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TOWN OF SCHLATER

P. O. BOX 186
SCHLATER, MS 38952

November 16, 2018

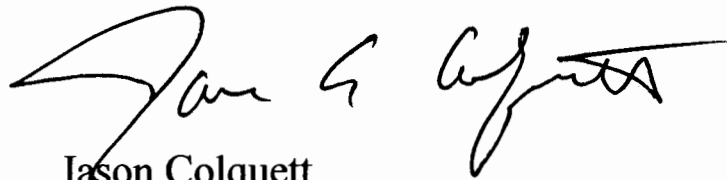
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

RE: Annual Municipal Compilation

Dear Sir:

Accompanying this letter are two copies of the annual compilation of the Town of Schlater, Mississippi, for the fiscal year ended September 30, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Colquett", written in a cursive style.

Jason Colquett
Mayor

Enclosure

NOV 27 2018

TOWN OF SCHLATER, MISSISSIPPI
COMPILATION REPORT AND COMPLIANCE LETTER
FISCAL YEAR ENDED SEPTEMBER 30, 2018

BFMW GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
GREENWOOD, MS

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NOV 27 2018

BFMW Group, PLLC
Certified Public Accountants

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**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Board of Aldermen  
Town of Schlater  
Schlater, 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 Schlater, Mississippi, solely to assist the Office of the State Auditor evaluate the financial compliance with certain laws and regulations as of September 30, 2018, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

| <u>Bank</u>        | <u>Bank Account</u> | <u>Fund</u>     | <u>Balance</u>   |
|--------------------|---------------------|-----------------|------------------|
| Planters Bank      | Account #6460       | Fire Protection | \$ 5,942         |
| Planters Bank      | Account #4580       | General         | 44,510           |
| Total General Fund |                     |                 | 50,452           |
| Planters Bank      | Account #1073       | Home Account    | 5,022            |
| Total All Funds    |                     |                 | <u>\$ 55,474</u> |

There were no securities held for investment. The total of all funds, \$55,474, was adequately collateralized by the FDIC insurance carried for the Town by the banks.

2. The Town of Schlater, Mississippi, does not levy or collect ad valorem taxes, so no procedures were necessary in this area.
3. There is no general obligation debt as of September 30, 2018.
4. We obtained a statement of payments made by the 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 exception. Payments traced were as follows:

| <u>Payment Purpose</u>  | <u>Receiving Fund</u> | <u>Total Deposited<br/>FYE 9-30-18</u> | <u>Total<br/>FYE 17 Per<br/>State Print Out</u> |
|-------------------------|-----------------------|----------------------------------------|-------------------------------------------------|
| Sales Tax               | General               | \$ 12,982                              | \$ 12,982                                       |
| Municipal Aid           | General               | 155                                    | 155                                             |
| Gasoline Tax            | General               | 911                                    | 911                                             |
| Fire Protection         | Fire Protection       | 1,769                                  | 1,769                                           |
| Grand Gulf Distribution | General               | 2,029                                  | 2,029                                           |
| Liquor Privilege Tax    | General               | 900                                    | 900                                             |
| Total                   |                       | <u>\$ 18,746</u>                       | <u>\$ 18,746</u>                                |

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

|                               |        |
|-------------------------------|--------|
| Number of Sampled Items       | 34     |
| Total Dollar Value of Samples | 15,580 |

This sample represented 100% of all claims subject to the purchasing requirements and 100% of the dollar value of claims subject to the purchasing requirements.

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

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

Questions 6-13 of Part II, dealing with adoption and use of a budget for the municipality are all answered in the negative. The Town of Schlater does not adopt or use a budget as prescribed by state law. The town had gross receipts (excluding grants) of less than \$100,000 (\$28,427 in fiscal 2018), has only one paid employee (city clerk), and its expenditures are limited to necessities such as telephone, utilities, supplies, etc. The largest category of expenses is general fund expenses, consisting of utilities, salaries, insurance, and repairs. As indicated in item 5 above, purchase tests revealed no violations of the purchases laws.

Except for the comments in the paragraph above, for those items applicable to the municipality, no instances of non-compliance were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*BFMW Group, PLLC*

BFMW Group, PLLC  
November 30, 2018

**BFMW Group, PLLC**  
*Certified Public Accountants*

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of cash receipts and disbursements—all fund types of the Town of Schlater for the year ended September 30, 2018, in accordance with Statements on Standards For Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements—all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements—all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, 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.

The supplementary information contained on page 10 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Schlater, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

BFMW Group, PLLC

BFMW Group, PLLC
November 30, 2018

TOWN OF SCHLATER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Governmental Funds			Proprietary Funds	Totals	
	General	Special Revenue	Capital Projects	Water & Sewer	(Memorandum Only)	
					9/30/18	9/30/17
<u>Revenue Receipts</u>						
Franchise Taxes on Utilities	\$ 4,331				\$ 4,331	\$ 3,005
Intergovernmental Revenues						
General Municipal Aid	155				155	154
State Shared Revenues						
Sales Tax	12,982				12,982	12,157
Gasoline Tax	911				911	911
Fire Protection		1,769			1,769	1,736
In Lieu Taxes - Grand Gulf	2,029				2,029	1,968
Misc. Other - Liquor Privilege Tax	900				900	900
Total Revenue Receipts	<u>21,308</u>	<u>1,769</u>	<u>-</u>	<u>-</u>	<u>23,077</u>	<u>20,831</u>
<u>Other Receipts</u>						
Rent - City Hall	300				300	305
Total Other Receipts	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>305</u>
<u>Other</u>						
Home Project Funding			5,000		5,000	
Transfers From Other Funds			50		50	1,988
Total Other			<u>5,050</u>		<u>5,050</u>	<u>1,988</u>
Total Receipts	21,608	1,769	5,050	-	28,427	23,124
Cash Balance - Beginning of Year	<u>37,455</u>	<u>8,005</u>	<u>-</u>	<u>-</u>	<u>45,460</u>	<u>40,476</u>
Total Funds to Account For	<u>\$ 59,063</u>	<u>\$ 9,774</u>	<u>\$ 5,050</u>	<u>\$ -</u>	<u>\$ 73,887</u>	<u>\$ 63,600</u>

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

RECEIVED
NOV 27 2018

TOWN OF SCHLATER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Governmental Funds			Proprietary Funds	Totals	
	General	Special Revenue	Capital Projects	Water & Sewer	(Memorandum Only) 9/30/18	9/30/17
<u>Operating Disbursements</u>						
General Government	\$ 14,503				\$ 14,503	\$ 15,954
Public Safety		3,832			3,832	198
Public Works					-	-
Home Project			28		28	
Total Operating Disbursements	14,503	3,832	28		18,363	16,152
Total	14,503	3,832	28	-	18,363	16,152
<u>Other</u>						
Transfers to Other Funds	50				50	1,988
Total Disbursements	14,553	3,832	28	-	18,413	18,140
Cash Balance - End of Year	44,510	5,942	5,022		55,474	45,460
Total Funds Accounted For	<u>\$ 59,063</u>	<u>\$ 9,774</u>	<u>\$ 5,050</u>	<u>\$ -</u>	<u>\$ 73,887</u>	<u>\$ 63,600</u>

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

NOV 27 2018

TOWN OF SCHLATER, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
SEPTEMBER 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

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

REPORTING ENTITY

All significant activities and organizations on which the Town exercises oversight responsibility have been included in the Town's financial statement for the year ended September 30, 2018.

Financial interdependency – The Town is responsible for its debts and is entitled to surpluses.

Election of the government authority – The locally elected Town Council is exclusively responsible for all public decisions and accountable for the decisions it makes.

Designation of management – The Town Council appoints the Town Clerk and department heads.

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The town's only proprietary fund consists of the Water and Sewer Fund. Because of many break downs in the system and the high level of repairs necessitated by these break downs, the Town of Schlater entered into an interlocal agreement with East Leflore County Water and Sewer District to manage the Town of Schlater's Water and Sewer System. As a result, The East Leflore County Water and Sewer District agreed to take over the operation of the City's Water and Sewer System and also agreed to pay off or assume all of the city's long-term debt to Berkadia Commercial Mortgage LLC. Consequently, as of September 30, 2018, the Town of Schlater no longer operates a Water and Sewer System and no longer has any long-term debt regarding the system. This interlocal agreement with East Leflore County Water and Sewer District was extended for five years on June 11, 2013, making the present agreement valid through June 30, 2018.

BASIS OF ACCOUNTING

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

The financial statement is prepared on a cash receipts and disbursements basis as prescribed by the Mississippi State Department of Audit, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

TOTAL COLUMNS ON COMBINED STATEMENT

Total columns on the Combined Statement are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B: REPORT CLASSIFICATIONS

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

NOTE C: LITIGATION

As of September 30, 2018, the Town of Schlater has no pending litigation.

**TOWN OF SCHLATER, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2018**

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>BOND</u>
Jason Colquett	Mayor	Fidelity & Deposit Co. of MD	\$ 25,000
Nancy Walker	Town Clerk	Fidelity & Deposit Co. of MD	\$ 50,000
Lark Brown	Alderman	Fidelity & Deposit Co. of MD	\$ 25,000
Lola Brown	Alderman	Fidelity & Deposit Co. of MD	\$ 25,000
Dennis Cage	Alderman	Fidelity & Deposit Co. of MD	\$ 25,000
Ronnie Counts	Alderman	Fidelity & Deposit Co. of MD	\$ 25,000
Vanessa Holmes	Alderman	Fidelity & Deposit Co. of MD	\$ 25,000

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

NOV 27 2018