

TOWN OF BROOKSVILLE, MISSISSIPPI

**COMPILATION AND AGREED-UPON
PROCEDURES REPORT**

For the Year Ended September 30, 2019



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REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN MS 39302
TELEPHONE (601) 693-2841
FAX (601) 693-2851

POST OFFICE BOX 606
PHILADELPHIA MS 39350
TELEPHONE (601) 656-2742
FAX (601) 656-2760

POST OFFICE BOX 562
WAYNESBORO MS 39367
TELEPHONE (601) 735-2317
FAX (601) 735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying statement of cash receipts and disbursements—all funds of the Town of Brooksville, Mississippi, as of September 30, 2019, and the selected information in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements—all funds is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statement preparation in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained in schedules 1, 2, and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statement. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management has not presented the management's discussion and analysis information and budgetary comparison information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statement.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS For the Year Ended September 30, 2019

	General Fund Type		Proprietary	Total
	General	Special Revenue	Fund Type	(Memorandum Only)
REVENUE RECEIPTS				
General property taxes	\$ 257,346	\$ -	\$ -	\$ 257,346
Penalties and interest	796	-	-	796
Intergovernmental revenues:				
Federal revenue:				
Fire protection	23,220	-	-	23,220
State shared revenues:				
TVA payments	12,154	-	-	12,154
Sales tax	112,284	-	-	112,284
Gasoline tax and municipal aid	4,279	-	-	4,279
County revenues:				
Road and bridge tax	23,354	-	-	23,354
Charge for services:				
Sewer utility	-	-	70,836	70,836
Water utility	-	-	274,356	274,356
Garbage fees	-	-	67,739	67,739
Lagoon fees	-	-	22,032	22,032
Fines and forfeitures	25,065	-	12,697	37,762
Total revenue receipts	\$ 458,498	\$ -	\$ 447,660	\$ 906,158
Total receipts	\$ 458,498	\$ -	\$ 447,660	\$ 906,158

See Independent Accountants' Compilation Report.

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TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS

(continued)

For the Year Ended September 30, 2019

	General Fund Type		Proprietary	Total
	General	Special Revenue	Fund Type	(Memorandum Only)
OPERATING DISBURSEMENTS				
General government	\$ 240,268	\$ -	\$ -	\$ 240,268
Public safety:				
Police	203,387	-	-	203,387
Fire	12,627	-	-	12,627
Highways and streets:				
Other	194,406	-	-	194,406
Culture and recreation:				
Parks	20,101	-	-	20,101
Library	9,605	-	-	9,605
Enterprises:				
Sanitation	-	-	30,171	30,171
Sewer utility	-	-	3,872	3,872
Water utility	-	-	421,637	421,637
Total operating disbursements	\$ 680,394	\$ -	\$ 455,680	\$ 1,136,074
Total disbursements	\$ 680,394	\$ -	\$ 455,680	\$ 1,136,074
OTHER FINANCING SOURCES (USES)				
Loans and transfers	\$ 245,200	\$ -	\$ (245,200)	\$ -
Grant	135,243	-	16,060	151,303
Miscellaneous	16,023	-	14,962	30,985
Total other receipts (disbursements)	\$ 396,466	\$ -	\$ (214,178)	\$ 182,288
Excess (deficiency) of receipts and financing sources over disbursements and other financing uses	\$ 174,570	\$ -	\$ (222,198)	\$ (47,628)
Cash balance--beginning of year	262,317	1,273	96,374	359,964
Total unaccounted for	(139,000)	1	195,529	56,530
Cash balance--end of year	\$ 297,887	\$ 1,274	\$ 69,705	\$ 368,866

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TOWN OF BROOKSVILLE, MISSISSIPPI

SELECTED INFORMATION—SUBSTANTIALLY ALL DISCLOSURES ARE NOT INCLUDED

Note 1. Summary of Significant Accounting Policies

Reporting entity

The financial statement of the Town consists of all the funds of the Town.

The citizens of Brooksville have elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

Fund accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in financial statements in this report, into three generic fund types and two broad fund categories as follows on the next page.

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Funds:

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

Special Revenue Fund—the special revenue fund accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds that are legally restricted to expenditures for specified purposes. The special revenue fund reflects cash balances for the cemetery, park and recreation, and the library/Lottie Smith.

Proprietary Funds:

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

Basis of accounting

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

The Town uses the cash receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the liability is incurred.

Note 2. Report Classifications

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

SUPPLEMENTARY INFORMATION

TOWN OF BROOKSVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS--ALL FUNDS
September 30, 2019

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of deposit	0.72%	Cadence Bank	\$ 3,842
General Fund	Certificate of deposit	0.72%	Cadence Bank	46,997
General Fund	Certificate of deposit	0.97%	Cadence Bank	34,081
General Fund	Certificate of deposit	1.20%	Cadence Bank	51,352

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TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF LONG-TERM DEBT
September 30, 2019

Definition and Purpose	Account	Balance Outstanding 10/1/2018	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding 9/30/2019
General obligation bonds					
USDA	28-052 Ln 10	\$ 74,266	\$ -	17,792	\$ 56,474
Other long-term debt					
Hancock Whitney	76385	70,114	-	16,469	53,645
Cadence Bank	397390256	656	-	656	-

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TOWN OF BROOKSVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2019

Name	Position	Insurance Company	Bond Amount	Bond Number	Time Period
Eric Dooley	Alderman	Travelers Casualty & Surety	\$ 50,000	105935365	7/1/17 - 7/3/21
David Boswell	Mayor	Travelers Casualty & Surety	50,000	105935360	7/1/17 - 7/3/21
Albert "A.E." Williams	Mayor Pro-Tem	Travelers Casualty & Surety	50,000	105935363	7/1/17 - 7/3/21
Annie Anthony - Brooks	Alderwoman	Travelers Casualty & Surety	50,000	105935362	7/1/17 - 7/3/21
Curtis Bush	Alderman	Travelers Casualty & Surety	50,000	105935364	7/1/17 - 7/3/21
Tina Williams	Alderwoman	Travelers Casualty & Surety	50,000	105935361	7/1/17 - 7/3/21
Monica Chandler	City Clerk	Western Surety Company	50,000	14769306	11/14/17 - 11/14/18 11/14/18 - 11/14/19
Tochonda L. Brooks	Deputy Clerk	Travelers Casualty & Surety	50,000	106327967	7/28/18 - 7/28/19 7/28/19 - 7/27/20

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ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN MS 39302
TELEPHONE (601) 693-2841
FAX (601) 693-2851

POST OFFICE BOX 606
PHILADELPHIA MS 39350
TELEPHONE (601) 656-2742
FAX (601) 656-2760

POST OFFICE BOX 562
WAYNESBORO MS 39367
TELEPHONE (601) 735-2317
FAX (601) 735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Brooksville, Mississippi as of September 30, 2019, and for the year then ended, as required by the office of the state auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

Bank	Fund	Reconciled Balance
BankFirst	General fund	\$ 52,096
BankFirst	General fund	38,180
BankFirst	General fund	42,583
	Total general fund	<u>\$ 132,859</u>
BankFirst	Special revenue fund	<u>\$ 1,274</u>
	Total special revenue fund	<u>\$ 1,274</u>
BankFirst	Water and sewer	\$ 42,780
BankFirst	Water and sewer	8,217
BankFirst	Water and sewer	10,299
BankFirst	Water and sewer	5,714
BankFirst	Water and sewer	3,645
	Total water and sewer	<u>\$ 70,655</u>
BankFirst	Clearing account	\$ 1,961
BankFirst	Payroll clearing account	1,208
	Total clearing account	<u>\$ 3,169</u>

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per G/L	Reconciled Balance
BankFirst	General fund	\$ -	\$ 52,096
BankFirst	General fund	-	38,180
BankFirst	General fund	-	42,583
BankFirst	Special revenue fund	-	1,274
BankFirst	Water and sewer	-	42,780
BankFirst	Water and sewer	-	8,217
BankFirst	Water and sewer	-	10,299
BankFirst	Water and sewer	-	5,714
BankFirst	Water and sewer	-	3,645
BankFirst	Clearing account	-	1,961
BankFirst	Payroll clearing account	-	1,208

We confirmed the certificate of deposit investments as of the fiscal year end. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

Fund	General Security	Bank Balance
General fund	Certificate of deposit	\$ 3,842
General fund	Certificate of deposit	46,997
General fund	Certificate of deposit	34,081
General fund	Certificate of deposit	51,352

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per G/L	Bank Balance
Cadence	General fund	\$ -	\$ 3,842
Cadence	General fund	-	46,997
Cadence	General fund	-	34,081
Cadence	General fund	-	51,352

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- discussed with the Town management the process used to budget for ad valorem taxes and we determined that rather than using certified county assessment rolls to set the budget for ad valorem taxes, the Town consulted with the Noxubee County Tax Collector to obtain an estimated dollar per mill amount to determine the amount of mills that should be levied;
- traced levies to governing body minutes;
- examined uncollected taxes for proper handling, including tax sales;

- d. we were unable to trace the distribution of taxes collected to proper funds because the Town deposits all taxes into the general fund rather than maintain separate special revenue funds for each individual levy; and
- e. analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found not to be in accordance with prescribed tax levies. However, uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Payment</u>
Sales tax allocation city	General	\$ 111,384
TVA payments in lieu of taxes	General	4,847
Homestead exemption	General	22,386
Gasoline tax	General	3,669
General municipal aid	General	610
Fire protection allocation	General	7,218
Other grants	General	221,939
		<u>\$ 372,053</u>

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

The sample consisted of the following:

Number of sample items	25
Total dollar value of sample	\$ 42,893

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

We selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration. We found the municipality to be in agreement with the requirements of Sections 99-19-73 & 83-39-31, Miss. Code Ann. (1972).

We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicates one instance of noncompliance with state requirements. The various ad valorem tax collections have not been deposited into the appropriate funds in accordance with Section 21-33-53, Miss. Code Ann. (1972). All amounts have been deposited into the general fund.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, we believe the items specified in paragraphs 1 and 2 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Brooksville, Mississippi, for the year ended September 30, 2019.

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP