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**TOWN OF WOODVILLE, MISSISSIPPI
ANNUAL FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 30, 2018
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF WOODVILLE, MISSISSIPPI
Annual Financial Statements
As of and for the Year Ended September 30, 2018

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TOWN OF WOODVILLE, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2018

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INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P.O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P.O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Woodville, Mississippi

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Woodville, Mississippi as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison information, the Schedule of Town of Woodville, Mississippi's Proportionate Share of the Net Pension Liability, and the Schedule of Town of Woodville, Mississippi's Contributions on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Woodville, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of Town of Woodville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Town of Woodville, Mississippi's internal control over financial reporting and compliance.



Natchez, Mississippi
February 7, 2020

Required Supplementary Information (Part I)

TOWN OF WOODVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

The management of Town of Woodville, Mississippi offers readers of Town of Woodville, Mississippi's financial statements this narrative overview and analysis of the financial activities of Town of Woodville, Mississippi for the fiscal year ended September 30, 2018. This Management's Discussion and Analysis is designed to provide an objective analysis of Town of Woodville, Mississippi's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town of Woodville, Mississippi finances. It is also intended to provide readers with an analysis of Town of Woodville, Mississippi's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by Town of Woodville, Mississippi. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of Town of Woodville, Mississippi's financial activity, identify changes in Town of Woodville, Mississippi's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Town of Woodville, Mississippi presents its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement 34 and the subsequent amendments issued with GASB Statement 63. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to Town of Woodville, Mississippi's financial statements. Town of Woodville, Mississippi's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains supplementary information, and other information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 and the subsequent amendments issued with GASB Statement 63 to provide the readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of Town of Woodville, Mississippi's financial position and results of operations in a manner similar to private sector businesses.

The Statement of Net Position presents information on all of Town of Woodville, Mississippi's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Town of Woodville, Mississippi is improving or weakening.

The Statement of Activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the water, sewer, gas, and Management and Training Corporation (MTC) departments.

TOWN OF WOODVILLE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,263,200 (net position); this represents a decrease of \$168,842 from prior year. Of this total net position amount, a \$1,776,949 deficit is in unrestricted net position. The Town's net position is comprised of (\$736,634) from governmental activities and \$2,999,834 from business-type activities.

The following is a condensed statement of the Town of Woodville's net position as of September 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 282,589	\$ 215,374	\$ 533,715	\$ 574,973	\$ 816,304	\$ 790,347
Capital assets, net	1,912,110	1,955,570	3,675,216	3,828,236	5,587,326	5,783,806
Total assets	\$ 2,194,699	\$ 2,170,944	\$ 4,208,931	\$ 4,403,209	\$ 6,403,630	\$ 6,574,153
Deferred Outflows of Resources	\$ 38,111	\$ 92,710	\$ -	\$ -	\$ 38,111	\$ 92,710
Liabilities						
Other liabilities	\$ 410,922	\$ 193,971	\$ 403,100	\$ 324,995	\$ 814,022	\$ 518,966
Long-term liabilities	2,518,054	2,703,793	805,997	990,890	3,324,051	3,694,683
Total liabilities	\$ 2,928,976	\$ 2,897,764	\$ 1,209,097	\$ 1,315,885	\$ 4,138,073	\$ 4,213,649
Deferred Inflows of Resources	\$ 40,468	\$ 21,172	\$ -	\$ -	\$ 40,468	\$ 21,172
Net Position						
Net investment in capital assets	\$ 1,269,618	\$ 1,258,783	\$ 2,650,032	\$ 2,748,359	\$ 3,919,650	\$ 4,007,142
Restricted for:						
Capital projects	-	-	5,129	1,860	5,129	1,860
Debt service and other	-	-	115,370	111,233	115,370	111,233
Unrestricted	(2,006,252)	(1,914,065)	229,303	225,872	(1,776,949)	(1,688,193)
Total net position	\$ (736,634)	\$ (655,282)	\$ 2,999,834	\$ 3,087,324	\$ 2,263,200	\$ 2,432,042

By far, the largest portion of the Town's net position (\$3,919,650 or 173%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance is made up of a deficit in unrestricted net position of \$1,776,949 or 0%, and restricted net position of \$120,499 or 5%, which are restricted for debt service and construction projects.

The Town has total outstanding debt of \$2,310,168, which was used to finance some of the \$5,587,326 in capital assets. Total liabilities and deferred inflows of \$4,178,541 are equal to 185% of the total net position, primarily because of the GASB Statement 68 implementation.

TOWN OF WOODVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

Government-Wide Financial Analysis (continued)

The Town's governmental activities decreased net position by \$81,352. This decrease is mainly due to a decrease in expenditures to the general fund.

The following is a summary of the Town's statements of activities for the years ended September 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues	\$ 129,941	\$ 140,749	\$ 1,328,179	\$ 1,227,870	\$ 1,458,120	\$ 1,368,619
General revenues and transfers	1,085,136	1,008,613	(73,543)	(148,031)	1,011,593	860,582
Total revenues and transfers	\$ 1,215,077	\$ 1,149,362	\$ 1,254,636	\$ 1,079,839	\$ 2,469,713	\$ 2,229,201
Expenses						
General government	\$ 276,818	\$ 150,929	\$ -	\$ -	\$ 276,818	\$ 150,929
Public safety	544,004	570,598	-	-	544,004	570,598
Streets	288,355	305,281	-	-	288,355	305,281
Sanitation	88,637	91,546	-	-	88,637	91,546
Cemetery	66,401	64,889	-	-	66,401	64,889
Combined utility	-	-	1,342,126	1,221,707	1,342,126	1,221,707
Interest on long-term debt	32,214	33,775	-	-	32,214	33,775
Total expenses	\$ 1,296,429	\$ 1,217,018	\$ 1,342,126	\$ 1,221,707	\$ 2,638,555	\$ 2,438,725
Increase (decrease) in net position	\$ (81,352)	\$ (67,656)	\$ (87,490)	\$ (141,868)	\$ (168,842)	\$ (209,524)
Net position, beginning	\$ (655,282)	\$ (560,668)	\$ 3,087,324	\$ 3,262,020	\$ 2,432,042	\$ 2,701,352
Prior period adjustments	-	(26,958)	-	(32,828)	-	(59,786)
Net position, beginning - restated	\$ (655,282)	\$ (587,626)	\$ 3,087,324	\$ 3,229,192	\$ 2,432,042	\$ 2,641,566
Net position, ending	\$ (736,634)	\$ (655,282)	\$ 2,999,834	\$ 3,087,324	\$ 2,263,200	\$ 2,432,042
<i>Governmental Activities</i>						

The governmental activities of the Town include general government, public safety, streets, sanitation, cemetery, housing, and payment of interest on long-term debt. In that revenues normally associated with municipal operations, (e.g., sales tax, property tax, franchise fees, license fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its enterprise fund to partially cover the cost of all governmental activities.

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TOWN OF WOODVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (continued)

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water, sewer, gas, and MTC services.

The following is a summary of the utility operating results of the business-type activities of the Town. Capital grants, general revenues, and transfers have not been included.

Operating Revenues					
	Water	Sewer	Gas	MTC	Total
Fiscal year ended September 30, 2017	\$ 440,546	\$ 269,652	\$ 393,319	\$ 124,353	\$ 1,227,870
Fiscal year ended September 30, 2018	426,884	268,044	506,010	127,241	1,328,179
Increase (decrease) from prior year	<u>\$ (13,662)</u>	<u>\$ (1,608)</u>	<u>\$ 112,691</u>	<u>\$ 2,888</u>	<u>\$ 100,309</u>
Operating Expenses					
	Water	Sewer	Gas	MTC	Total
Fiscal year ended September 30, 2017	\$ 379,955	\$ 246,006	\$ 496,268	\$ 65,521	\$ 1,187,750
Fiscal year ended September 30, 2018	428,610	273,669	529,968	83,068	1,315,315
Increase (decrease) from prior year	<u>\$ 48,655</u>	<u>\$ 27,663</u>	<u>\$ 33,700</u>	<u>\$ 17,547</u>	<u>\$ 127,565</u>
Net Income (Loss) From Operations					
	Water	Sewer	Gas	MTC	Total
Fiscal year ended September 30, 2017	\$ 60,591	\$ 23,646	\$ (102,949)	\$ 58,832	\$ 40,120
Fiscal year ended September 30, 2018	(1,726)	(5,625)	(23,958)	44,173	12,864
Increase (decrease) from prior year	<u>\$ (62,317)</u>	<u>\$ (29,271)</u>	<u>\$ 78,991</u>	<u>\$ (14,659)</u>	<u>\$ (27,256)</u>

TOWN OF WOODVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about Town of Woodville, Mississippi's most significant funds—not Town of Woodville, Mississippi as a whole. Funds are accounting devices that Town of Woodville, Mississippi uses to keep track of specific sources of funding and spending for a particular purpose.

Town of Woodville, Mississippi currently maintains four individual governmental fund types. These fund types are the General Fund, Debt Service Fund, Capital Projects Fund, and Agency Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the General Fund. The General Fund is considered to be a major fund.

Town of Woodville, Mississippi adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplementary Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of Town of Woodville, Mississippi's Governmental Funds

Town of Woodville, Mississippi's governmental funds reported an ending fund balance of \$162,702, which is an increase of \$24,254. This increase was primarily due to an increase in transfers in from the proprietary fund. Transfers in amounted to \$221,361 and \$169,738 as of September 30, 2018 and 2017, respectively. \$129,860 of the fund balance was assigned. The remaining fund balance of \$32,842 was unassigned at September 30, 2018.

Fund Financial Statements – Proprietary Funds

Town of Woodville, Mississippi maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. Town of Woodville, Mississippi uses an enterprise fund (the first type of proprietary fund) to account for its combined water, sewer, gas, and MTC operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of Town of Woodville, Mississippi's Proprietary Fund

Town of Woodville, Mississippi's Enterprise Fund shows a decrease in fund balance of \$87,490. This is primarily due to an increase in expenses of \$127,565 from the prior year. All departments, with the exception of the prison department, showed operating losses for the year. The unrestricted fund balance showed a balance of \$229,303 at September 30, 2018. \$120,499 was restricted for debt service and construction projects. The remaining amount represents Town of Woodville, Mississippi's investment in its utility systems and equipment.

In that financial statements of the Enterprise Fund are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to this fund.

Fund Financial Statements – General Fund Budgetary Highlights

There were no major differences between the original budget and the final budget.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Fund Financial Statements - General Fund Budgetary Highlights (continued)

Revenues were over budgeted amounts by \$57,551 or 6%. Actual expenditures showed a positive variance of \$48,569 or 4% against budgeted expenditure amounts. The final budget and the actual results show a positive variance of \$7,612.

Government-Wide - Capital Asset and Debt Administration

The total investment in net capital assets as of September 30, 2018, is \$3,919,650.

New major capital assets purchased, constructed or put in service in fiscal year 2018 are:

1. \$23,500 in water and sewer utility improvements were incurred during the year.
2. A \$24,578 police car was purchased with a grant.

Current Financial Factors

Revenues are expected to remain level while expenditures are expected to rise.

The ability of utility operations to continue to supplement the ever-increasing costs of general operations of Town of Woodville, Mississippi is doubtful.

Requests for Information

This financial report is designed to provide a general overview of Town of Woodville, Mississippi of Woodville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to DeLaine Adams, Town Clerk, Post Office Box 605, Woodville, Mississippi 39669.

Basic Financial Statements

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Government-Wide Financial Statements

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 63,745	\$ -	\$ 63,745
Receivables (net of allowances for uncollectibles)	44,999	373,162	418,161
Internal balances	43,985	(43,985)	-
Restricted assets	129,860	204,538	334,398
Capital assets (net)	1,912,110	3,675,216	5,587,326
Total assets	\$ 2,194,699	\$ 4,208,931	\$ 6,403,630
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	\$ 38,111	\$ -	\$ 38,111
LIABILITIES			
Accounts, salaries, and other payables	\$ 119,887	\$ 17,131	\$ 137,018
Payable from restricted assets	-	94,256	94,256
Bonds and notes payable, due within one year	220,192	219,187	439,379
Compensated absences	70,843	72,526	143,369
Bonds and notes payable	422,300	805,997	1,228,297
Net pension liability	2,095,754	-	2,095,754
Total liabilities	\$ 2,928,976	\$ 1,209,097	\$ 4,138,073
DEFERRED INFLOWS OF RESOURCES - PENSIONS	\$ 40,468	\$ -	\$ 40,468
NET POSITION			
Net investment in capital assets	\$ 1,269,618	\$ 2,650,032	\$ 3,919,650
Restricted for:			
Capital projects	\$ -	\$ 5,129	\$ 5,129
Debt service	-	115,370	115,370
Total restricted net position	\$ -	\$ 120,499	\$ 120,499
Unrestricted	\$ (2,006,252)	\$ 229,303	\$ (1,776,949)
Total net position	\$ (736,634)	\$ 2,999,834	\$ 2,263,200

See accompanying notes to the basic financial statements.

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TOWN OF WOODVILLE, MISSISSIPPI

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues			Net (Expenses), Revenues, and Changes			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses)/Revenues	Govern-mental Activities	Business-Type Activities	Total
		Expenses						
GOVERNMENTAL ACTIVITIES	General government	\$ 276,818	\$ -	\$ -	\$ (276,818)	\$ (276,818)	\$ -	\$ (276,818)
	Public safety	544,004	35,764	-	(508,240)	(508,240)	-	(508,240)
	Streets	288,355	-	-	(288,355)	(288,355)	-	(288,355)
	Sanitation	88,637	94,177	-	5,540	5,540	-	5,540
	Cemetery	66,401	-	-	(66,401)	(66,401)	-	(66,401)
	Interest on long-term debt	32,214	-	-	(32,214)	(32,214)	-	(32,214)
	Total governmental activities	\$ 1,296,429	\$ 129,941	\$ -	\$ (1,166,488)	\$ (1,166,488)	\$ -	\$ (1,166,488)
	BUSINESS-TYPE ACTIVITIES							
	Water	\$ 428,610	\$ 426,884	\$ -	\$ (1,726)	\$ -	\$ (1,726)	\$ (1,726)
	Sewer	273,669	268,044	-	(5,625)	-	(5,625)	(5,625)
Gas	529,968	506,010	-	(23,958)	-	(23,958)	(23,958)	
MTC	83,068	127,241	-	44,173	-	44,173	44,173	
Interest on long-term debt	26,811	-	-	(26,811)	-	(26,811)	(26,811)	
Total business-type activities	\$ 1,342,126	\$ 1,328,179	\$ -	\$ (13,947)	\$ -	\$ (13,947)	\$ (13,947)	
Total	\$ 2,638,555	\$ 1,458,120	\$ -	\$ (1,180,435)	\$ (1,166,488)	\$ (13,947)	\$ (1,180,435)	
General revenues:								
Ad valorem and franchise taxes								
Licenses and permits								
Intergovernmental revenues								
Investment earnings								
Other general revenues								
Transfers								
Total general revenues and transfers								
Change in net position								
Net position - beginning								
Net position - ending								

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF WOODVILLE, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Major Funds		
	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 33,179	\$ 30,566	\$ 63,745
Receivables (net of allowances for uncollectibles)	44,999	-	44,999
Due from other funds	17,636	26,349	43,985
Restricted assets			
Other cash deposits	129,860	-	129,860
Total assets	<u>\$ 225,674</u>	<u>\$ 56,915</u>	<u>\$ 282,589</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 27,198	\$ 26,349	\$ 53,547
Accrued liabilities	27,869	-	27,869
Due to other funds	7,905	30,566	38,471
Total liabilities	<u>\$ 62,972</u>	<u>\$ 56,915</u>	<u>\$ 119,887</u>
Fund balance:			
Assigned	\$ 129,860	\$ -	\$ 129,860
Unassigned	32,842	-	32,842
Total fund balance	<u>\$ 162,702</u>	<u>\$ -</u>	<u>\$ 162,702</u>
Total liabilities and fund balance	<u>\$ 225,674</u>	<u>\$ 56,915</u>	<u>\$ 282,589</u>

See accompanying notes to the basic financial statements.

TOWN OF WOODVILLE, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds (Statement C)	\$	162,702
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$2,978,208, and the accumulated depreciation is \$1,066,098.		1,912,110
Deferred outflows and inflows are not financial resources or currently payable.		
Deferred outflows		38,111
Deferred inflows		(40,468)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:		
Bonds payable		(465,100)
Notes payable		(177,392)
Compensated absences (sick pay and vacations)		(70,843)
Net pension liability		(2,095,754)
Net Position of Governmental Activities (Statement A)	\$	<u>(736,634)</u>

See accompanying notes to the basic financial statements.

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TOWN OF WOODVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<u>REVENUES</u>			
Ad valorem and franchise taxes	\$ 310,929	\$ -	\$ 310,929
Licenses and permits	3,248	-	3,248
Intergovernmental revenues	381,176	-	381,176
Charges for services	94,177	-	94,177
Fines	35,764	-	35,764
Interest	483	-	483
Other revenues and grants	167,939	-	167,939
Total revenues	\$ 993,716	\$ -	\$ 993,716
<u>EXPENDITURES</u>			
General government	\$ 208,263	\$ -	\$ 208,263
Public safety	506,133	-	506,133
Streets	237,599	-	237,599
Sanitation	88,637	-	88,637
Cemetery	63,682	-	63,682
Debt service:			
Principal	-	54,295	54,295
Interest	-	32,214	32,214
Total expenditures	\$ 1,104,314	\$ 86,509	\$ 1,190,823
Revenues over (under) expenditures	\$ (110,598)	\$ (86,509)	\$ (197,107)
<u>OTHER FINANCING</u>			
<u>SOURCES (USES)</u>			
Transfers - in	\$ 221,361	\$ 86,509	\$ 307,870
Transfers - out	(86,509)	-	(86,509)
Total other financing sources (uses)	\$ 134,852	\$ 86,509	\$ 221,361
Net change in fund balances	\$ 24,254	\$ -	\$ 24,254
Fund balances - beginning	138,448	-	138,448
Fund balances - ending	\$ 162,702	\$ -	\$ 162,702

See accompanying notes to the basic financial statements.

TOWN OF WOODVILLE, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	24,254
--	----	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(43,460)

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick leave earned exceeded the amounts used by:

(8,093)

Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities the net position expense is reported according to estimates required by GASB Statement 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year.

(108,348)

The issuance of long-term debt (notes payable and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

54,295

Change in Net Position of Governmental Activities, Statement B	\$	(81,352)
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See accompanying notes to the basic financial statements.

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Proprietary Funds

TOWN OF WOODVILLE, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2018

ASSETS

	Enterprise Fund
Current assets	
Cash	\$ -
Accounts receivable (net of allowance for doubtful accounts of \$119,691)	373,162
Due from (to) other funds	(43,985)
Total current assets	\$ 329,177
Noncurrent assets	
Restricted assets	
Cash reserved for revenue bonds	\$ 115,370
Cash reserved for construction projects	5,129
Cash reserved for customer meter deposits	84,039
Total restricted assets	\$ 204,538
Fixed assets	
Distribution systems	\$ 7,109,229
Accumulated depreciation	(3,434,013)
Fixed assets (net of accumulated depreciation)	\$ 3,675,216
Total assets	\$ 4,208,931

LIABILITIES

Current liabilities (payable from current assets)	
Accounts payable	\$ 2,056
Accrued liabilities	13,283
Accrued interest payable	1,792
Bonds payable, due within one year	219,187
Total current liabilities (payable from current assets)	\$ 236,318
Current liabilities (payable from restricted assets)	
Customer deposits payable	\$ 94,256
Total current liabilities (payable from restricted assets)	\$ 94,256
Long-term liabilities	
Compensated absences	\$ 72,526
Bonds payable	805,997
Total long-term liabilities	\$ 878,523
Total liabilities	\$ 1,209,097

NET POSITION

Net investment in capital assets	\$ 2,650,032
Restricted for:	
Debt service	115,370
Deposits related to construction projects	5,129
Unrestricted	229,303
Total net position	\$ 2,999,834
Total liabilities and net position	\$ 4,208,931

See accompanying notes to the basic financial statements.

TOWN OF WOODVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 426,884
Sewer charges	268,044
Gas sales	506,010
MTC revenues	<u>127,241</u>
Total operating revenues	<u>\$ 1,328,179</u>
OPERATING EXPENSES	
Personal services	\$ 415,046
Purchase of utilities provided	217,825
Materials and supplies	205,009
Repairs and maintenance	16,820
Depreciation	176,520
Utilities and telephone	84,615
Insurance	24,126
Other operating expenses	<u>175,354</u>
Total operating expenses	<u>\$ 1,315,315</u>
Operating income	<u>\$ 12,864</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 257
Other revenue	147,561
Interest expense	<u>(26,811)</u>
Total nonoperating revenues (expenses)	<u>\$ 121,007</u>
Income Before Contributions and Transfers	\$ 133,871
Transfers - out	<u>(221,361)</u>
Change in Net Position	\$ (87,490)
Total net position - beginning	<u>3,087,324</u>
Total net position - ending	<u><u>\$ 2,999,834</u></u>

See accompanying notes to the basic financial statements.

TOWN OF WOODVILLE, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Cash received from customers	\$ 1,327,857
Cash payments to suppliers for goods and services	(755,061)
Cash payments to and on behalf of employees for services	(428,151)
Net cash provided by operating activities	<u>\$ 144,645</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Proceeds from other revenues	\$ 147,561
Operating transfers - out	(192,365)
Net cash used for noncapital financing activities	<u>\$ (44,804)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Principal paid on bonds and notes	\$ (54,693)
Interest paid on bonds	(27,570)
Construction of water and sewer system improvements	(23,500)
Net cash used for capital and related financing activities	<u>\$ (105,763)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 257
Net cash provided by investing activities	<u>\$ 257</u>
Net decrease in cash and cash equivalents	\$ (5,665)
Cash and cash equivalents - beginning of year	<u>210,203</u>
Cash and cash equivalents - end of year	<u><u>\$ 204,538</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	<u>\$ 12,864</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	\$ 176,520
Provision for bad debts	7,510
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(913)
Increase (decrease) in:	
Accounts payable	(31,312)
Accrued liabilities	(20,615)
Customer deposits	591
Total adjustments	<u>\$ 131,781</u>
Net cash provided by operating activities	<u><u>\$ 144,645</u></u>



See accompanying notes to the basic financial statements.

Notes to the Basic Financial Statements

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

INTRODUCTION

Town of Woodville, Mississippi was incorporated March 5, 1878. Town of Woodville, Mississippi operates under the Mayor/Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire); streets; sanitation; health and social services; culture and recreation; public improvements; planning and zoning; provision for water, sewer, and gas utilities services; and general services.

The accounting and reporting policies of Town of Woodville, Mississippi conform to accounting principles generally accepted in the United States of America, as applicable to governments.

Governmental Accounting Standards Board (GASB) Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to 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 revenues are reported instead as general revenues.

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality'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 municipality reports the following major proprietary fund:

The Enterprise Fund is used to account for the provision of water, sewer, and gas utilities as well as services to Management and Training Corporation. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Cash and Cash Equivalents

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (certificates of deposit) with original maturities of six months or less from the date of acquisition. Town of Woodville, Mississippi deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes.

There are various restrictions on these deposits imposed by statutes. These restrictions are summarized below:

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), or any successors to such insurance corporations, must be collateralized in an amount equal to 105% of the uninsured amount. (See Note 3)

D. Investments

Town of Woodville, Mississippi is allowed by statute to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds. Town of Woodville, Mississippi currently only invests excess funds in certificates of deposit.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables (continued)

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

F. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending September 30, 2018, these amounts were considered to be immaterial to the financial statements taken as a whole.

G. Restricted Assets

Restricted assets (internally and externally imposed) were applicable to the following at September 30, 2018:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Consumer deposits	\$ -	\$ 84,039	\$ 84,039
Deposits related to bonded debt	-	115,370	115,370
Fire rebate savings	1,338	-	1,338
Cemetery funds	91,244	-	91,244
Capital projects	-	5,129	5,129
Future Growth Fund	32,214	-	32,214
Sidewalk repair	5,064	-	5,064
Totals	<u>\$ 129,860</u>	<u>\$ 204,538</u>	<u>\$ 334,398</u>

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction in progress and are depreciated upon completion of the project. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest cost during the current fiscal year.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	20 years
Buildings	40 years
Vehicles	5 years
Machinery and equipment	3 - 10 years
Business-type activities/Enterprise Fund:	
Buildings	40 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 10 years
Vehicles	5 years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions	\$ 38,111
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In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions	\$ 40,468
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See Note 12 for further details.

J. Compensated Absences

Vested or accumulated annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term debt. No expenditure is reported for these amounts. Vested or accumulated annual leave of the Enterprise Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement 16 (GASB Cod. Sec. C60), *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick-pay benefits.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Equity Classification

During the current fiscal year, Town of Woodville, Mississippi implemented the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively.

Furthermore, GASB Statement 63 requires equity be classified as net position and displayed in three components: (1) net investment in capital assets—consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; (2) restricted net position—consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation; and (3) unrestricted net position—all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

The government-wide statement of net position reports \$120,499 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Equity Classification (continued)

Fund financial statements:

Beginning with fiscal year 2012, Town of Woodville, Mississippi implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Town of Woodville, Mississippi follows these procedures establishing budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk prepares a proposed operating budget and submits it to the Mayor and Board of Aldermen for the fiscal year commencing October 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at Town Hall to obtain taxpayer comments.
4. The budget, as submitted, is reviewed by the Mayor and the Board of Aldermen. Necessary revisions are made. The budget is approved prior to September 15.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. The budget is revised as necessary during the year.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds, if any, are adopted on a basis consistent with generally accepted accounting principles.

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2018, the municipality has cash and cash equivalents as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Unrestricted:		
Demand deposits	\$ 63,745	\$ 58,980
Totals - unrestricted accounts	<u>\$ 63,745</u>	<u>\$ 58,980</u>
Restricted:		
Demand deposits	\$ 267,490	\$ 212,271
Time deposit	66,908	66,908
Totals - restricted accounts	<u>\$ 334,398</u>	<u>\$ 279,179</u>
Totals - all accounts	<u>\$ 398,143</u>	<u>\$ 338,159</u>

The collateral for public entities' deposits in financial institutions is now 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 entities' 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 institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 4 - PROPERTY TAX

Real and personal property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and payable on or before February 1. These taxes and public utilities tax are collected by Town of Woodville, Mississippi. Auto and mobile home property taxes are collected and remitted to Town of Woodville, Mississippi by the county tax collector. The millage rate for Town of Woodville, Mississippi for January through December 2017, was 41.80 mills, broken down as follows:

General Fund	41.80 mills
--------------	-------------

Restrictions associated with property tax levies are established by state law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which resulted from those levies' assessments of the previous year.

The General Fund tax levy did not result in collections in excess of the 110% limit in the current year. Excess funds from the prior year were considered in establishing the millage for the current year.

NOTE 5 - RECEIVABLES

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:			
Customer accounts	\$ 14,712	\$ 282,137	\$ 296,849
Due from other governments	26,391	-	26,391
Due from other agencies	<u>12,754</u>	<u>210,716</u>	<u>223,470</u>
Gross receivables	\$ 53,857	\$ 492,853	\$ 546,710
Less allowance for uncollectibles	<u>(8,858)</u>	<u>(119,691)</u>	<u>(128,549)</u>
Net total receivables	<u>\$ 44,999</u>	<u>\$ 373,162</u>	<u>\$ 418,161</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of due from/to other funds:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ 7,905	\$ 17,636
Enterprise fund	18,445	12,931
Agency funds:		
Payroll clearing	29,393	-
Credit card clearing	1,173	-
Accounts payable clearing	<u>-</u>	<u>26,349</u>
Total all funds	<u>\$ 56,916</u>	<u>\$ 56,916</u>

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TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2018, is as follows:

	Beginning Balance 9/30/2017	Increases	Decreases	Ending Balance 9/30/2018
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 424,757	\$ -	\$ -	\$ 424,757
Total capital assets, not being depreciated	\$ 424,757	\$ -	\$ -	\$ 424,757
Capital assets being depreciated				
Buildings	\$ 1,209,447	\$ -	\$ -	\$ 1,209,447
Machinery and equipment	208,960	-	-	208,960
Vehicles	557,384	24,578	-	581,962
Other improvements	553,082	-	-	553,082
Total capital assets being depreciated	\$ 2,528,873	\$ 24,578	\$ -	\$ 2,553,451
Less accumulated depreciation for:				
Buildings	\$ (142,625)	\$ (24,263)	\$ -	\$ (166,888)
Machinery and equipment	(177,079)	(4,786)	-	(181,865)
Vehicles	(474,094)	(11,394)	-	(485,488)
Other improvements	(204,262)	(27,595)	-	(231,857)
Total accumulated depreciation	\$ (998,060)	\$ (68,038)	\$ -	\$ (1,066,098)
Total capital assets being depreciated, net	\$ 1,530,813	\$ (43,460)	\$ -	\$ 1,487,353
Governmental activities capital assets, net	\$ 1,955,570	\$ (43,460)	\$ -	\$ 1,912,110
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 102,897	\$ -	\$ -	\$ 102,897
Total capital assets, not being depreciated	\$ 102,897	\$ -	\$ -	\$ 102,897
Capital assets being depreciated				
Distribution systems	\$ 6,722,172	\$ 23,500	\$ -	\$ 6,745,672
Machinery, equipment, and vehicles	260,660	-	-	260,660
Total capital assets being depreciated	\$ 6,982,832	\$ 23,500	\$ -	\$ 7,006,332
Less accumulated depreciation for:				
Distribution systems	\$ (3,075,007)	\$ (157,265)	\$ -	\$ (3,232,272)
Machinery, equipment, and vehicles	(182,486)	(19,255)	-	(201,741)
Total accumulated depreciation	\$ (3,257,493)	\$ (176,520)	\$ -	\$ (3,434,013)
Total capital assets being depreciated, net	\$ 3,725,339	\$ (153,020)	\$ -	\$ 3,572,319
Business-type activities capital assets, net	\$ 3,828,236	\$ (153,020)	\$ -	\$ 3,675,216

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation expense of \$68,038 for the year ended September 30, 2018, was charged to the following governmental functions:

General government	\$ 3,546
Public safety	35,924
Streets	27,468
Cemetery	<u>1,100</u>
Total	<u>\$ 68,038</u>

NOTE 8 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of September 30, 2018. At year end, the commitments with contractors are as follows:

Project	Spent To Date	Remaining Commitment
RUS loan-water system project	\$ 102,897	\$ 1,397,213

NOTE 9 - INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2018, were as follows:

- \$221,361 was transferred from the enterprise fund to the general fund to cover expenses of general operations.
- \$86,509 was transferred from the general fund to the debt service fund to cover principal and interest payments due.

NOTE 10 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$137,018 at September 30, 2018, are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts payable – trade	\$ 53,547	\$ 2,056	\$ 55,603
Accrued salaries, wages, and payroll taxes	27,869	13,283	41,152
Other accrued liabilities	<u>38,471</u>	<u>1,792</u>	<u>40,263</u>
Totals	<u>\$ 119,887</u>	<u>\$ 17,131</u>	<u>\$ 137,018</u>

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 - LONG-TERM DEBT

	General Obligation			Enterprise Fund	
	Bonds Payable	Notes and Capital Leases Payable	Totals	Bonds and Notes Payable	Totals
Balances, September 30, 2017	\$ 506,900	\$ 189,887	\$ 696,787	\$ 1,079,877	\$ 1,776,664
Additions	-	-	-	-	-
Reductions	(41,800)	(12,495)	(54,295)	(54,693)	(108,988)
Balances, September 30, 2018	\$ 465,100	\$ 177,392	\$ 642,492	\$ 1,025,184	\$ 1,667,676
Less: current portion	(42,800)	(177,392)	(220,192)	(219,187)	(439,379)
Long-term portion	<u>\$ 422,300</u>	<u>\$ -</u>	<u>\$ 422,300</u>	<u>\$ 805,997</u>	<u>\$ 1,228,297</u>

Long-term debt as of September 30, 2018, is comprised of the following:

General Obligation

General obligation bonds payable to finance a portion of the new municipal building in the amount of \$460,500, dated February 6, 2008, payable in annual installments of principal and interest commencing on February 6, 2009, and maturing February 6, 2028, with an interest rate of 4.375%. \$ 280,100

General obligation note payable to Concordia Bank & Trust to finance a portion of the new municipal building in the amount of \$222,884, dated October 24, 2013, and payable in monthly installments of principal and interest in the amount of \$1,706.05, and maturing on October 24, 2018, with an interest rate of 4.6%. 167,252

Note payable to United Mississippi Bank to finance the purchase of a brush clipper, dated May 11, 2017, with an interest rate of 3.250% and maturing on May 11, 2020. 10,140

2010 General Obligation Street Bonds payable to finance street improvements in the amount of \$325,000, dated July 6, 2010, payable in annual installments of principal and interest commencing on August 1, 2011, and maturing August 1, 2025, with an interest rate of 5%. 185,000

Total general obligation \$ 642,492

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TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 - LONG-TERM DEBT (continued)

Enterprise Fund

Combined Water and Sewer Bond payable to finance the construction of water and sewer system improvements in the amount of \$715,600, dated November 14, 2001, with interest only on November 14, 2002 and November 14, 2003, and payable thereafter in annual installments of principal and interest in the amount of \$42,041, maturing on November 14, 2036, with an interest rate of 4.5%. \$ 522,123

Note payable to Mississippi Department of Environmental Quality to finance the construction and improvement of the MTC's wastewater system to comply with the enforceable requirements of the Clean Water Act, dated January 29, 2013, payable in monthly installments of \$1,124.68, with an interest rate of 1.75% and maturing December 2032. 170,106

Note payable to Mississippi Department of Environmental Quality to finance the construction and improvement of Town of Woodville, Mississippi's wastewater system to comply with the enforceable requirements of the Clean Water Act, dated May 2015, payable in monthly installments of \$1,061.81, with an interest rate of 1.75% and maturing March 2033. 163,073

Note payable to United Mississippi Bank for the purchase of an aerator in the amount of \$97,265, dated May 25, 2017, with interest and principal due on May 25, 2019, with an interest rate of 2.25%. 97,265

Note payable to Concordia Bank & Trust to finance the repair of a water well in the amount of \$34,295, dated January 30, 2017, with interest and principal due on January 30, 2018, with an interest rate of 1.89%. 34,295

Capital lease payable to BancorpSouth for the lease of a backhoe in the amount of \$82,394, dated November 19, 2015, payable in 60 monthly installments of \$1,460, with an interest rate of 2.44%. 38,323

Total enterprise fund	\$	<u>1,025,184</u>
Total	\$	1,667,676
Less: current portion		<u>(439,379)</u>
Long-term portion	\$	<u>1,228,297</u>

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 - LONG-TERM DEBT (continued)

The annual requirements to amortize all outstanding debt as of September 30, 2018, including interest payments are as follows:

Fiscal Year Ending September 30,	General Obligation		Enterprise Fund		Totals
	Bonds, Notes Payable, and Leases		Bonds and Notes Payable		
	Principal	Interest	Principal	Interest	
2019	\$ 219,187	\$ 22,801	\$ 171,072	\$ 33,799	\$ 466,859
2020	48,800	19,507	40,744	27,541	136,592
2021	49,900	17,216	42,024	26,262	135,402
2022	51,000	14,876	43,352	24,934	134,162
2023	52,200	12,489	44,729	23,557	132,975
2024-2028	221,405	25,996	246,236	95,192	588,829
2029-2033	-	-	273,007	51,929	324,936
2034-2038	-	-	164,020	9,553	173,573
Totals	\$ 642,492	\$ 112,885	\$ 1,025,184	\$ 292,767	\$ 2,093,328

Retirement of general obligation debt is to be made by annual transfers of General Fund revenue in the amounts necessary to retire principal and interest currently due. There are a number of limitations and restrictions contained in the various bond indentures. Town of Woodville, Mississippi is in compliance with all significant limitations and restrictions. The following is a schedule of limitations of the indebtedness of Town of Woodville, Mississippi at September 30, 2018:

Assessed valuation for the fiscal year ended September 30, 2018	\$ 6,399,764
Percent limitation	15%
Authorized debt limit	\$ 959,965
Present debt service to 15% limitation	465,100
Margin for additional debt	<u>\$ 494,865</u>

The related capital costs incurred to date are properly included in the repair and maintenance accounts for MTC related projects and capital asset accounts for Town of Woodville, Mississippi's project when necessary in the fixed asset footnote above.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description. Town of Woodville, 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, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

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TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and Town of Woodville, Mississippi is required to contribute at an actuarially determined rate. The employer contribution rate is 15.75% for the current fiscal year, for annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment, and eligibility is granted to those who qualify upon hiring. 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% 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% 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. 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3% 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% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9% of their annual covered salary, and Town of Woodville, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2018, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. Town of Woodville, Mississippi's contributions to PERS for the years ending September 30, 2018, 2017, and 2016, were \$126,490, \$124,036, and \$123,514, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, Town of Woodville, Mississippi reported a liability of \$2,095,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Town of Woodville, Mississippi's proportion of the net pension liability was based on a projection of Town of Woodville, Mississippi's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2018, Town of Woodville, Mississippi's proportion was 0.0126%.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

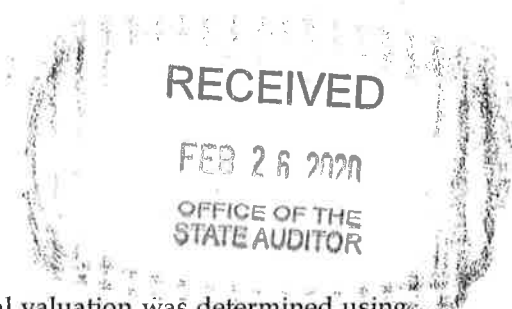
NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended June 30, 2018, Town of Woodville, Mississippi recognized pension expense of \$261,196. At September 30, 2018, Town of Woodville, Mississippi reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,461	\$ 6,213
Net difference between projected and actual earnings on pension plan investments	-	33,329
Changes of assumptions	870	926
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	-
Town of Woodville, Mississippi's contributions subsequent to the measurement date	30,780	-
Total	<u>\$ 38,111</u>	<u>\$ 40,468</u>

\$30,780 reported as deferred outflows of resources related to pensions resulting from Town of Woodville, Mississippi's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (8,092)
2020	\$ (8,092)
2021	\$ (8,389)
2022	\$ (8,564)
2023	\$ -
Thereafter	\$ -



Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3.75 - 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, set forward one year for males.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27%	4.60%
International equity	18%	4.50%
Emerging markets equity	4%	4.75%
Global	12%	4.75%
Fixed income	18%	0.75%
Real assets	10%	3.50%
Private equity	8%	5.10%
Emerging debt	2%	2.25%
Cash	1%	0.00%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Town of Woodville, Mississippi's proportionate share of the net pension liability to changes in the discount rate. The following presents Town of Woodville, Mississippi's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what Town of Woodville, Mississippi's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 2,759,507	\$ 2,095,754	\$ 1,544,088

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 13 - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended September 30, 2018, consisted of the following:

	General Fund	Enterprise Fund	Totals
State			
Sales tax allocation	\$ 349,639	\$ -	\$ 349,639
Payment in lieu of taxes	14,749	-	14,749
General municipal aid	547	-	547
Gasoline tax	3,356	-	3,356
Liquor privilege tax	1,800	-	1,800
Homestead exemption reimbursement	9,503	-	9,503
Other	1,582	-	1,582
	<u>381,176</u>	<u>-</u>	<u>381,176</u>
Total intergovernmental revenues	\$ <u>381,176</u>	\$ <u>-</u>	\$ <u>381,176</u>

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Enterprise Fund operated by Town of Woodville, Mississippi provides water, sewer, and gas utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2, Segment Information for Enterprise Funds:

	Water	Sewer	Gas	MTC	Total
Operating revenues	\$ 426,884	\$ 268,044	\$ 506,010	\$ 127,241	\$ 1,328,179
Operating expenses	(362,061)	(185,688)	(217,825)	(77,111)	(842,685)
Purchase of utilities	-	-	(296,110)	-	(296,110)
Depreciation	(66,549)	(87,981)	(16,033)	(5,957)	(176,520)
Operating income (loss)	\$ (1,726)	\$ (5,625)	\$ (23,958)	\$ 44,173	\$ 12,864
Interest income					257
Other revenues					147,561
Interest expense					(26,811)
Operating transfers, net					(221,361)
Change in net position					\$ (87,490)

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 15 - ACCUMULATED UNPAID ANNUAL LEAVE AND SICK PAY

Employees of Town of Woodville, Mississippi earn annual and sick leave as designated in the personnel policies adopted by Town of Woodville, Mississippi. Town of Woodville, Mississippi is responsible for up to 15 days of annual leave for each employee depending on years of continuous service. Town of Woodville, Mississippi is responsible for up to 12 days of sick leave per year for each employee depending on years of continuous service. There is no maximum on the accumulation of sick leave. All unused major medical leave shall be creditable service for the purpose of retirement. Upon termination of employment, each employee shall be paid for not more than 30 days of accumulated sick leave.

NOTE 16 - RISK MANAGEMENT

Town of Woodville, Mississippi 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 disaster. Town of Woodville, Mississippi carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 - CONTINGENT LIABILITIES

General

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although Town of Woodville, Mississippi expects such amounts, if any, to be immaterial.

Litigation Matters

As of September 30, 2018, there is pending litigation originating from certain employees regarding the past failure to withhold contributions to the PERS system over a certain number of years. Instead, these amounts were paid to the said employees. Total unsubstantiated and threatened litigation amounts to \$250,000 and Town of Woodville, Mississippi's actual risk exposure is unknown at this time.

Required Supplementary Information (Part II)

TOWN OF WOODVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem and franchise taxes	\$ 342,000	\$ 207,416	\$ 310,929	\$ 103,513
Licenses and permits	4,500	4,668	3,248	(1,420)
Intergovernmental	455,000	373,830	381,176	7,346
Charges for services	100,000	92,203	94,177	1,974
Fines	100,000	58,605	35,764	(22,841)
Interest	400	240	483	243
Miscellaneous	45,000	199,203	167,939	(31,264)
Total revenues	<u>\$ 1,046,900</u>	<u>\$ 936,165</u>	<u>\$ 993,716</u>	<u>\$ 57,551</u>
EXPENDITURES				
General government	\$ 209,500	\$ 204,104	\$ 208,263	\$ (4,159)
Public safety:				
Police and court	520,700	492,829	486,521	6,308
Fire	37,300	17,108	19,612	(2,504)
Streets	360,700	290,104	237,599	52,505
Sanitation	95,000	82,956	88,637	(5,681)
Cemetery	77,000	65,782	63,682	2,100
Total expenditures	<u>\$ 1,300,200</u>	<u>\$ 1,152,883</u>	<u>\$ 1,104,314</u>	<u>\$ 48,569</u>
Revenues under expenditures	<u>\$ (253,300)</u>	<u>\$ (216,718)</u>	<u>\$ (110,598)</u>	<u>\$ 106,120</u>
Other financing sources (uses)				
Operating transfers - in	\$ 240,000	\$ 233,360	\$ 221,361	\$ (11,999)
Operating transfers - out	-	-	(86,509)	(86,509)
Total other financing sources (uses)	<u>\$ 240,000</u>	<u>\$ 233,360</u>	<u>\$ 134,852</u>	<u>\$ (98,508)</u>
Excess revenues and other sources under expenditures and other uses	\$ (13,300)	\$ 16,642	\$ 24,254	\$ 7,612
Fund balance - beginning of year	<u>126,621</u>	<u>126,621</u>	<u>138,448</u>	<u>-</u>
Fund balance - end of year	<u>\$ 113,321</u>	<u>\$ 143,263</u>	<u>\$ 162,702</u>	<u>\$ 7,612</u>

See Independent Auditor's Report.

TOWN OF WOODVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund consistent with accounting principles generally accepted in the United States of America.

TOWN OF WOODVILLE, MISSISSIPPI

SCHEDULE OF TOWN OF WOODVILLE, MISSISSIPPI'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2018

PERS: Last 10 Fiscal Years*	2018	2017	2016	2015
Town of Woodville, Mississippi's proportion of the net pension liability (asset)	.013%	0.012%	0.012%	0.013%
Town of Woodville, Mississippi's proportionate share of the net pension liability (asset)	\$ 2,095,754	\$ 2,061,301	\$ 2,189,763	\$ 1,963,170
Town of Woodville, Mississippi's covered-employee payroll	\$ 799,990	\$ 787,529	\$ 786,762	\$ 792,052
Town of Woodville, Mississippi's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	262%	262%	278%	248%
Plan fiduciary net position as a percentage of the total pension liability	63%	61%	62%	67%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, Town of Woodville, Mississippi has only presented information for the years which information is available.

See Independent Auditor's Report.

TOWN OF WOODVILLE, MISSISSIPPI

SCHEDULE OF TOWN OF WOODVILLE, MISSISSIPPI'S CONTRIBUTIONS

YEAR ENDED SEPTEMBER 30, 2018

PERS:

Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	\$ 125,998	\$ 124,036	\$ 123,514	\$ 124,748
Contribution in relation to the contractually required contribution	(125,998)	124,036	(123,514)	(124,748)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town of Woodville, Mississippi's covered-employee payroll	\$ 799,990	\$ 787,529	\$ 784,216	\$ 792,052
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%



* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, Town of Woodville, Mississippi has only presented information for the years which information is available.

See Independent Auditor's Report.

Other Information

Nonmajor Governmental Funds

TOWN OF WOODVILLE, MISSISSIPPI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Fiduciary Funds			Total Nonmajor Governmental Funds
	Accounts Payable and Credit Card Clearing Fund	Payroll Clearing Fund	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,173	\$ 29,393	\$ 30,566	\$ 30,566
Due from other funds	26,349	-	26,349	26,349
Total assets	\$ 27,522	\$ 29,393	\$ 56,915	\$ 56,915
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 26,349	\$ -	\$ 26,349	\$ 26,349
Due to other funds	1,173	29,393	30,566	30,566
Total liabilities	\$ 27,522	\$ 29,393	\$ 56,915	\$ 56,915
Fund Balances:				
Total fund balances	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ 27,522	\$ 29,393	\$ 56,915	\$ 56,915

See Independent Auditor's Report.

TOWN OF WOODVILLE, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Debt Service Fund	Total Nonmajor Governmental Funds
Intergovernmental	\$ -	\$ -
Total revenues	\$ -	\$ -
Expenditures:		
Principal	\$ 54,295	\$ 54,295
Interest	32,214	32,214
Total expenditures	\$ 86,509	\$ 86,509
Revenues under expenditures	\$ (86,509)	\$ (86,509)
Other Financing Sources		
Operating transfers - in	\$ 86,509	\$ 86,509
Total other financing sources	\$ 86,509	\$ 86,509
Excess revenues and other sources over expenditures	\$ -	\$ -
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -

See Independent Auditor's Report.

TOWN OF WOODVILLE, MISSISSIPPI

SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS TO
FUND COLLECTIONS ON 2017 AD VALOREM TAXES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Assessed Value	Tax
Assessed valuation		
Real property	\$ 4,088,074	\$ 170,881
Personal property	1,005,245	42,019
Auto and mobile home	992,694	41,495
Public utilities	313,751	13,116
Total at 41.80 mills	\$ 6,399,764	\$ 267,511
Less: Homestead credit allowed		(17,090)
Add: Prior-year collections		479
Add: Additional forest distribution		20,954
Add: Actual homestead reimbursement		9,503
Total to be accounted for		\$ 281,357

	Taxes	Homestead Reimbursement	Totals
Credits			
Collection allocated to:			
General Fund	\$ 270,410	\$ 9,503	\$ 279,913
Balance represented by			
Unpaid real and personal			7,561
Unaccounted for			(6,117)
Total accounted for			\$ 281,357

Note: Ad valorem taxes on automobiles and mobile homes are collected and remitted by the Wilkinson County Tax Collector.

TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2018

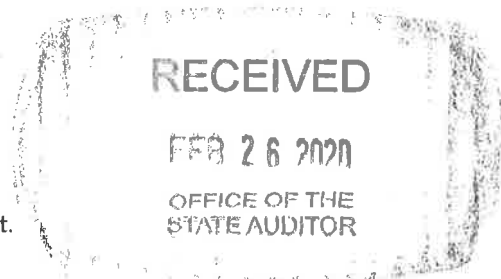
	Rate	Principal Balance	Carrying Value	Fair Market Value
General Fund				
<u>Restricted Funds</u>				
Concordia Bank and Trust				
Savings and checking accounts				
Cemetery funds	0.15%	\$ 91,244	\$ 91,244	\$ 91,244
Fire rebate funds	0.15%	1,338	1,338	1,338
Sidewalk repair	0.15%	5,064	5,064	5,064
Future growth fund	0.15%	32,214	32,214	32,214
Total general fund restricted investments		\$ 129,860	\$ 129,860	\$ 129,860
Enterprise Fund				
<u>Restricted Funds</u>				
Concordia Bank and Trust				
Certificates of deposit and checking accounts:				
Water and sewer system	0.13%	\$ 34,151	\$ 34,151	\$ 34,151
Operating cash - reserved for deposits	0.15%	49,790	49,790	49,790
Water improvement and capital projects	0.15%	124	124	124
CCA reserve	0.15%	5,003	5,003	5,003
CDBG fund	0.00%	101	101	101
Bond cushion fund	0.00%	37,788	37,788	37,788
Contingent fund	0.00%	18,894	18,894	18,894
Depreciation fund	0.00%	18,894	18,894	18,894
Bond and interest-sinking fund	0.00%	39,793	39,793	39,793
Total enterprise fund restricted investments		\$ 204,538	\$ 204,538	\$ 204,538
Total investments - all funds		\$ 334,398	\$ 334,398	\$ 334,398

See Independent Auditor's Report.

TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2018

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Amount</u>
Keshia Stewart Ford	Mayor	Travelers Casualty & Surety	\$ 50,000
Russell Fry	Alderman	Travelers Casualty & Surety	\$ 25,000
Earl-Dean Anthony	Alderman	Travelers Casualty & Surety	\$ 25,000
William Carter	Alderman	Travelers Casualty & Surety	\$ 25,000
Megan Tolliver	Alderman	Travelers Casualty & Surety	\$ 25,000
Pawlawski D. Adams	Town Clerk	Western Surety Company	\$ 50,000
Elnora Veals	Deputy Clerk	Old Republic Surety Company	\$ 50,000
Tarwonna Walker	Deputy Clerk	Old Republic Surety Company	\$ 50,000
Linda Billeaudeau	Deputy Clerk	Western Surety Company	\$ 50,000
Jessie Stewart	Chief of Police	Old Republic Surety Company	\$ 50,000

See Independent Auditor's Report.



TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance Outstanding 10/1/2017	Transactions During Year		Balance Outstanding 9/30/2018
		Issued	Redeemed	
General Obligation Bonds				
<u>Governmental Funds:</u>				
2010 street bonds	\$ 205,000	\$ -	\$ 20,000	\$ 185,000
Municipal building	301,900	-	21,800	280,100
Total general obligation bonds	\$ 506,900	\$ -	\$ 41,800	\$ 465,100
Revenue Bonds				
<u>Enterprise Fund:</u>				
Combined water and sewer bonds	\$ 540,231	\$ -	\$ 18,108	\$ 522,123
Notes Payable				
<u>Governmental Funds:</u>				
Promissory note - brush clipper	\$ 10,140	\$ -	\$ -	\$ 10,140
Municipal multi-purpose building	179,747	-	12,495	167,252
Total governmental funds notes payable	\$ 189,887	\$ -	\$ 12,495	\$ 177,392
<u>Enterprise Fund:</u>				
Aerator note	\$ 97,265	\$ -	\$ -	\$ 97,265
Water well note	34,295	-	-	34,295
MDEQ - MTC	180,526	-	10,420	170,106
MDEQ - Town	172,868	-	9,795	163,073
Total enterprise fund notes payable	\$ 484,954	\$ -	\$ 20,215	\$ 464,739
Total bond and notes payable	\$ 1,721,972	\$ -	\$ 92,618	\$ 1,629,354
Other Long-Term Debt				
<u>Governmental Funds:</u>				
Compensated absences	\$ 62,750	\$ 8,093	\$ -	\$ 70,843
<u>Enterprise Fund:</u>				
Water communication system	-	-	-	-
Capital lease - backhoe	54,692	-	16,369	38,323
Compensated absences	88,472	-	15,946	72,526
Total other long-term debt	\$ 205,914	\$ 8,093	\$ 32,315	\$ 181,692
Total long-term debt	\$ 1,927,886	\$ 8,093	\$ 124,933	\$ 1,811,046

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE REPORTS



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

Mayor and Board of Aldermen
Town of Woodville, 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 Town of Woodville, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Woodville, Mississippi's basic financial statements and have issued our report thereon dated February 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Woodville, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Woodville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Woodville, Mississippi's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency described in the accompanying schedule of findings to be a material weakness: 2018-01 and 2018-2.

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. No significant deficiencies were identified during our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Woodville, Mississippi's financial statements are free from 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*: 2018-3.

Town of Woodville, Mississippi's Response to Findings

Town of Woodville, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings. Town of Woodville, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natchez, Mississippi
February 7, 2020

SCHEDULE OF FINDINGS



TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the basic financial statements? | Yes |

Federal Awards:

Not applicable

TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SECTION 2: FINANCIAL STATEMENT FINDINGS

Deficiencies Considered to be Material Weaknesses or Material Noncompliance

2018-1 Condition:	<u>Segregation of Duties (Internal Control Finding)</u> During our audit, we noted Town of Woodville, Mississippi doesn't have an adequate number of personnel to properly segregate duties within the initiation, authorization, reconciliation, and review functions.
Criteria:	It is recommended that no one person should have access to two or more of the cycles above.
Cause of Condition:	Town of Woodville, Mississippi doesn't have the financial resources to employ the number of individuals needed to properly segregate duties.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We do not believe that it would be cost effective for Town of Woodville, Mississippi to hire the additional staff required to resolve this problem. We recommend that management continue to implement alternate procedures to help alleviate this condition. Also, we believe that the Board should be diligent in approving transactions and reviewing monthly financial information.
Response:	Management will continue to implement alternate control procedures whenever feasible.
2018-2 Condition:	<u>Customer Deposit Cash (Internal Control Finding)</u> The customer deposit liability exceeds the amount of cash available. Customer deposits per the general and subsidiary ledger are \$94,256. The related available cash for these deposits was \$84,039, which leaves and underfunded amount of \$10,217.
Criteria:	There should be sufficient cash to cover customer deposits.
Cause of Condition:	Customer deposit assets and liability accounts are not being reviewed and reconciled appropriately.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that all customer deposit-related accounts be reviewed and reconciled appropriately.
Response:	Management will work on this for fiscal year 2019.



TOWN OF WOODVILLE, MISSISSIPPI
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SECTION 2: FINANCIAL STATEMENT FINDINGS (continued)

Deficiencies Considered to be Material Weaknesses or Material Noncompliance (continued)

2018-3	Financial Statement Submission to State Auditor
Condition:	The Town's audited financial statements were not completed and submitted to the Mississippi State Auditor's office by the statutory date of September 30, 2019.
Criteria:	To be considered in good standing with the Mississippi State Auditor, the audited financial statements should be completed and submitted to their office by the end of the next fiscal year.
Cause of Condition:	Due to employee turnover, the Town's management found it difficult to prepare the books in time for the external auditors.
Effect of Condition:	Material noncompliance relating to the financial statements.
Recommendation:	We recommend that management is diligent in performing monthly and year-end close responsibilities and getting the books to the external auditors earlier in the next year.
Response:	Management is aware of this and is working on getting the books to the auditors earlier in the future.

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable.

TOWN OF WOODVILLE, MISSISSIPPI
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SECTION 2: FINANCIAL STATEMENT FINDINGS

Deficiencies Considered to be Material Weaknesses

2017-01 Finding

Controls surrounding accounting duties should be strengthened. Segregation of duties is normally a part of the control activities implemented by entity to mitigate risks. In general, one individual should not control two or more phases of a transaction or operation. In addition, the following primary duties should be segregated:

- Authorization or approval
- Custody of assets
- Recording of transactions
- Reconciliations

As in prior year audit reports, it was noted that Town of Woodville, Mississippi does not have adequate staff to properly segregate duties. This causes a weakness in internal controls that could allow for misstatements in the financial information of the entity that are undetected by management.

Recommendation

In instances when proper segregation of duties cannot be achieved (e.g., number of personnel, specialized knowledge, etc.), that decision should be documented by the entity and compensating controls designed and implemented by management to mitigate the documented risks involved.

Response

Management will continue to implement alternative control procedures whenever feasible. This is a repeat finding (see 2017-01).

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable



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

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

Mayor and Board of Aldermen
Town of Woodville, Mississippi

We have audited the basic financial statements of Town of Woodville, Mississippi as of and for the year ended September 30, 2018, and have issued our report thereon dated February 7, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* as Finding 2018-3.

This report is intended for the information of Town of Woodville, Mississippi's management, the Office of the State Auditor, and federal awarding agencies and pass-through entities 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.



Natchez, Mississippi
February 7, 2020