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FINANCIAL STATEMENTS

Town of Hatley, Mississippi

For the year ended
September 30, 2019

TOWN OF HATLEY, MISSISSIPPI
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September 30, 2019

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

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Hatley, Mississippi, as of and for the year ended September 30, 2019, in accordance with the cash receipts and disbursements basis of accounting. 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.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared in accordance with the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained on pages 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared in accordance with the cash receipts and disbursements basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Management has also omitted the management's discussion and analysis and other required supplementary information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operations, economic, or historical context.

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated July 30, 2020, on the results of our agreed upon procedures.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
July 30, 2020

TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS- ALL FUND TYPES
For the year ended September 30, 2019

	Governmental Activities		Business-Type Activities		Total
	General	Special Revenue	Total	Water Fund	Government-wide
CASH RECEIPTS					
Property Taxes	\$ 35,146	\$ 484	\$ 35,630	\$ -	\$ 35,630
Auto Ad Valorem Tax	18,878	-	18,878	-	18,878
Franchise Tax on Utilities	13,023	-	13,023	-	13,023
Privilege Tax Revenue	60	-	60	-	60
Intergovernmental Revenues:					
State Shared Revenues:					
General Municipal Aid	1,030	-	1,030	-	1,030
Sales Tax	19,350	-	19,350	-	19,350
Gasoline Tax	1,416	-	1,416	-	1,416
TVA In Lieu of Tax	3,634	-	3,634	-	3,634
Homestead Exemption Reimbursement	3,627	-	3,627	-	3,627
Fire Protection	-	2,845	2,845	-	2,845
Local Shared Revenues	-	5,000	5,000	-	5,000
Charges for Services:					
Water System	-	-	-	249,703	249,703
Fines and Forfeits:					
Police Fines	2,059	-	2,059	-	2,059
Miscellaneous Receipts:					
Interest Income	2,930	157	3,087	4,753	7,840
Donations	-	2,199	2,199	-	2,199
Customer Deposits	-	-	-	2,948	2,948
Community Center Rent	2,440	-	2,440	-	2,440
Other Income	2,015	-	2,015	8,538	10,553
Total Cash Receipts	105,608	10,685	116,293	265,942	382,235

TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2019

	Governmental Activities		Business-Type Activities		Total
	General	Special Revenue	Water Fund		Government-wide
CASH OPERATING DISBURSEMENTS					
General Administration and Finance	58,123	-	-		58,123
Public Safety: Police	11,514	-	-		11,514
Public Safety: Fire	-	5,582	-		5,582
Capital Outlay	531	2,535	-		3,066
Enterprise: Water	-	-	187,188		187,188
RLF Loan:					
Principal	-	-	61,699		61,699
Interest	-	-	11,403		11,403
Total Cash Operating Disbursements	70,168	8,117	260,290		338,575
Excess (Deficiency) of receipts over disbursements	35,440	2,568	5,652		43,660
OTHER FINANCING SOURCES (USES)					
Transfers	(13,626)	0	13,626		-
Total Other Financing Sources (Uses)	(13,626)	0	13,626		-
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	21,814	2,568	19,278		43,660
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	363,688	63,382	599,495		1,026,565
CASH BASIS FUND BALANCE - END OF YEAR	\$ 385,502	\$ 65,950	\$ 618,773		\$ 1,070,225

See accountants' compilation report

TOWN OF HATLEY, MISSISSIPPI
SELECTED INFORMATION - Substantially all disclosures required
by generally accepted accounting principles are not included
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

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

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

NOTE B – 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.

NOTE C - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2019, including interest payments of \$34,312 are as follows:

Fiscal Year Ended September 30, 2019	RLF	Interest	Total
2020	\$ 63,259	\$ 9,843	\$ 73,102
2021	64,859	8,243	73,102
2022	66,499	6,603	73,102
2023	68,181	4,921	73,102
2024	69,905	3,197	73,102
2025-2027	<u>84,913</u>	<u>1,505</u>	<u>86,418</u>
	\$ <u>417,616</u>	\$ <u>34,312</u>	\$ <u>451,928</u>

The Town does not maintain any debt service funds to service the above notes.

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

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund:	Certificate of Deposit	1.9000%	2/22/2019	2/23/2020	Cadence Bank	\$ 57,954
General Fund:	Certificate of Deposit	1.9000%	2/22/2019	2/23/2020	Cadence Bank	67,324
Special Revenue Fund:	Certificate of Deposit	1.1450%	10/1/2019	10/1/2020	Renasant Bank	10,253
Water Fund:	Certificate of Deposit	1.1500%	4/5/2019	4/5/2020	Community Bank	159,678
Water Fund:	Certificate of Deposit	1.9000%	2/22/2019	2/23/2020	Cadence Bank	68,297
Water Fund:	Certificate of Deposit	1.9000%	2/22/2019	2/23/2020	Cadence Bank	42,030
Water Fund:	Certificate of Deposit	1.9000%	2/22/2019	2/23/2020	Cadence Bank	22,000
Total Investments						<u>\$ 427,536</u>

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Amber Rowland	Town Clerk	Travelers Casualty & Surety Company	\$50,000
Penny Mitchell	Deputy Town Clerk	Travelers Casualty & Surety Company	\$50,000
George King	Mayor	MS Municipal Bond Program	\$50,000
Patrick Chism	Police Chief	Travelers Casualty & Surety Company	\$50,000
Steve Cantrell	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sam Mitchell	Police Officer	Travelers Casualty & Surety Company	\$25,000
Kevin Kimbrough	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sandra Vaughan	Alderman	MS Municipal Service Co.	\$50,000
Joe Benton	Alderman	MS Municipal Service Co.	\$50,000
Hazel Jones	Alderman	MS Municipal Service Co.	\$50,000
Debra Johnson	Alderman	MS Municipal Service Co.	\$50,000
Robbie Ausbon	Alderman	MS Municipal Service Co.	\$50,000

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2019

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2018</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2019</u>
Notes Payable:			
RLF Water Improvement Loan	\$ <u>479,315</u>	\$ <u>61,699</u>	\$ <u>417,616</u>
TOTAL	\$ <u><u>479,315</u></u>	\$ <u><u>61,699</u></u>	\$ <u><u>417,616</u></u>

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**INDEPENDENT ACCOUNTANTS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman
Town of Hatley, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements – all fund types of the Town of Hatley, Mississippi, for the year ended September 30, 2019, and have issued our report thereon dated July 30, 2020. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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 engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed the following material instances of noncompliance with state laws and regulations.

1. The Town is not in compliance with Part V item 15 of the Municipal Audit and Accounting Guide, as the Town's fixed asset ledger does not contain all information required by guidelines established by the Office of the State Auditor.
2. It was discovered that a Town employee was using the Town's fuel card to purchase fuel for personal use.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
July 30, 2020

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Hatley, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Hatley, Mississippi as of September 30, 2019, and for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town of Hatley's management is responsible for the Town's accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequentially, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Renasant Bank	General Fund	\$ 260,224
Cadence Bank	General Fund	<u>125,278</u>
Total General Fund		<u>\$ 385,502</u>
Renasant Bank	Special Revenue	\$ 10,253
Renasant Bank	Special Revenue	<u>55,697</u>
Total Special Revenue Fund		<u>\$ 65,950</u>
Renasant Bank	Proprietary Fund	\$ 326,768
Cadence Bank	Proprietary Fund	132,327
Community Bank	Proprietary Fund	<u>159,678</u>
Total Proprietary Fund		<u>\$ 618,773</u>

2. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:
 - a. Trace levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

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

3. We obtained a statement of payments made by the Mississippi 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 with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 19,350
Fire Protection	Special Revenue	2,845
Gasoline Tax	General Fund	1,416
TVA In Lieu	General Fund	3,634
Municipal Aid	General Fund	1,030
Homestead Exemption Reim.	General Fund	3,627

4. 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, 1972, if applicable.

The sample consisted of the following:

Number of Sample Items	25
Dollar Value of Sample	\$ 7,774

Although not part of our sample, we were made aware of a Town employee using the Town's fuel card to purchase fuel for personal use. The employee subsequently resigned their position with the Town.

5. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance Administration.

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

- a. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section II – Municipal Audit and Accounting Guide)

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of the Town. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the governing body of the Town of Hatley, Mississippi, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties. This report should not be associated with the financial statements of the Town of Hatley, Mississippi, for the year ended September 30, 2019.

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.
Tupelo, Mississippi
July 30, 2020