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3-22-21

FINANCIAL REPORT

TOWN OF MANTACHIE, MISSISSIPPI

Year Ended September 30, 2019

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
Town of Mantachie, 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 the Town of Mantachie, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' 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 auditors' 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Other Governmental Funds	Unmodified
Enterprise Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion

The Town of Mantachie, Mississippi does not maintain complete and adequate subsidiary records documenting the existence, completeness and valuation of the fixed assets included in the governmental activities, the business-type activities and the enterprise fund. Due to the lack of adequate subsidiary records, we were unable to satisfy ourselves as to the fair presentation of the fixed assets reported in the governmental activities, the business-type activities and the enterprise fund of the Town of Mantachie, Mississippi at September 30, 2019.

Qualified Opinion

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion" paragraph, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and the enterprise fund of the Town of Mantachie, Mississippi as of September 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of general fund, other governmental funds and the aggregate remaining fund information of the Town of Mantachie, Mississippi as of September 30, 2019, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

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 5 through 13, the schedule of Town's proportionate share of the net pension liability and the schedule of the Town's contributions on pages 42 through 45 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 and opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mantachie, Mississippi's basic financial statements. The individual fund financial statements and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and other supplemental information 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 individual fund financial statements and other supplemental information 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 a report dated January 20, 2021, on our consideration of the Town of Mantachie, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the 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 the Town of Mantachie, Mississippi's internal control over financial reporting and compliance.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Fulton, Mississippi
January 20, 2021

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year Ended September 30, 2019

This section of the Town of Mantachie's Financial Report presents our discussion and analysis of the Town's financial performance during the fiscal year ending September 30, 2019. The information contained in this Management Discussion and Analysis has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at September 30, 2019 and 2018 by \$1,185,474 and \$1,101,650. Of this amount, \$147,691 and \$16,828 may be used to meet the Town of Mantachie's ongoing obligations to citizens and creditors.
- As of September 30, 2019 and 2018, the Town of Mantachie's governmental funds reported combined ending fund balances of \$305,726 and \$277,899, an increase of \$27,827 and a decrease of \$110,149 in comparison to the prior years. Approximately 80.7% and 80.3% of the combined fund balances, \$246,740 and \$223,197 is considered unassigned and is available for spending at the Town of Mantachie discretion.
- The Town of Mantachie's total debt as of September 30, 2019 and 2018 was \$1,413,315 and \$1,479,036. Debt in the amount of \$65,721 and \$66,000 was repaid during the years ended September 30, 2019 and 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town of Mantachie.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town of Mantachie's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town of Mantachie's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The Town of Mantachie has two Governmental Fund types: General and Special Revenue.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Water and Sewer System funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

TOWN OF MANTACHIE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the Town of Mantachie's financial statements, including the portion of the Town of Mantachie they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the Town of Mantachie's Government-wide and Fund Financial Statements:

	Government-wide Statements	<u>Fund Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire Town Government (except fiduciary funds) and the Town's component units.	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the Town operates similar to private businesses: Water and Sewer System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the Town of Mantachie as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town of Mantachie's net position and how they have changed. Net position—the difference between the Town of Mantachie's assets and liabilities—is one way to measure the Town of Mantachie's financial health, or position.

- Over time, increases or decreases in the Town of Mantachie's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- *Governmental activities* –Most of the Town of Mantachie's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Sales and use taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The Town of Mantachie charges fees to customers to help it cover the costs of certain services it provides. The Town of Mantachie's water and sewer systems services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town of Mantachie's most significant funds—not the Town as a whole. The "fund" level is where the basic unit of financial organization and operation within the Town of Mantachie exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Mantachie has two kinds of funds:

- **Governmental funds**—most of the Town of Mantachie's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town of Mantachie's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town of Mantachie utilizes two types of governmental funds: General Fund and Special Revenue Funds.
- **Proprietary funds**—Services for which the Town of Mantachie charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The Town has only one type of proprietary funds—enterprise funds. The Town of Mantachie's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The Town of Mantachie's assets exceeded liabilities by \$1,185,474 at the close of the most recent fiscal year.

A large portion, 83% and 94%, of the Town's net position reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) for the years ended September 30, 2019 and 2018, respectively. The Town uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

Town of Mantachie's Net Position

	Governmental Activities		Business-Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 374,685	\$ 354,711	\$ 544,598	\$ 400,473	\$ 919,283	\$ 755,184
Capital Assets	520,275	538,217	1,873,587	1,972,689	2,393,862	2,510,906
Total Assets	894,960	892,928	2,418,185	2,373,162	3,313,145	3,266,090
Deferred Outflows	7,317	6,081	5,914	4,674	13,231	10,755
Total Deferred Outflows	7,317	6,081	5,914	4,674	13,231	10,755
Current and Other Liabilities	4,273	12,311	78,589	76,280	82,862	88,591
Long-Term Liabilities	318,686	313,094	1,693,231	1,741,461	2,011,917	2,054,555
Total Liabilities	322,959	325,405	1,771,820	1,817,741	2,094,779	2,143,146
Deferred Inflows	25,505	18,122	20,618	13,927	46,123	32,049
Total Deferred Inflows	25,505	18,122	20,618	13,927	46,123	32,049
Net Position:						
Net Investment in Capital						
Assets	520,275	538,217	460,272	493,653	980,547	1,031,870
Restricted	57,236	52,952	0	0	57,236	52,952
Unrestricted (Deficit)	(23,698)	(35,687)	171,389	52,515	147,691	16,828
Total Net Position	\$ 553,813	\$ 555,482	\$ 631,661	\$ 546,168	\$ 1,185,474	\$ 1,101,650

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The \$147,691 of unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was \$171,389 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The Town of Mantachie generally can only use this net position to finance the continuing operations of the business type activities.

TOWN OF MANTACHIE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in net position: Approximately 23.42% of the Town of Mantachie's revenue comes from sales tax allocation. (See Table A-2.) This compares to 26.30% for the fiscal year ended September 30, 2018. Another 54.68% comes from fees charged for services and the balance is from investment earnings and other miscellaneous receipts. This compares to 62.14% for the fiscal year ended September 30, 2018.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the Town of Mantachie's Net Position

	Governmental Activities		Business-Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 93,925	\$ 100,661	\$ 420,157	\$ 416,980	\$ 514,082	\$ 517,641
Operating Grants & Contributions	782	7,930	0	0	782	7,930
Capital Grants & Contributions	0	25,000	150,000	0	150,000	25,000
General Revenues:						
Sales Tax Allocation	220,233	219,095	0	0	220,233	219,095
Other Taxes	33,391	26,868			33,391	26,868
Intergovernmental Revenues	10,826	10,604			10,826	10,604
Investment Income	1,137	1,192	1,670	1,178	2,807	2,370
Other	8,066	23,524	0	0	8,066	23,524
Total Revenues	368,360	414,874	571,827	418,158	940,187	833,032
Expenses						
General Government	160,906	115,074	0	0	160,906	115,074
Public Safety	46,966	204,738	0	0	46,966	204,738
Public Works	71,931	64,734	0	0	71,931	64,734
Culture & Recreation	90,226	34,579	0	0	90,226	34,579
Water & Sewer	0	0	486,334	476,774	486,334	476,774
Total Expenses	370,029	419,125	486,334	476,774	856,363	895,899
Excess of Revenue Over Expenses	(1,669)	(4,251)	85,493	(58,616)	83,824	(62,867)
Transfers	0	12,240	0	(12,240)	0	0
Increase (Decrease) in Net Position	(1,669)	7,989	85,493	(70,856)	83,824	(62,867)
Net Position--Beginning	555,482	547,493	546,168	617,024	1,101,650	1,164,517
Net Position--Ending	\$ 553,813	\$ 555,482	\$ 631,661	\$ 546,168	\$ 1,185,474	\$ 1,101,650

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities decreased the Town's net position by \$1,669. Key elements of this decrease are as follows:

The largest funding sources for the Town's governmental activities, as a percent of total revenues, are sales tax allocation (60% and 53% for 2019 and 2018 respectively) and charges for services (25% and 24% for 2019 and 2018 respectively).

The largest expense category for the Town's governmental activities is public safety (53% and 49% for 2019 and 2018 respectively).

Business-type Activities

Business-type activities increased/(decreased) the Town's net position by \$85,493 and (\$70,856) for 2019 and 2018 respectively.

Charges for services are the major revenue categories for the enterprise funds. The business-type revenues are comprised of \$420,157 and \$416,980 for water and sewer system for 2019 and 2018.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$246,740 which comprised the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 73% of total fund expenditures. The fund balance increased by \$23,543 during the current fiscal year.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$57,236, which will be used for future expenditures.

Proprietary Funds—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$631,661.

Budgetary Highlights

The Town's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The Town's 2018-2019 general fund operating budget reflected no change during the current fiscal year.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town has no tax millage for the 2019 fiscal year. The Town has never assessed any form of property tax on the citizens of the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the Town has recorded depreciation expense associated with all of its capital assets, including infrastructure. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$2,393,862, net of accumulated depreciation of \$3,914,011. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

Town of Mantachie's Capital Assets

	Governmental Activities	Business-Type Activities	Total 9/30/19	Total 9/30/18
Land	\$ 179,607	\$ 8,000	\$ 187,607	\$ 187,607
Plant, Buildings & Improvements	484,887	5,245,523	5,730,410	5,734,684
Machinery & Equipment	271,230	105,326	376,556	355,157
Infrastructure	13,300	-	13,300	13,300
Construction in Progress	-	-	-	-
Accumulated Depreciation	<u>(428,749)</u>	<u>(3,485,262)</u>	<u>(3,914,011)</u>	<u>(3,779,842)</u>
Total	<u>\$ 520,275</u>	<u>\$ 1,873,587</u>	<u>\$ 2,393,862</u>	<u>\$ 2,510,906</u>

Long-term Debt—At year-end, the Town had \$1,413,315 in bonds and notes outstanding. More detailed information about the Town of Mantachie's long-term liabilities is presented in the notes to the financial statements.

Table A-4

Town of Mantachie's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total 9/30/19	Total 9/30/18
Promissory Notes	\$ -	\$ 1,413,315	\$ 1,413,315	\$ 1,479,036
Total	<u>\$ -</u>	<u>\$ 1,413,315</u>	<u>\$ 1,413,315</u>	<u>\$ 1,479,036</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2020 budget. The total budgeted appropriations for the Town operations are \$378,300. This budget reflects an increase of approximately \$2,300. Notable increases included personnel services in general government, public works and cultural and recreational.

TOWN OF MANTACHIE, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE TOWN OF MANTACHIE FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town of Mantachie's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Mantachie's Finance Department, P.O. Box 70 Mantachie, MS 38855.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash on Deposit	\$ 261,102	\$ 443,039	\$ 704,141
Money Market, CD's	21,249	60,785	82,034
Accounts Receivable	26,252	35,002	61,254
Court Fines Receivable	64,686	-	64,686
Notes Receivable	7,168	-	7,168
Internal Balances	(5,772)	5,772	-
Capital Assets:			
Land	179,607	8,000	187,607
Plant, Buildings and Improvements	484,887	5,245,523	5,730,410
Machinery and Equipment	271,230	105,326	376,556
Infrastructure	13,300	-	13,300
Construction in Progress	-	-	-
Accumulated Depreciation	(428,749)	(3,485,262)	(3,914,011)
TOTAL ASSETS	894,960	2,418,185	3,313,145
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows - Pensions	7,317	5,914	13,231
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 7,317	\$ 5,914	\$ 13,231

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 4,273	\$ 10,531	\$ 14,804
Refundable Meter Deposits	-	90,347	90,347
Net Pension Liability	318,686	257,627	576,313
Long-Term Liabilities:			
Due Within One Year	-	68,058	68,058
Due in More Than One Year	-	1,345,257	1,345,257
TOTAL LIABILITIES	322,959	1,771,820	2,094,779
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows - Pensions	25,505	20,618	46,123
TOTAL DEFERRED INFLOWS OF RESOURCES	25,505	20,618	46,123
<u>NET POSITION:</u>			
Net Investment in Capital Assets	520,275	460,272	980,547
Restricted for:			
Fire Rebate	41,887	-	41,887
Home Grant	15,349	-	15,349
Unrestricted (Deficit)	(23,698)	171,389	147,691
TOTAL NET POSITION	\$ 553,813	\$ 631,661	\$ 1,185,474

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF ACTIVITIES

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT	
					Governmental Activities	Business-Type Activities
PRIMARY GOVERNMENT						
Government Activities:						
General Government	\$ 87,373	\$ -	\$ -	\$ -	\$ (87,373)	\$ -
Public Safety	183,496	11,809	782	-	(170,905)	-
Public Works	62,220	68,679	-	-	6,459	-
Culture and Recreation	36,940	13,437	-	-	(23,503)	-
TOTAL GOVERNMENTAL ACTIVITIES	370,029	93,925	782	-	(275,322)	-
Business-Type Activities:						
Water & Sewer System	486,334	420,157	-	150,000	-	83,823
TOTAL BUSINESS-TYPE ACTIVITIES	486,334	420,157	-	150,000	-	83,823
TOTAL PRIMARY GOVERNMENT	\$ 856,363	\$ 514,082	\$ 782	\$ 150,000	\$ (275,322)	\$ (191,499)
GENERAL REVENUES:						
Taxes:						
Sales Taxes					\$ 220,233	\$ -
Licenses and Permits					5,600	-
In Lieu Taxes					27,791	-
Intergovernmental Revenues					10,826	-
Investment Earnings					1,137	1,670
Miscellaneous Revenues					8,066	-
Transfers (to) from Other Funds					-	-
TOTAL GENERAL REVENUES AND TRANSFERS					273,653	1,670
CHANGE IN NET POSITION					(1,669)	85,493
NET POSITION--BEGINNING					555,482	546,168
NET POSITION--ENDING					\$ 553,813	\$ 631,661
						\$ 1,185,474

TOWN OF MANTACHIE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>ASSETS:</u>			
Cash on Deposit	\$ 240,407	\$ 20,695	\$ 261,102
Money Market, CD's	21,249	-	21,249
Accounts Receivable	26,252	-	26,252
Notes Receivable	-	7,168	7,168
Due from Other Funds	-	29,373	29,373
TOTAL ASSETS	\$ 287,908	\$ 57,236	\$ 345,144
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 4,273	\$ -	\$ 4,273
Due to Other Funds	35,145	-	35,145
TOTAL LIABILITIES	39,418	-	39,418
<u>FUND BALANCES:</u>			
Restricted:			
Home Grant Fund	-	15,349	15,349
Fire Rebate Fund	-	41,887	41,887
Assigned	1,750	-	1,750
Unassigned	246,740	-	246,740
TOTAL FUND BALANCES	\$ 248,490	\$ 57,236	\$ 305,726

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2019

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 305,726
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	520,275
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Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds:

Net pension liability	(318,686)
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Deferred outflows and inflows of resources, related to pensions are applicable to future periods and, therefore are not reported in the funds:

Deferred outflows of resources related to pensions	7,317
Deferred inflows of resources related to pensions	(25,505)

Accrual of court fine revenues to qualify as financial resources.	<u>64,686</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>553,813</u></u>
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See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the fiscal year ended September 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Sales and Use Taxes	\$ 220,233	\$ -	\$ 220,233
Privilege Taxes	5,120	-	5,120
Licenses and Permits	480	-	480
In Lieu of Taxes	27,791	-	27,791
Intergovernmental Revenues	4,074	6,752	10,826
Garbage Services	68,679	-	68,679
City Park Fees and Concessions	13,437	-	13,437
Fines and Forfeits	11,624	-	11,624
Interest Revenues	995	142	1,137
Grant Income	782	-	782
Miscellaneous Revenues	8,066	-	8,066
TOTAL REVENUES	<u>361,281</u>	<u>6,894</u>	<u>368,175</u>
EXPENDITURES:			
Current:			
General Government	80,685	-	80,685
Public Safety	169,686	-	169,686
Public Works	60,472	-	60,472
Culture and Recreation	26,895	2,610	29,505
TOTAL EXPENDITURES	<u>337,738</u>	<u>2,610</u>	<u>340,348</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,543</u>	<u>4,284</u>	<u>27,827</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23,543	4,284	27,827
FUND BALANCES - Beginning	<u>224,947</u>	<u>52,952</u>	<u>277,899</u>
FUND BALANCES - Ending	<u>\$ 248,490</u>	<u>\$ 57,236</u>	<u>\$ 305,726</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	27,827
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		5,407
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Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(23,349)
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Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.		(11,739)
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Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		<div style="border-top: 1px solid black; margin-top: 0;">185</div>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; margin-top: 0;">(1,669)</div>
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See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the fiscal year ended September 30, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
				(Unfavorable)
REVENUES:				
Sales and Use Taxes	\$ 225,000	\$ 228,000	\$ 217,515	\$ (10,485)
Licenses and Permits	1,150	3,300	5,600	2,300
In Lieu of Taxes	28,000	29,915	25,629	(4,286)
Intergovernmental Revenues	4,070	4,070	4,074	4
Charges for Services	85,500	83,000	82,103	(897)
Fines and Forfeits	10,000	11,000	11,624	624
Interest Revenues	800	975	995	20
Grant Income	0	0	782	782
Miscellaneous Revenues	1,850	7,950	8,066	116
TOTAL REVENUES	356,370	368,210	356,388	(11,822)
EXPENDITURES:				
Current:				
General Government	109,000	100,500	80,685	19,815
Public Safety	175,000	181,000	169,686	11,314
Public Works	64,000	64,000	60,472	3,528
Culture and Recreation	28,000	30,500	26,895	3,605
TOTAL EXPENDITURES	376,000	376,000	337,738	38,262
EXCESS OF REVENUES				
OVER (UNDER)				
EXPENDITURES	(19,630)	(7,790)	18,650	26,440
OTHER FINANCING				
SOURCES (USES):				
Proceeds from Debt Issuances	-	-	-	-
Transfers (to) from Other Funds	12,240	12,240	-	(12,240)
TOTAL OTHER FINANCING				
SOURCES (USES)	12,240	12,240	-	(12,240)
EXCESS (DEFICIENCY) OF				
REVENUES AND OTHER				
SOURCES OVER FINANCING				
AND OTHER USES	\$ (7,390)	\$ 4,450	\$ 18,650	\$ 14,200

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF NET POSITION-PROPRIETARY FUND
September 30, 2019 and 2018

	Water and Sewer System	
	September 30, 2019	September 30, 2018
<u>ASSETS:</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 443,039	\$ 297,984
Investments - CD's	60,785	60,561
Accounts Receivable	35,002	36,096
Due from Other Funds	5,772	5,772
Total Current Assets	<u>544,598</u>	<u>400,413</u>
<u>Noncurrent Assets</u>		
Water and Sewer Plant and System	5,350,849	5,339,131
Land	8,000	8,000
Less: Accumulated Depreciation	<u>(3,485,262)</u>	<u>(3,374,442)</u>
Net Noncurrent Assets	<u>1,873,587</u>	<u>1,972,689</u>
<u>Other Assets</u>		
Utility Deposits	-	60
Total Other Assets	<u>-</u>	<u>60</u>
TOTAL ASSETS	<u><u>2,418,185</u></u>	<u><u>2,373,162</u></u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Outflows - Pensions	<u>5,914</u>	<u>4,674</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 5,914</u></u>	<u><u>\$ 4,674</u></u>
<u>LIABILITIES:</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 5,080	\$ 4,640
Accrued Interest	1,497	2,640
Accrued Liabilities	3,954	2,530
Current Portion of Long-term Debt	<u>68,058</u>	<u>66,470</u>
Total Current Liabilities	<u>78,589</u>	<u>76,280</u>
<u>Noncurrent Liabilities</u>		
Long-term Debt: Less Current Portion	1,345,257	1,412,566
Net Pension Liability	257,627	240,617
Refundable Meter Deposits	<u>90,347</u>	<u>88,278</u>
Total Noncurrent Liabilities	<u>1,693,231</u>	<u>1,741,461</u>
TOTAL LIABILITIES	<u><u>1,771,820</u></u>	<u><u>1,817,741</u></u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Inflows - Pensions	<u>20,618</u>	<u>13,927</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>20,618</u></u>	<u><u>13,927</u></u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	460,272	493,653
Unrestricted	<u>171,389</u>	<u>52,515</u>
TOTAL NET POSITION	<u><u>\$ 631,661</u></u>	<u><u>\$ 546,168</u></u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUND
For the fiscal years ended September 30,

	Totals	
	2019	2018
OPERATING REVENUES:		
Charges for Services	\$ 420,157	\$ 416,980
Total Operating Revenues	<u>420,157</u>	<u>416,980</u>
Less: Water Purchased	<u>53,360</u>	<u>52,889</u>
Net Income Before Operating Expenses	<u>366,797</u>	<u>364,091</u>
OPERATING EXPENSES:		
Personal Services	156,478	167,101
Contractual Services	27,579	23,960
Supplies	14,147	19,020
Other Services and Charges	66,187	46,102
Depreciation	110,820	109,075
Total Operating Expenses	<u>375,211</u>	<u>365,258</u>
Operating Income (Loss)	<u>(8,414)</u>	<u>(1,167)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest Income	1,670	1,178
Grant Income	150,000	-
Interest Expense	(57,763)	(58,627)
Transfers In (Out)	-	(12,240)
Total Non Operating Revenues (Expenses)	<u>93,907</u>	<u>(69,689)</u>
Change in Net Position	<u>85,493</u>	<u>(70,856)</u>
Total Net Position - Beginning	<u>546,168</u>	<u>617,024</u>
Total Net Position - Ending	<u>\$ 631,661</u>	<u>\$ 546,168</u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
COMPARATIVE STATEMENT OF CASH FLOWS-PROPRIETARY FUND
For the fiscal years ended September 30,

	Totals	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 423,380	\$ 423,392
Cash Payments for Personal Services	(132,593)	(137,089)
Cash Payments for Contractual Services	(27,579)	(23,960)
Cash Payments for Supplies	(14,147)	(19,020)
Cash Payments for Other Services	(119,107)	(100,150)
Net Cash Provided by Operating Activities	<u>129,954</u>	<u>143,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Paid on Notes and Bonds Payable	(65,721)	(66,000)
Interest Paid on Notes and Bonds Payable	(58,906)	(58,627)
Purchases of Capital Assets	(11,718)	-
Net Cash Used In Capital and Related Financing Activities	<u>(136,345)</u>	<u>(124,627)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental Grants Received	150,000	-
Transfers In (Out)	-	(12,240)
Net Cash Used In Noncapital Financing Activities	<u>150,000</u>	<u>(12,240)</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Interest on Investments	<u>1,670</u>	<u>1,178</u>
Net Increase (Decrease) In Cash	145,279	7,484
Cash at Beginning of Year	<u>358,545</u>	<u>351,061</u>
Cash at End of Year	<u><u>\$ 503,824</u></u>	<u><u>\$ 358,545</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (8,414)	\$ (1,167)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by Operating Activities:		
Depreciation	110,820	109,075
Net Pension Expense	22,461	30,251
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,094	948
(Increase) Decrease in Due from Other Funds	-	(1,051)
Increase (Decrease) in Accounts Payable - Operating	440	(108)
Increase (Decrease) in Accrued Liabilities	1,424	(239)
Increase (Decrease) in Refundable Meter Deposits	<u>2,129</u>	<u>5,464</u>
Net Cash Provided by Operating Activities	<u><u>\$ 129,954</u></u>	<u><u>\$ 143,173</u></u>

See accompanying notes to the financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Mantachie, Mississippi operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the Town provides the following services: public safety (police and fire), street maintenance, sanitation, water and sewer services and general administrative services.

Government-Wide and Fund Financial Statements

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government. The statements distinguish between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non major funds, where applicable, are aggregated and presented in a single column.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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 in 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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual include sales tax and various categorical grants.

The Town reports the following governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a non major governmental fund used to report Home Grant Repayment Funds and Fire Rebate Funds.

The Town reports the following major proprietary funds:

The Water and Sewer Fund – This fund is used to account for the Town's water and sewer treatment and distribution system. This fund is responsible for water delivery to the residents of the Town of Mantachie.

The Town has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

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 ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water and charges for sewer treatment. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of 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 government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is a fiscal dependency by the organization on the Town

Included within the reporting entity:

Town of Mantachie water and sewer system. The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the water and sewer debt remains with the government.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted.
- (5) Between September 1st-15th the budget must be adopted.
- (6) Between September 1st-30th, in accordance with the Town's population, the budget must be posted in three public places.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection.

Further, budgets are used as management control devices in the General, Special Revenue and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the governmental fund types budget revenues on the cash basis in accordance with Mississippi law and the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Cash and Investments

The Town deposits funds in the financial institutions selected by the Board of Alderman in accordance with state statutes.

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 entity's 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 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.

Investments - State statutes authorize the Town's investments. The Town is authorized, 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, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments.

Fund Balance Classification

The Town has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual
- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the Town's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then use unassigned amounts.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines and the net pension liability as mentioned in Note 4 and Note 6, respectively. It is at least reasonably possible that the significant estimates used will change within the next year.

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 Town of Mantachie's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the Town of Mantachie's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentrations of Credit Risk

Financial instruments that potentially subject the City to concentrations of credit risk consist primarily of proprietary fund accounts receivable. The City grants unsecured credit to customers in and around the City of Oxford. Consequently, the City's ability to collect amounts due from customers is affected by economic fluctuations in that region, although a security deposit is generally required before credit is granted.

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by funds type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the Town does not employ an encumbrance system.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Business Information

The Town of Mantachie, Mississippi provides water and sewer services for customers inside the Town limits of Mantachie as well as a limited number of customers outside the Town limits. Credit is extended to all water and sewer customers.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DEPOSITS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2019, was \$786,175, and the bank balance was \$792,289. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of 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 Deposit Insurance Corporation (FDIC).

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's entire bank balances were covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi 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 City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of 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 MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2019:

Primary Government:

	<u>Balance</u> <u>10-01-18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>09-30-19</u>
Capital Assets, not being depreciated:				
Land	\$ 179,607	\$ 0	\$ 0	\$ 179,607
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being				
Depreciated:	<u>179,607</u>	<u>0</u>	<u>0</u>	<u>179,607</u>
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	484,887	0	0	484,887
Infrastructure	13,300	0	0	13,300
Machinery and Equipment	<u>265,823</u>	<u>5,407</u>	<u>0</u>	<u>271,230</u>
Total Capital Assets being depreciated	<u>764,010</u>	<u>5,407</u>	<u>0</u>	<u>769,417</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(193,834)	(12,464)	0	(206,298)
Machinery and Equipment	(202,256)	(10,885)	0	(213,141)
Infrastructure	<u>(9,310)</u>	<u>0</u>	<u>0</u>	<u>(9,310)</u>
Total Accumulated Depreciation	<u>(405,400)</u>	<u>(23,349)</u>	<u>0</u>	<u>(428,749)</u>
Total Capital Assets, depreciated, net				
Governmental Activities	<u>358,610</u>	<u>(17,942)</u>	<u>0</u>	<u>340,668</u>
Capital Assets, net	<u>\$ 538,217</u>	<u>\$ (17,942)</u>	<u>\$ 0</u>	<u>\$ 520,275</u>

The City adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets effective for the current fiscal year.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 – CAPITAL ASSETS - continued

A summary of business-type capital asset activity at September 30, 2019 follows:

	Balance 10-01-18	Additions	Adjustments / Disposals	Balance 09-30-19
Capital Assets, not being depreciated:				
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	<u>8,000</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	5,249,797	0	(4,274)	5,245,523
Machinery and Equipment	<u>89,334</u>	<u>11,718</u>	<u>4,274</u>	<u>105,326</u>
Total Capital Assets being depreciated	<u>5,339,131</u>	<u>11,718</u>	<u>0</u>	<u>5,350,849</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(3,180,566)	(108,420)	0	(3,397,407)
Machinery and Equipment	<u>(84,801)</u>	<u>(2,400)</u>	<u>0</u>	<u>(87,855)</u>
Total Accumulated Depreciation	<u>(3,374,442)</u>	<u>(110,820)</u>	<u>0</u>	<u>(3,485,262)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>1,964,689</u>	<u>(99,102)</u>	<u>0</u>	<u>1,865,587</u>
Capital Assets, net	<u>\$ 1,972,689</u>	<u>\$ (99,102)</u>	<u>\$ 0</u>	<u>\$ 1,873,587</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 7,226
Public Safety	4,419
Public Works	1,748
Culture & Recreation	<u>9,956</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 23,349</u>
Depreciation expense for Water and Sewer	<u>\$ 110,820</u>

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - RECEIVABLES

Receivables at September 30, 2019, consisted primarily of other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues and accrued interest on investments.

All accounts receivable are shown net of an allowance for uncollectible accounts of \$97,029 for Governmental activities and \$6,447 for Business-Type activities. The allowance is based on management estimates and the average age of receivables.

NOTE 5 - LONG-TERM DEBT

The following is a summary of debt transactions of the Town for the year ended September 30, 2019:

Notes Payable-Long Term Debt at 10/01/18	\$ 1,479,036
Notes Payable-Issued during the year	0
Notes Payable-Retired during the year	<u>(65,721)</u>
Notes Payable-Long Term Debt at 09/30/19	<u>\$ 1,413,315</u>

Notes Payable-Long Term Debt at September 30, 2019 is comprised of the following:

Farmers Home Administration note due in monthly payments of \$658 through August 2021; interest rate 5.875%.	\$ 6,288
Farmers Home Administration note due in annual payments of \$25,000 through August 2038; interest rate 5%.	307,709
Farmers & Merchants Bank note due in monthly payments of \$1,100 through March 2027; interest rate 4.25%.	98,597
Combined Water and Sewer Revenue Bond Payable due in annual payments of \$57,603 through February 2041; interest rate 4.25%.	741,047
Mississippi Department of Environmental Quality State Revolving Loan due in monthly payments of \$1,744 through September 2033; interest rate 1.75%.	<u>259,674</u>
	<u>\$ 1,413,315</u>

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 - LONG-TERM DEBT - continued

The annual requirements to amortize all debt outstanding as of September 30, 2019 including interest payments of \$575,224 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Proprietary Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 68,058	\$ 55,516
2021	64,084	52,645
2022	66,495	50,234
2023	69,007	47,723
2024	71,623	45,106
2025-2029	387,560	182,079
2030-2034	387,408	109,312
2035-2039	<u>299,080</u>	<u>32,609</u>
	<u>\$ 1,413,315</u>	<u>\$ 575,224</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - Employees of the Town of Mantachie are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan participating members who are vested and retire at or after age 60 or those 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 2.00% 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 2.50% 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 the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, 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.

Employee membership data related to the Plan, as of June 30, 2018 was as follows:

Retirees and Survivors	104,973
Terminated Vested Employees	16,578
Inactive Nonvested Members	52,763
Active Members	150,687
Total	<u>325,001</u>

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the Town of Mantachie is required to contribute at an actuarially determined rate. At September 30, 2019, the current rate is 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2019 the Town of Mantachie's total payroll for all employees was \$235,364. Total covered payroll was \$204,143. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2019, the Town of Mantachie reported a liability of \$576,313 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Mantachie's proportion of the net pension liability was based on a projection of the Town of Mantachie's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Town of Mantachie's proportion was 0.003276%.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

For the year ended September 30, 2019, the Town of Mantachie recognized pension expense of \$34,200. At September 30, 2019, the Town of Mantachie reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Results - Pensions	\$ 341	\$ 621
Town Pension Contributions Subsequent to the Measurement Date	7,240	0
Changes of Assumptions	5,650	0
Net Difference Between Projected and Actual Investment Earnings on Investments	0	6,305
Changes in Proportion and Differences Between ER Contributions and Proportionate Share Of ER Contributions	0	39,197
Total	\$ <u>13,231</u>	\$ <u>46,123</u>

The \$7,240 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2020	\$ (11,319)
2021	(22,363)
2022	(9,081)
2023	2,631
Total	\$ <u>(40,132)</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00-18.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - 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 as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	1.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	5.00%
Cash	1.00%	0.25%
Total	100.00%	

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 (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). 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 members. 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 the Town of Mantachie's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town of Mantachie's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Town of Mantachie'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:

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$757,583
Current discount rate	7.75%	\$576,313
1% increase	8.75%	\$426,691

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances from operating advances, reimbursement for expenditures paid by one fund on behalf of another fund, or may simply be the result of pooling financial resources to maximize investment return. The composition of interfund balances at September 30, 2019 is as follows. Interfund balances are eliminated for presentation in the Government-wide financial statements.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
General Fund	\$ 0	\$ 35,145
Special Revenue Funds	<u>29,373</u>	<u>0</u>
Total Governmental Funds	<u>29,373</u>	<u>35,145</u>
Proprietary Funds		
Water & Sewer	<u>5,772</u>	<u>0</u>
Total Proprietary Funds	<u>5,772</u>	<u>0</u>
TOTAL ALL FUNDS	<u>\$ 35,145</u>	<u>\$ 35,145</u>

NOTE 8 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditures over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. There were no expenditures over appropriations at the legal level of budgetary control.

NOTE 9 – FINANCIAL INSTRUMENTS

The carrying amount of cash, investments, accounts and other receivables, accounts payables and accrued expenses approximates fair value because of the short maturity of these financial instruments.

NOTE 10 - COMMITMENTS

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 11 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Town. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Town if disposed of unfavorably.

NOTE 12 - RISK MANAGEMENT

The Town of Mantachie, Mississippi is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the Town except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the Town retains the risk of loss.

Risk of loss related to workers compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The Town pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Town Attorney estimates that the amount of actual or potential claims against the Town as of September 30, 2019, will not materially affect the financial condition of the Town. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the Town during the current or prior year.

NOTE 13 - FUND BALANCE RECONCILIATION - GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes – All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year accrued revenues were \$4,893 more than cash revenues.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2021 the date which the financial statements were available to be issued.

TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years
For the year ended September 30, 2019

	2019	2018	2017	2016	2015
A. Mantachie's proportion of net pension liability (%)	0.003276%	0.003329%	0.003143%	0.003127%	0.003130%
B. Mantachie's proportionate share of net pension liability	\$ 576,313	\$ 553,711	\$ 522,473	\$ 558,560	\$ 483,836
C. Mantachie's covered employee payroll	\$ 204,143	\$ 210,445	\$ 194,604	\$ 199,453	\$ 195,890
D. Mantachie's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	282.31%	263.11%	268.48%	280.05%	246.99%
E. Plan fiduciary net position as a percentage of total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of 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 9/30/2015, and until a full 10-year trend is compiled, the Town has only presented information for the years in which information was available.

TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
For the Last 10 Fiscal Years
For the year ended September 30, 2019

	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	\$ 32,839	\$ 33,145	\$ 30,650	\$ 31,414	\$ 30,853	\$ 30,851
B. Contributions in relation to statutorily required contributions	\$ 32,839	\$ 33,145	\$ 30,650	\$ 31,414	\$ 30,853	\$ 30,851
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Mantachie's covered employee payroll	\$ 204,143	\$ 210,445	\$ 194,604	\$ 199,453	\$ 195,890	\$ 195,879
E. Contributions as a percentage of covered employee payroll	16.09%	15.75%	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the Town has only presented information for the years in which information was available.

Note A - The 2019 Contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

PENSION SCHEDULES

(1) Changes in benefit provisions

a. 2016

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(2) Changes in assumptions

a. 2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

b. 2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disable lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

c. 2016

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**TOWN OF MANTACHIE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

PENSION SCHEDULES (continued)

d. 2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disable Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

- (3) ***Method and assumptions used in calculations of actuarially determined contributions.*** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

- | | |
|---------------------------------|---|
| • Actuarial cost method | Entry age |
| • Amortization method | Level percentage of payroll, open |
| • Remaining amortization period | 36.6 years |
| • Asset valuation method | 5-year smoothed market |
| • Price Inflation | 3.00 percent |
| • Salary increase | 3.75 percent to 19.00 percent, including inflation |
| • Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

- (4) The comparative information presented on the Schedule of the Town's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
For the fiscal year ended September 30, 2019

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Sales and Use Taxes	\$ 228,000	\$ 217,515	\$ (10,485)
Licenses and Permits	3,300	5,600	2,300
In Lieu of Taxes	29,915	25,629	(4,286)
Intergovernmental Revenues	4,070	4,074	4
Charges for Services	83,000	82,103	(897)
Fines and Forfeitures	11,000	11,624	624
Interest Revenues	975	995	20
Grant Income	-	782	782
Miscellaneous Revenues	7,950	8,066	116
TOTAL REVENUES	\$ 368,210	\$ 356,388	\$ (11,822)
EXPENDITURES:			
General Government:			
Administration:			
Personnel Services	\$ 29,500	\$ 24,391	\$ 5,109
Contractual Services	8,500	0	8,500
Supplies	3,000	0	3,000
Other Services and Charges	59,500	53,826	5,674
Capital Outlay	-	2,468	(2,468)
Total	100,500	80,685	19,815
Total General Government	100,500	80,685	19,815
Public Safety:			
Police and Fire Department:			
Personnel Services	136,500	129,481	7,019
Contractual Services	4,000	2,788	1,212
Supplies	1,500	1,072	428
Other Services and Charges	39,000	36,345	2,655
Capital Outlay	-	-	-
Total	181,000	169,686	11,314
Total Public Safety	181,000	169,686	11,314
Public Works:			
Street and Sanitation Department:			
Contractual Services	64,000	60,472	3,528
Capital Outlay	-	-	-
Total	64,000	60,472	3,528
Total Public Works	\$ 64,000	\$ 60,472	\$ 3,528

TOWN OF MANTACHIE, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
For the fiscal year ended September 30, 2019

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture & Recreation:			
Parks and Recreation:			
Personnel Services	\$ 11,500	\$ 10,400	\$ 1,100
Contractual Services	7,000	6,108	892
Supplies	5,250	3,457	1,793
Other Services and Charges	6,750	6,601	149
Capital Outlay	-	329	(329)
Total	30,500	26,895	3,605
Total Culture & Recreation	30,500	26,895	3,605
TOTAL EXPENDITURES	376,000	337,738	38,262
Excess (Deficiency) of Revenue Over (Under) Expenditures	(7,790)	18,650	26,440
Other Financing Sources (Uses):			
Transfers (to) from Other Funds	12,240	-	12,240
Total Other Financing Sources (Uses)	12,240	-	12,240
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,450	18,650	38,680
Fund Balance:			
October 1,	224,947	224,947	-
(Non-GAAP Budgetary Basis) September 30,	\$ 229,397	243,597	\$ 38,680
Adjustments to GAAP Basis:			
Accrued Revenue		4,893	
Fund Balance (GAAP) September 30,		\$ 248,490	

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mark Roberts	Police Chief	Travelers Casualty and Surety Company of America	\$50,000
Tanya Rayburn	Town Clerk	Travelers Casualty and Surety Company of America	\$50,000
David Turner	Vice-Mayor/Alderman	Clyde C. Scott Insurance	\$25,000
Amanda Bridges	Alderman	Clyde C. Scott Insurance	\$25,000
Wayne Guin	Alderman	Clyde C. Scott Insurance	\$25,000
Richey Hester	Alderman	Clyde C. Scott Insurance	\$25,000
Matt Fennell	Mayor	Clyde C. Scott Insurance	\$50,000
Wilton Cooper	Alderman	Clyde C. Scott Insurance	\$25,000
Diane Clouse	Deputy Clerk	Travelers Casualty and Surety Company of America	\$50,000
Jordan Jones	Park Director	Travelers Casualty and Surety Company of America	\$50,000

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

Honorable Mayor and Board of Aldermen
Town of Mantachie, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Mantachie, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Mantachie, Mississippi's basic financial statements and have issued our report thereon dated January 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Mantachie, 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 Mantachie, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mantachie, Mississippi's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. [19-1, 19-2, 19-3 and 19-4]

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As part of obtaining reasonable assurance about whether the Town of Mantachie, 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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 19-1 and 19-3.

Town of Mantachie, Mississippi's Response to Findings

Town of Mantachie, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Mantachie, 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.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Fulton, Mississippi
January 20, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
Town of Mantachie, Mississippi

We have audited the financial statements of Town of Mantachie, Mississippi as of and for the year ended September 30, 2019 and have issued our report dated January 20, 2021. We have 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*.

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 those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses can be found in the accompanying schedule of findings and responses as items 19-1 and 19-3.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit 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.
Fulton, Mississippi
January 20, 2021

TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2019

FINDING AND SIGNIFICANT DEFICIENCY NO. 19-1:

Criteria: State law requires municipalities of the State to maintain a complete fixed asset inventory listing, to properly tag all fixed assets, and to perform an annual fixed asset inventory.

Cause of Condition: The Town of Mantachie's internal control procedures over fixed assets have not been properly developed and implemented. During our audit testing, we noted that the Town does not maintain a fixed asset inventory system as prescribed by the Mississippi Code. The Town does not maintain a complete fixed asset listing containing items description, location, condition, and inventory tag number. Fixed asset inventory tags are not being properly used by the Town. The Town does not perform an annual fiscal inventory of fixed assets as prescribed by the Mississippi Code.

Recommendation: The Town should begin to develop and implement internal control policies and procedures related to fixed asset management. The Town should perform a fixed asset inventory and prepare a current fixed asset inventory listing as prescribed by state law. The Town should place inventory tags on all existing fixed assets and all fixed assets acquired by the Town in the future.

Response: The Town will attempt to develop and implement better internal controls over its fixed assets.

FINDING AND SIGNIFICANT DEFICIENCY NO. 19-2:

Criteria: A valuable element of the internal control structure is proper segregation of duties of accounting personnel.

Cause of Condition: The Town of Mantachie's internal control structure does not provide for adequate segregation of duties due to the Town's small size and small number of employees.

Recommendation: The Town's mayor and board should continue to be actively involved in a supervisory position in the Town's operations.

Response: The Town will attempt to maximize segregation of duties whenever possible. The mayor and board will remain actively involved in a supervisory position over the Town's operations.

**TOWN OF MANTACHIE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2019**

FINDING AND SIGNIFICANT DEFICIENCY NO. 19-3:

Criteria: The Town is to maintain adequate internal controls to ensure accurate processing and accounting of transactions for the fair presentation of its financial records.

Cause of Condition: The Town's system for accounting for the transactions of the Town related to court fines and assessments should continue to be improved. During our audit testing, we noted the court fine receivable listing provided by the Town was manually compiled by the Town Clerk and some court fine receivables could be omitted. Additionally, the Town does not currently have an adequate system to document complete accountability for outstanding tickets or ticket books. The current court system is a manual system with limited controls and the Town cannot ensure accountability of issued tickets.

Recommendation: The Town should take necessary steps to continue to improve the system for accounting for court fines, assessments and ticket books. The Town should ensure that one complete system is maintained with all fines and collections posted. The Town should ensure all efforts are made to collect the large amount of outstanding court fines.

Response: The Town will implement adequate internal controls over the processing of court fines and assessments of the Town.

FINDING AND SIGNIFICANT DEFICIENCY NO. 19-4:

Criteria: The Town is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

Cause of Condition: The Town did not maintain adequate internal control over its park and recreation collection department. The Town did not ensure that all documentation was retained in order for proper testing of the park and recreation activities to be performed. All receipt books, receipts and other documentation relating to the activities of the park and recreation department should be retained by the Town.

Recommendation: The Town should implement adequate internal controls over its park and recreation department. The Town should adopt procedures to ensure accountability for all documentation related to the activities of the park and recreation department.

Response: The Town will take steps necessary to ensure that controls over the park and recreation department are revised to ensure future compliance.

* - Findings No. 19-1, 19-2, 19-3 and 19-4 are considered material weaknesses in internal control.

* - Findings No. 19-1 and 19-3 are considered noncompliance findings.

* - Findings No. 19-1, 19-2, 19-3 and 19-4 were also prior year findings.