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**TOWN OF METCALFE, MISSISSIPPI**

**Financial Statement and  
Supplemental Information**

**For the Year Ended September 30, 2019**

TOWN OF METCALFE, MISSISSIPPI  
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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**BROWN, EWING & CO.**  
P. A.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Board of Alderpersons  
Town of Metcalfe, Mississippi

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

Management is also responsible for the accompanying supplementary information contained in Schedules 1 through 2, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements.

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

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated December 1, 2020, on the results of our agreed-upon procedures.

*Brown, Ewing & Co.*  
Ridgeland, Mississippi  
December 1, 2020

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds)  
For the Year Ended September 30, 2019

	<u>Governmental Funds</u>			Total Memo Only 2019
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Revenue receipts:				
General property taxes	\$ 105,734	\$ -	\$ -	\$ 105,734
Licenses and permits	5,621	-	-	5,621
State and local grants	264,762	-	-	264,762
Federal grants	-	28,089	-	28,089
State shared revenues:				
Municipal aid	532	-	-	532
Sales tax	11,297	-	-	11,297
Gasoline tax	3,001	-	-	3,001
Fire rebates	6,298	-	-	6,298
Other				
Franchise tax	19,221	-	-	19,221
Nuclear plant	789	-	-	789
Fines and bonds	502	-	-	502
Interest income	3,943	-	-	3,943
Miscellaneous	56,966	16,171	-	73,137
Charges for services:				
Water/sewer	-	-	162,658	162,658
Natural gas	-	-	269,542	269,542
Total revenue receipts	<u>478,666</u>	<u>44,260</u>	<u>432,200</u>	<u>955,126</u>
Other receipts:				
Loan proceeds	63,845	-	-	63,845
Interfund loans and transfers	<u>219,760</u>	<u>18,614</u>	<u>-</u>	<u>238,374</u>
Total other receipts	<u>283,605</u>	<u>18,614</u>	<u>-</u>	<u>302,219</u>
Total receipts	762,271	62,874	432,200	1,257,345
Cash balance - beginning of year	<u>97,666</u>	<u>631</u>	<u>5,328</u>	<u>103,625</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 859,937</u>	<u>\$ 63,505</u>	<u>\$ 437,528</u>	<u>\$ 1,360,970</u>

TOWN OF METCALFE, MISSISSIPPI  
Combined Statement of Cash Receipts  
and Disbursements (All Funds) - Continued  
For the Year Ended September 30, 2019

	<u>Governmental Funds</u>			Total (Memo Only) 2019
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 369,049	\$ -	\$ -	\$ 369,049
Public safety:				
Police	77,414	-	-	77,414
Fire	21,000	31,567	-	52,567
Summer feeding program	-	28,674	-	28,674
Highways and streets:				
Streets	4,998	-	-	4,998
Enterprise:				
Water/sewer	-	-	85,833	85,833
Natural gas	-	-	133,352	133,352
Interest on loans and bonds	-	-	3,524	3,524
Total operating disbursements	<u>472,461</u>	<u>60,241</u>	<u>222,709</u>	<u>755,411</u>
Other disbursements:				
Principal paid on loans	1,497	-	4,852	6,349
Capital outlay	291,052	-	-	291,052
Interfund loans and transfers	<u>6,225</u>	<u>-</u>	<u>206,837</u>	<u>213,062</u>
Total other disbursements	<u>298,774</u>	<u>-</u>	<u>211,689</u>	<u>510,463</u>
Total disbursements	771,235	60,241	434,398	1,265,874
Cash balance - end of year	<u>88,702</u>	<u>3,264</u>	<u>3,130</u>	<u>95,096</u>
TOTAL AMOUNT ACCOUNTED FOR	\$ <u>859,937</u>	\$ <u>63,505</u>	\$ <u>437,528</u>	\$ <u>1,360,970</u>

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2019

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

The Town of Metcalfe operates under a Mayor - Board of Alderpersons form of government, and provides services as authorized by law.

**A. Fund Accounting**

The financial statement consist of all the funds of the Town of Metcalfe: General Fund, Special Revenue Funds, and the Enterprise Funds.

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

**GOVERNMENTAL FUNDS**

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

Special Revenue Fund: The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the Town's restricted resources.

**PROPRIETARY FUNDS**

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's Water and Sewer and Natural Gas Funds are included in this category.

**B. Basis of Accounting**

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

The financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

**C. Total Columns on Combined Statement**

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the Town as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.



TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2019

**NOTE 2 - REPORT CLASSIFICATIONS**

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

**NOTE 3 - PROPERTY TAX**

Property taxes attached as an enforceable lien on property January 1. The millage rate for the Town for the fiscal year ended September 30, 2019 was 28.00 mills for general purposes.

**NOTE 4 - BANK LINE OF CREDIT**

The Town has available an unsecured revolving line-of-credit agreement dated June 5, 2018 with Regions Bank in which it may borrow up to \$60,000. Borrowing under the line bears a variable interest rate of 2.50% to 3.00%. At September 30, 2019, the outstanding amount on the line-of-credit is \$55,000. The line of credit is secured by a deed of trust.

**NOTE 5 - LONG-TERM DEBT**

Long-term debt consist of the following at September 30, 2019:

**A. GOVERNMENTAL FUNDS:**

**Bank Loan**

On March 30, 2018, the Mayor and Board of Alderman executed a bank loan with Regions Bank in the amount of \$8,845. The loan bears an interest rate of 6.40% maturing on April 1, 2025. The loan is payable in monthly installments of \$131.37 which includes principal and interest. The Proceeds from this loan were used to purchase a ZTrak mower and is collateralized by certain real estate owned by the Town. This debt will be retired from the general fund.

\$ 7,348

**B. ENTERPRISE FUNDS:**

**Natural Gas Fund - Rural Development Revenue Bonds:**

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$8,845 in combined water and sewer system revenue disposal bonds with interest rates of 5.1250% maturing on April 1, 2023. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the natural gas proprietary fund.

\$ 23,672

**Water/Sewer Fund - Rural Development Revenue Bonds:**

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$82,400 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on October 1, 2029. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

42,442

Total Long-Term Debt

\$ 66,114

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2019

**NOTE 5 - LONG-TERM DEBT (Continued)**

**A. GOVERNMENTAL FUNDS:**

The following is a schedule by years of the total payment due on the above debt for the Governmental Funds:

***Bank Promissory Note***

Year Ending September 30	Principal	Interest	Total
2020	\$ 1,144	439	\$ 1,583
2021	1,221	362	1,583
2022	1,301	282	1,583
2023	1,387	196	1,583
2024	1,479	104	1,583
2025	816	16	832
Total	<u>\$ 7,348</u>	<u>1,399</u>	<u>\$ 8,747</u>

The following is a schedule by years of the total payment due on the above debt for the Enterprise Funds:

**B. ENTERPRISE FUNDS:**

***Natural Gas Fund***

Year Ending September 30	Principal	Interest	Total
2020	\$ 1,970	1,174	\$ 3,144
2021	2,073	1,071	3,144
2022	2,186	958	3,144
2023	2,300	844	3,144
2024	2,420	724	3,144
2025-2029	12,723	1,575	14,298
Total	<u>\$ 23,672</u>	<u>\$ 6,346</u>	<u>\$ 30,018</u>

***Water/Sewer Fund***

Year Ending September 30	Principal	Interest	Total
2020	\$ 3,236	1,996	\$ 5,232
2021	3,401	1,831	5,232
2022	3,575	1,657	5,232
2023	3,758	1,474	5,232
2024	3,951	1,281	5,232
2025-2029	23,000	3,160	26,160
2030	1,521	918	2,439
Total	<u>\$ 42,442</u>	<u>\$ 12,317</u>	<u>\$ 54,759</u>

**NOTE 6 - CAPITAL OUTLAY DISBURSEMENTS**

The Town of Metcalfe had \$291,052 capital outlay disbursements during the current fiscal year for equipment and other capital assets.

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2019

**NOTE 7 - FEDERAL GRANTS**

During the fiscal year ended September 30, 2019, the Town received federal grant funds in the amount of \$297,942 and incurred grant expenditures in the same amount.

<u>Funding Source</u>	<u>Grant Name</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
MS Dept. of Education	Summer Feeding Program	V0000723160	10.559	\$ 28,089
Mississippi Dept. of Public Safety	Police Grant	Unknown	Unknown	742
Mississippi Dept. of Health	Unknown	Unknown	Unknown	2,625
Ms Dept. of Education	School Lunch	Unknown	10.555	1,724
	Assistance to Firefighters			
Federal Emergency Management Agency (FEMA)	Grant Program - Vehicle Acquisition	EMW-2017-FV-02253	97.044	264,762
				<u>\$ 297,942</u>

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2019.

**NOTE 8 - FEDERAL PAYROLL TAXES**

At September 30, 2019, the Town had an outstanding federal payroll tax liability penalty during a ten (10) year period dating back to 1999 through 2009. A breakdown of the federal payroll tax liability is listed as follows:

<u>Liability Breakdown</u>	<u>Amount</u>
Federal payroll taxes	\$ 71,001
Penalty	5,544
Interest charges	4,512
Total Federal Payroll Taxes Due	<u>\$ 81,057</u>

**NOTE 9 - CASH RESERVE PAYROLL TAX ACCOUNT**

During March 2012, the Town received \$100,000 from Ohio Casualty Insurance Company resulting from a claim filed by the Town against the former Mayor and Town Clerk. The Town used the proceeds to established a cash account which will allow the Town to pay the back federal taxes owed the Internal Revenue Service. The Town has entered into an agreement with Internal Revenue Service to pay such tax liability over a period of time and is making monthly transfers to the cash account in the amount of \$350. At September 30, 2019 the cash reserve balance was \$100,556.

TOWN OF METCALFE, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2019

**NOTE 10 - SUBSEQUENT EVENTS**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying statement of cash receipts and disbursements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management of Town of Metcalfe evaluated the activity of the Town through December 1, 2020, which is the date the financial statements are available to be issued.

**COVID-19 Pandemic**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 31, 2020, the Governor of Mississippi ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time. There has been no immediate impact to our operations however, we had to close our physical locations and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

## SUPPLEMENTAL INFORMATION

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Long-Term Debt  
For the Year Ended September 30, 2019

## DEFINITION AND PURPOSE

<b>Fund Type:</b>	<u>Outstanding Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Principal Retired</u>	<u>Outstanding Balance Sept. 30, 2019</u>
<b>Governmental Funds:</b>				
<u>Notes Payable:</u>				
Note payable to Regions Bank	\$ <u>-</u>	\$ <u>8,845</u>	\$ <u>(1,497)</u>	\$ <u>7,348</u>
Total Governmental Funds	\$ <u>-</u>	\$ <u>8,845</u>	\$ <u>(1,497)</u>	\$ <u>7,348</u>
<b>Enterprise Funds:</b>				
<u>Revenue Bonds Payable:</u>				
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2029	\$ 25,550	\$ -	\$ (1,878)	\$ 23,672
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2030	<u>45,416</u>	<u>-</u>	<u>(2,974)</u>	<u>42,442</u>
Total Enterprise Funds	\$ <u>70,966</u>	\$ <u>-</u>	\$ <u>(4,852)</u>	\$ <u>66,114</u>

TOWN OF METCALFE, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
For the Year Ended September 30, 2019

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Walter McDavid, Jr.	Mayor	Travelers	\$ 100,000
Aldric Murray	Vice-Mayor	Travelers	100,000
Dewayne Rhodes	Alderman	Travelers	100,000
Shaquita Allen	Alderwoman	Travelers	100,000
Theresa Hardy	Alderwoman	Travelers	100,000
Torrione Carter	Alderman	Travelers	100,000
Rosie L. Chillis	Town Clerk	Travelers	50,000
Tamara Carter	Deputy Clerk	Travelers	50,000
Damon Davis	Police Chief	Travelers	50,000

TOWN OF METCALFE, MISSISSIPPI  
Agreed Upon Procedures  
Year Ended September 30, 2019





**BROWN, EWING & CO.**

**P. A.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**SPECIAL REPORT ON AGREED-UPON  
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Metcalfe, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Metcalfe, Mississippi's compliance with certain laws and regulations as of September 30, 2019, and for the year then ended. Management is responsible for the Town of Metcalfe, Mississippi's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Our procedures and findings are as follows:

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

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Regions Bank	General fund operating	\$ 1,241
Regions Bank	Fire protection fund	1,537
Regions Bank	Payroll tax escrow	806
Regions Bank	I R S payroll escrow	99,750
Regions Bank	Accounts payable clearing	(14,728)
Regions Bank	Payroll tax escrow	96
	Total General Fund	<u>\$ 88,702</u>

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Regions Bank	Summer Feeding Program	\$ 1,181
Regions Bank	Special Events	783
Regions Bank	Community Facility Building	<u>1,300</u>
	Total Special Revenue	\$ <u>3,264</u>
Regions Bank	Water/Sewer Operating	\$ 2,684
Regions Bank	Water/Sewer Customers Deposits	104
Regions Bank	Natural Gas Operating	(564)
Regions Bank	Natural Gas Change Fund	150
Regions Bank	Natural Gas Customers Deposits	<u>756</u>
	Total Proprietary Fund	\$ <u>3,130</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	Natural gas fund	\$ <u>104</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verified use of certified county assessment rolls and traced levies to governing body minutes;
  - Examined uncollected taxes for proper handling, including tax sales;
  - Traced distribution of taxes collected to proper funds; and
  - Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Mayor and Alderpersons  
 Town of Metcalfe and  
 Office of the State Auditor  
 Metcalfe, Mississippi

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972).

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

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Balance per General Ledger</u>
General Municipal Aid	General	\$ 532
Gasoline Tax	General	3,001
Homestead Exemption		
Reimbursements	General	8,543
Sales Tax Allocation	General	11,297
Nuclear Plant	General	789
Fire protection rebate	General	6,298
MS Department of Education	Special Revenue	28,089
School Lunch	Special Revenue	1,724
MS Department of Health	Enterprise Fund	2,625
Department of Public Safety	General	<u>742</u>
Total		<u>\$ 63,640</u>

5. We select a sample of purchases made by the municipality during the fiscal year. The Town purchases did not require evaluation for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	2
Total dollar values of sample	\$286,845

Based upon our testing, we found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

Mayor and Alderpersons  
Town of Metcalfe and  
Office of the State Auditor  
Metcalfe, Mississippi

6. We inquired about the Municipal Compliance Questionnaire and was informed by the Town Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the Town had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had no budget overruns for the fiscal year ending September 30, 2019.

We also noted the following:

- ◆ For the current fiscal year, the Town's chart of accounts is not in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ◆ An aging report of utility customers' accounts receivable is being prepared on a monthly basis and reconciled to the general ledger.
- ◆ The Town has an outstanding federal payroll tax liability of \$81,057, of which \$10,056 represent interest and penalty. This liability covers the years 1999 through 2009.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Brown, Eg & Co.  
Ridgeland, Mississippi  
December 1, 2020