities Capital Assets	\$ <u>1,444,536</u>	<u>26,432</u>	<u>0</u>	<u>1,470,968</u>
Business-type Activities:				
Capital Assets:				
Water tanks, wells and lines	\$ 963,302			963,302
Sewer system	936,375			936,375
Machinery, equipment and vehicles	55,265			55,265
Total Business-type Activities Capital Assets	\$ <u>1,954,942</u>	<u>0</u>	<u>0</u>	<u>1,954,942</u>

TOWN OF TERRY, MISSISSIPPI**Schedule of Surety Bonds and Fidelity Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2017**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Surety Bond Coverage</u>	
Virginia Bailey	Alderwoman	Travelers	\$	50,000
April Miley	Alderwoman	Travelers	\$	50,000
Connie Taylor	Alderwoman	Travelers	\$	50,000
Terry Johnson	Alderman	Travelers	\$	50,000
Randall Shepherd	Alderman	Travelers	\$	50,000
Joseph Kendrick	Mayor	Travelers	\$	50,000
Joseph Kendrick	Mayor (USDA Bond)	Travelers	\$	18,000
Alexis Reed	Deputy City Clerk	Travelers	\$	50,000
Tracie Davis	Deputy City Clerk	Travelers	\$	50,000

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Surety Bond Coverage</u>	
Public Official or Employee	Mayor	RLI	\$	50,000
Public Official or Employee	Town Clerk/Tax Collector	RLI	\$	50,000
Public Official or Employee	Police Officers (Five)	RLI	\$	10,000

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Fidelity Bond Coverage</u>	
Public Official or Employee	City Clerk/Tax Collector	RLI	\$	50,000



TOWN OF TERRY, MISSISSIPPI

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the Board of Aldermen
Town of Terry, 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, each major fund and the aggregate remaining fund information of the Town of Terry, 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 basic financial statements and have issued our report thereon dated July 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Terry, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

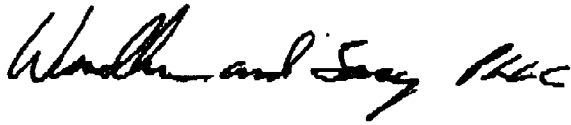


Compliance and Other Matters

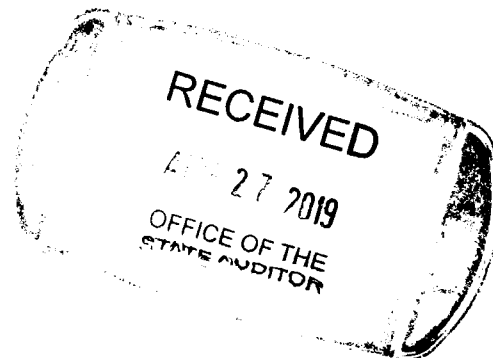
As part of obtaining reasonable assurance about whether the Town of Terry, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and 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.



Windham and Lacey, PLLC
July 1, 2019



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

Honorable Mayor and
Members of the Board of Aldermen
Town of Terry, 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 Terry, Mississippi, as of and for the year ended September 30, 2017, and have issued our report thereon dated July 1, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. 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 instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding

Fixed Assets

As reported in the prior two years, Section II of the Municipal Audit and Accounting Guide provides prescribed procedures for accounting for fixed assets. The Town does not maintain a completed fixed asset ledger. The Town does not maintain an adequate fixed asset ledger containing all information required under the Municipal Audit and Accounting Guide and Section 21-17-5, Miss. Code Ann. (1972). In addition, the Town did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor as required by the MAAG.

Recommendation

We recommend that the Town of Terry update their accounting for fixed assets and conduct an annual inventory of its assets as it is prescribed in the Municipal Audit and Accounting Guide.

Town of Terry's Response

The Town of Terry is currently working on getting their fixed assets subsidiary ledger in order to account for fixed assets and conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State as required by the MAAG.

2. Finding

Municipal Compliance Questionnaire

The Municipal Compliance Questionnaire and related certification was completed and entered into the official minutes at the fiscal year-end as required by the Municipal Audit and Accounting Guide and Section 21-35-31, Miss. Code Ann. (1972) but not in a timely manner.

Recommendation

We recommend that the Town of Terry complete the Municipal Compliance Questionnaire and related certification and enter it into the official minutes as required by the Municipal Audit and Accounting Guide and Section 21-35-31, Miss. Code Ann. (1972) in a timely manner.

Town of Terry's Response

The Town of Terry will complete the Municipal Compliance Questionnaire and related certification and enter it into the official minutes as required by the Municipal Audit and Accounting Guide and section 21-35-31, Miss. Code in a timely manner.

3. Finding

Financial Records

The Town of Terry does not maintain the financial records in accordance with the chart of accounts prescribed by Section 21-35-11, Miss. Code Ann. (1972).

Recommendation

We recommend that the Town of Terry maintain the financial records in accordance with the chart of accounts prescribed by Section 21-35-11, Miss. Code Ann. (1972).

Town of Terry's Response

The Town of Terry is currently not in a position to maintain the financial records in accordance with the chart of accounts prescribed by Section 21-35-11, Miss. Code Ann. (1972).

4. Finding

Solid Waste

As reported in the prior year the Town of Terry has not published an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code.

Recommendation

We recommend the Town of Terry publish an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code.



Town of Terry's Response

The Town of Terry will publish an itemized report of all revenues, costs and expenses incurred by the Town of Terry during the immediately preceding fiscal year in operating the garbage or rubbish collection or disposal system required by Section 17-17-348, Miss. Code.

5. Finding

Public Depositor

The Town of Terry held public funds in a financial institution that were not reported by the financial institution as public funds to the State Treasury of Mississippi as required by Section 27-105-5, Miss. Code.

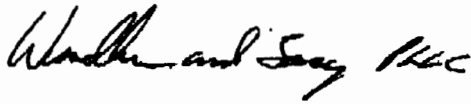
Recommendation

We recommend the Town of Terry require financial institutions to report to the State Treasury of Mississippi all public funds held by the Town of Terry as public funds.

Response

The Town of Terry will require financial institutions to report to the State Treasury of Mississippi all public funds held by the Town of Terry as public funds.

This report is intended solely for the information and use of 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.



Windham and Lacey, PLLC
July 1 2019



TOWN OF TERRY, MISSISSIPPI

SCHEDULE OF FINDINGS

TOWN OF TERRY, MISSISSIPPI
Schedule of Findings
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

