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**TOWN OF SUMMIT, MISSISSIPPI**  
**FINANCIAL STATEMENT AND**  
**SUPPLEMENTARY INFORMATION**  
**AND**  
**REPORT OF INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Councilpersons  
Town of Summit  
Summit, Mississippi

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Summit, Mississippi for the year ended September 30, 2018, and the related notes to the financial statement, which collectively comprise the Town's basic financial statement as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express opinions on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

**Auditor's Responsibility - continued:**

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 statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the governmental activities, business-type activities, each major fund, and the remaining fund information of the Town of Summit, Mississippi for the year ended September 30, 2018, in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the 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 that matter.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Summit, Mississippi. The schedules included in the supplementary information section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

*Haddox Reid Eubank Betts PLLC*

Jackson, Mississippi  
October 7, 2019

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# TOWN OF SUMMIT, MISSISSIPPI

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2018

	GOVERNMENTAL ACTIVITIES			
	General Fund	Capital Projects Fund	Other Nonmajor Funds	Total
<b>RECEIPTS:</b>				
Taxes - Ad valorem	\$ 333,136	-	41,253	374,389
Penalties and interest on delinquent taxes	4,827	-	-	4,827
Franchise fees	51,702	-	-	51,702
Licenses and permits	19,093	-	-	19,093
Intergovernmental receipts:				
Sales tax	452,699	-	-	452,699
Capital grants	850	137,528	9,730	148,108
Operating grants	2,500	-	-	2,500
Other intergovernmental receipts	96,173	-	10,653	106,826
Charges for services:				
Sanitation	140,877	-	-	140,877
Public works	-	-	16,970	16,970
Water and sewer	-	-	-	-
Capital improvement fees	-	-	-	-
Fines and forfeits	19,505	-	-	19,505
Contributions	-	-	2,888	2,888
Interest	1,561	3	150	1,714
Other	1,404	-	-	1,404
Total receipts	<u>1,124,327</u>	<u>137,531</u>	<u>81,644</u>	<u>1,343,502</u>
<b>DISBURSEMENTS:</b>				
General government	259,839	-	-	259,839
Public safety	428,668	-	-	428,668
Court	31,163	-	-	31,163
Sanitation	119,294	-	-	119,294
Public works	165,756	-	15,400	181,156
Capital Projects	-	164,459	-	164,459
Enterprise:				
Water and sewer	-	-	-	-
Debt Service:				
Principal	17,050	-	31,382	48,432
Interest and other fiscal charges	2,850	-	18,292	21,142
Total disbursements	<u>1,024,620</u>	<u>164,459</u>	<u>65,074</u>	<u>1,254,153</u>

The accompanying notes are an integral part of this statement.

**BUSINESS-TYPE  
ACTIVITIES**

<b>Water &amp; Sewer Fund</b>	<b>Total</b>
-	-
-	-
-	-
-	-
-	-
57,675	57,675
-	-
-	-
-	-
-	-
590,557	590,557
76,132	76,132
-	-
-	-
1,002	1,002
1,885	1,885
<u>727,251</u>	<u>727,251</u>
-	-
-	-
-	-
-	-
-	-
-	-
472,218	472,218
91,855	91,855
35,962	35,962
<u>600,035</u>	<u>600,035</u>



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**TOWN OF SUMMIT, MISSISSIPPI**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES - CONTINUED:  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>GOVERNMENTAL ACTIVITIES</b>			
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total</b>
<b>DISBURSEMENTS - CONTINUED:</b>				
Excess (deficiency) of receipts over (under) disbursements	\$ 99,707	(26,928)	16,570	89,349
<b>OTHER CASH SOURCE (USES):</b>				
Interfund loans and transfers	(79,992)	25,571	(3,510)	(57,931)
Loan proceeds	-	-	-	-
Water deposits (refunds) - net	-	-	-	-
Total other cash sources (uses)	(79,992)	25,571	(3,510)	(57,931)
Excess (deficiency) of receipts and other cash sources over (under) disbursements and other cash uses	19,715	(1,357)	13,060	31,418
<b>CASH BASIS FUND BALANCE -</b>				
Beginning of year	1,192,156	2,498	217,680	1,412,334
<b>CASH BASIS FUND BALANCE -</b>				
End of year	\$ 1,211,871	1,141	230,740	1,443,752

The accompanying notes are an integral part of this statement.

**BUSINESS-TYPE  
ACTIVITIES**

<u>Water &amp; Sewer Fund</u>	<u>Total</u>
<u>127,216</u>	<u>127,216</u>
57,931	57,931
25,392	25,392
<u>2,821</u>	<u>2,821</u>
<u>86,144</u>	<u>86,144</u>
213,360	213,360
<u>796,947</u>	<u>796,947</u>
<u><u>1,010,307</u></u>	<u><u>1,010,307</u></u>

TOWN OF SUMMIT, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENT  
SEPTEMBER 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Summit, Mississippi (the Town) was incorporated in 1858. The Town operates under a Mayor-Board of Councilpersons form of government and provides all of the rights and privileges provided by statute for municipalities.

**A. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statement is reported using the basis of cash receipts and disbursements, as permitted by the Mississippi Office of the State Auditor, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received rather than when earned and susceptible to accrual and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

Governmental Activities

The Town reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities or infrastructure (other than those financed by proprietary funds).

Additionally, the Town reports the following fund types:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Business-Type Activities

The Town reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the activities of providing water and sewer services to citizens of the Town.

When both restricted and unrestricted cash is available for use, it is the Town's policy to use restricted cash first, then unrestricted cash as it is needed.

**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT**

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 Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the Town'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 a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Cash and certificates of deposit are comprised of the following at September 30, 2018:

	<b>Unrestricted Cash and Certificates of Deposit</b>	<b>Restricted Cash and Certificates of Deposit</b>	<b>Total</b>
<b>Governmental activities:</b>			
General Fund	\$ 1,207,480	4,391	1,211,871
Capital Projects Fund	-	1,141	1,141
Special Fire Fund	-	137,067	137,067
Debt Service Fund	-	41,379	41,379
Cemetery Fund	-	40,191	40,191
Greenlawn Cemetery Fund	-	3,738	3,738
Police Seizure Fund	-	8,365	8,365
Total governmental activities	<u>1,207,480</u>	<u>236,272</u>	<u>1,443,752</u>
<b>Business-type activities:</b>			
Water and Sewer Fund	<u>836,847</u>	<u>173,460</u>	<u>1,010,307</u>
Total business-type activities	<u>836,847</u>	<u>173,460</u>	<u>1,010,307</u>
<b>Government-wide total</b>	<u>\$ 2,044,327</u>	<u>409,732</u>	<u>2,454,059</u>

Deposits at September 30, 2018 are summarized as follows:

	<b>Reported Amount</b>	<b>Bank Balance</b>
Cash	\$ 2,144,688	2,147,726
Certificates of deposit	<u>309,371</u>	<u>309,371</u>
Total deposits	<u>\$ 2,454,059</u>	<u>2,457,097</u>

**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT - CONTINUED:**

The difference of \$3,038 was principally due to outstanding checks exceeding the deposits in transit. Of the bank balance, \$411,991 was covered by Federal depository insurance.

*Custodial Credit Risk-Deposits.* 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 Treasurer manages the risk on behalf of the Town. As of September 30, 2018, \$2,045,106 of the Town's bank balance of \$2,457,097 was exposed to custodial credit risk as follows:

Collateralized by the state public funds:

Guaranty pool	\$ <u>2,045,106</u>
---------------	---------------------

*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.

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. The Town had no investments as of September 30, 2018.

*Concentration of Credit Risk.* Disclosure of investments by amount and issuer for any issuer that represents five percent or more of 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, 2018, the Town had no investments.

**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT - CONTINUED:**

Following is a list of the Town's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer, bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

**NOTE 3 - DEBT SERVICE**

As of September 30, 2018, annual debt service requirements of governmental and business-type activities to maturity are as follows:

Fiscal Year Ended September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 44,568	17,577	125,268	43,374
2020	45,435	15,897	89,843	41,261
2021	36,690	14,133	86,698	34,513
2022	25,000	12,975	84,831	28,954
2023	25,000	12,006	86,723	27,063
2024-2028	140,000	44,113	463,684	105,243
2029-2033	135,000	12,209	454,232	52,596
2034-2038	-	-	165,290	16,131
2039-2043	-	-	42,123	2,955
	<u>\$ 451,693</u>	<u>128,910</u>	<u>1,598,692</u>	<u>352,090</u>



**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 4 - PROPERTY TAX**

Property taxes for fiscal year 2018 were levied in September 2017 on the assessed valuation of property located in the Town of Summit, Mississippi as of the preceding January 1, the lien date. The Town levies property taxes annually based upon assessed valuations. Real property, personal property and automobile ad valorem taxes and certain road taxes are collected by the Pike County tax collector and disbursed to the Town accordingly. Current collections of taxes for the year ended September 30, 2018 were approximately 99% of the total tax levy.

The tax rate levied by the Town for fiscal year 2018 was set at 39.35 mills. The Town allocated the property tax per \$100 of assessed value for the year as follows:

General Fund	\$ 3.500
Debt Service Fund	<u>0.435</u>
	\$ <u>3.935</u>

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

**General information about the Pension Plan**

Plan Description

The Town of Summit, Mississippi 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, or by visiting online at [www.pers.ms.gov](http://www.pers.ms.gov).

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees.

**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

**General information about the Pension Plan - continued:**

*Benefits Provided - continued:*

If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011), are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provisions that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

For the year ended September 30, 2018, the Town's total payroll for all employees was \$569,016. Total covered payroll was \$459,479. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

**TOWN OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN - CONTINUED:**

Contributions

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 rate for the year ended September 30, 2018 was 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 of Summit, Mississippi's contribution to PERS for the years ended September 30, 2018, 2017, and 2016 were \$72,368, \$77,708 and \$76,017, respectively, equal to the required contributions for each year.

**NOTE 6 - INTERFUND LOANS AND TRANSFERS**

Interfund loans and transfers during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Interfund Transfer	Water & Sewer Fund	General Fund	\$ 57,931
Interfund Transfer	Capital Project Fund	General Fund	25,571
Interfund Loan	General Fund	Debt Service	3,510

The above interfund loans are necessary to move funds collected in one fund to another fund in accordance with the Town's annual budget.

**NOTE 7 - CONTINGENCIES**

Federal Grants

In the normal course of operations, the Town receives grant funds from various Federal and state agencies. The grant programs are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with the conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 8 - 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 OF SUMMIT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE 8 - RISK MANAGEMENT - CONTINUED:**

Town carries commercial insurance for risks of loss other than workers' compensation. Settled claims resulting from these commercially covered risks have not exceeded commercial coverage in any of the past three fiscal years.

Risk of loss related to workers' compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The Town pays premiums to the pool quarterly for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The Town has not had an additional assessment for losses.

The Town is a member of the Mississippi Municipal Liability Plan, a public entity risk pool. The Mississippi Municipal Liability Plan covers liability claims against its members and is funded through member contributions. The Town has not had an additional assessment for excess losses.

**NOTE 9 - CAFETERIA PLAN**

During fiscal year 2017, the Town determined that an IRS Section 125 Cafeteria Plan administered for Town employees from September 1, 2016 through January 4, 2018 did not meet the requirements of the Internal Revenue Code. The determination resulted in the underpayment of payroll taxes for the employees and the Town's share in the amount of \$27,655. The payroll taxes remain unpaid as of September 30, 2018.

**NOTE 10 - SUBSEQUENT EVENTS**

The Town had no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying financial statement through October 7, 2019, the date the financial statement was approved by Town's management and thereby available to be released.

SUPPLEMENTAL INFORMATION

**SCHEDULE I****TOWN OF SUMMIT, MISSISSIPPI****SCHEDULE OF INVESTMENTS - ALL FUNDS  
AS OF SEPTEMBER 30, 2018**

	<b><u>Deposit Amount</u></b>
Certificate of Deposit with First Bank Maturing 3/12/19, Rate 0.25%	\$ 100,000
Certificate of Deposit with Regions Bank Maturing 3/30/19, Rate 0.01%	83,506
Certificate of Deposit with First Bank Maturing 3/6/2019, Rate 0.25%	48,000
Certificate of Deposit with Regions Bank Maturing 1/12/19, Rate 0.05%	34,471
Certificate of Deposit with State Bank Maturing 11/19/19, Rate 0.50%	26,190
Certificate of Deposit with Regions Bank Maturing 1/12/19, Rate 0.05%	16,616
Certificate of Deposit with Regions Bank Maturing 1/12/19, Rate 0.05%	<u>588</u>
<b>Total</b>	\$ <u><u>309,371</u></u>
Fund Recap:	
General Fund	\$ 183,506
Cemetery Fund	26,778
Water and Sewer Fund	<u>99,087</u>
<b>Total</b>	\$ <u><u>309,371</u></u>

## TOWN OF SUMMIT, MISSISSIPPI

**SCHEDULE OF LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Balance Outstanding October 1, 2017</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Balance Outstanding September 30, 2018</b>
Freight Rail Service Project Revolving Loan Program - 04-352-RR-01	\$ 23,635	-	(6,382)	17,253
\$251,000 Combined Water and Sewer System Revenue Bonds Series 2006	212,402	-	(5,208)	207,194
\$525,000 General Obligation Bonds Series 2011	425,000	-	(25,000)	400,000
Mississippi Department of Economic & Community Development Capital Improvement Loan - 10-352-CP-01	279,927	-	(16,903)	263,024
Water Pollution Control Revolving Loan Program - MDEQ - SRF C280-753-02	1,125,730	-	(55,469)	1,070,261
Capital Lease - BancorpSouth	47,096	-	(9,572)	37,524
Capital Lease - Wells Fargo	4,672		(4,672)	-
Capital Lease - Ford Motor Credit	23,409	-	(6,189)	17,220
Capital Lease - Ford Motor Credit	23,409	-	(6,189)	17,220
First Bank Demand Loan	<u>-</u>	<u>25,392</u>	<u>(4,703)</u>	<u>20,689</u>
<b>Total</b>	\$ <u>2,165,280</u>	<u>25,392</u>	<u>(140,287)</u>	<u>2,050,385</u>



**TOWN OF SUMMIT, MISSISSIPPI****SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
AS OF SEPTEMBER 30, 2018**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Percy B. Robinson	Mayor	Travelers	\$50,000
Daryl Porter	Councilperson	Travelers	50,000
Joe Lewis	Councilperson	Travelers	50,000
Pauline Monley	Councilperson	Travelers	50,000
Lester Jones	Councilperson	Travelers	50,000
James Issac	Chief of Police	Travelers	50,000
Patricia Whittington	Town Clerk	Travelers	50,000
Suzzone Perkins	Court Clerk	Travelers	50,000
Deborah Price	Deputy Town Clerk	Travelers	50,000

**SCHEDULE IV**

**TOWN OF SUMMIT, MISSISSIPPI**

**SCHEDULE OF CAPITAL ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Beginning Balance October 1, 2017</b>	<b>Additions</b>	<b>Retirements/ Reclass</b>	<b>Ending Balance September 30, 2018</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets:				
Land	\$ 19,550	-	-	19,550
Building and improvements	3,656,963	-	-	3,656,963
Vehicles and machinery	1,537,287	65,435	-	1,602,722
Infrastructure	2,298,032	114,073	21,706	2,433,811
Construction in progress	<u>21,706</u>	-	<u>(21,706)</u>	-
Total governmental activities capital assets	<u>\$ 7,533,538</u>	<u>179,508</u>	<u>-</u>	<u>7,713,046</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital assets:				
Land	\$ 2,200	-	-	2,200
Building	148,298	-	-	148,298
Vehicles and machinery	1,193,980	25,392	(9,500)	1,209,872
Water distribution system	6,184,395	2,500	-	6,186,895
Construction in progress	<u>-</u>	-	-	-
Total business-type activities capital assets	<u>\$ 7,528,873</u>	<u>27,892</u>	<u>(9,500)</u>	<u>7,547,265</u>

**STATE COMPLIANCE SECTION**

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

To the Honorable Mayor and Board of Councilpersons  
Town of Summit, Mississippi

We have audited the financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Summit, Mississippi as of and for the year ended September 30, 2018, and have issued our report thereon dated October 7, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Mississippi 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.

The results of those procedures and our audit of the financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed the following instances of noncompliance with state laws and regulations. Our findings and the Town's responses are as follows:

**2018-001 - Cafeteria Plan**

Condition

The Town determined that the cafeteria plan administered for Town employees from September 1, 2016 through January 4, 2018 did not meet the requirements of Section 125 of the Internal Revenue Code.

Criteria

Section 125 of the Internal Revenue Code sets forth the requirements for income to be excluded from employee income and employment taxes as part of a cafeteria plan.

**2018-001 - Cafeteria Plan - continued:**

Cause

There were no procedures in place to ensure that the cafeteria plan met the requirements of Section 125 of the Internal Revenue Code prior to approval by the Board of Councilpersons.

Effect

The Town improperly excluded from employee's income amounts which should have been subject to income and employment taxes. The amount of employee's income which should have been subject to income taxes from September 1, 2016 through January 4, 2018 was \$180,749. The amount of employment taxes which were underpaid from September 1, 2016 through January 4, 2018 was \$27,655.

Recommendation

Management and those charged with governance should implement policies and procedures necessary to ensure that any future cafeteria plans administered by the Town meet the requirements of Section 125 prior to approval. The Town should reissue the W-2 forms for 2016 and 2017 showing the proper amount of income on each employee and pay the appropriate employment taxes by filing revised 941's for 2016 and 2017.

View of Responsible Officials and Planned Corrective Action

The Town agrees with the finding and the recommended policies and procedures have been implemented. The Town discontinued the cafeteria plan in January 2018. The Town plans to comply with any future instructions from state and federal taxing authorities concerning required corrections to previously filed tax returns.

**2018-002 - Disbursements in excess of budget**

Criteria

Per Section 21-35-15, Miss. Code Ann. (1972), expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses, and payment of emergency warrants.

Cause

There were no procedures in place to ensure that the expenditures did not exceed the legal adopted budget.

Effect

The Town's actual disbursements exceeded its budgeted disbursements for one item as follows:

Water and Sewer Fund:

Supplies	\$13,139
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**2018-002 - Disbursements in excess of budget - continued:**

Recommendation

Management and those charged with governance should establish controls necessary to effectively monitor expenditures to ensure that the Town does not spend more than budgeted amounts.

View of Responsible Officials and Planned Corrective Action

The Town agrees with the finding and will establish controls to closely monitor disbursements to prevent future budget violations.

This report is intended for the information of the Town of Summit, Mississippi's management, Honorable Mayor and Board of Councilpersons, and the Mississippi 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.

*Haddox Reid Eubank Betts PLLC*

Jackson, Mississippi  
October 7, 2019