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City of Sardis, Mississippi

Audit Report

September 30, 2019

City of Sardis, Mississippi

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INDEPENDENT AUDITORS' REPORT ON THE COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND SUPPLEMENTAL INFORMATION

Honorable Mayor and Board of Aldermen
City of Sardis
Sardis, Mississippi

We have audited the accompanying Combined Statement of Cash Receipts and Disbursements of the City of Sardis, Mississippi for the year ended September 30, 2019, and the related notes to financial statement, as listed in the contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

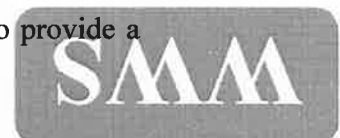
Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Members of Mississippi Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants



Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective results of operations—cash basis of the governmental funds, one proprietary fund, and fiduciary funds of the City of Sardis, Mississippi for the year ended September 30, 2019, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Combined Statement of Cash Receipts and Disbursements of the City of Sardis, Mississippi. The schedule of capital assets, schedule of investments, schedule of long-term debt, and schedule of surety bonds for municipal officials are presented for purposes of additional analysis and are not a required part of the Combined Statement of Cash Receipts and Disbursements.

The schedules of investments, capital assets, long-term debt, and surety bonds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements. Such information has been subjected to the auditing procedures applied in the audit of the Combined Statement of Cash Receipts and Disbursements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements or to the Combined Statement of Cash Receipts and Disbursements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedules of long-term debt, investments and surety bonds are fairly stated, in all material respects, in relation to the Combined Statement of Cash Receipts and Disbursements.

The City of Sardis has omitted the schedule of capital assets required by the Mississippi Office of the State Auditor's Municipal Audit and Accounting Guide to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Mississippi Office of the State Auditor 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. Our opinion on the basic financial statements is not affected by this missing information.

As discussed in Note 1, the Combined Statement of Cash Receipts and Disbursements presents only the governmental funds, one proprietary fund, and fiduciary funds of the City of Sardis, Mississippi, and does not purport to, and does not, present fairly the results of operations – cash basis of the City of Sardis, Mississippi, for the year ended September 30, 2019, in conformity with the cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2021, on our consideration of the City of Sardis, Mississippi's internal control over financial reporting and on 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 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 City of Sardis, Mississippi's internal control over financial reporting and compliance.

Oxford Mississippi
February 28, 2021

Watkins Ward and Stafford, P.C.

CITY OF SARDIS, MISSISSIPPI
Combined Statement of Cash Receipts and Disbursements
Governmental and Business Type Activities
For the year ended September 30, 2019

	Governmental Activities						Business-type Activities	Fiduciary Fund	Total
	Major Funds			Capital Projects					
	General	Tourism		Senate Bill 2002 Fund	Water and Sewer	Trust			
		Tax							
Revenues									
Taxes									
General property taxes	\$ 327,243	-	-	-	-	-	-	-	327,243
Payments in lieu of taxes	5,827	-	-	-	-	-	-	-	5,827
Licenses and permits									
Privilege licenses	10,509	-	-	-	-	-	-	-	10,509
Franchise charges - utilities	72,696	-	-	-	-	-	-	-	72,696
Intergovernmental Revenues:									
JAG Grant	5,189	-	-	-	-	-	-	-	5,189
Fire Wise Grant	2,500	-	-	-	-	-	-	-	2,500
BP-Senate Bill 2002 revenue	-	-	-	250,000	-	-	-	-	-
CDBG Sewer Grant	282,359	-	-	-	-	-	-	-	282,359
MDOT Sidewalk Project Grant	32,500	-	-	-	-	-	-	-	32,500
State Shared Revenues:									
Sales tax	333,143	-	-	-	-	-	-	-	333,143
Tourism tax	-	127,290	-	-	-	-	-	-	127,290
Gasoline tax	5,109	-	-	-	-	-	-	-	5,109
General municipal aid	849	-	-	-	-	-	-	-	849
Alcoholic beverage licenses	1,800	-	-	-	-	-	-	-	1,800
Homestead Reimbursements	36,585	-	-	-	-	-	-	-	36,585
Fire Protection	10,051	-	-	-	-	-	-	-	10,051
Grand gulf distribution	15,185	-	-	-	-	-	-	-	15,185
County shared revenues:									
Road and bridge tax funds	38,188	-	-	-	-	-	-	-	38,188
Road and bridge motor vehicle	7,589	-	-	-	-	-	-	-	7,589
Fire protection	8,812	-	-	-	-	-	-	-	8,812
Charges for services									
Sanitation	167,875	-	-	-	-	-	-	-	167,875
Water	-	-	-	-	-	520,977	-	-	520,977
Sewer	-	-	-	-	-	251,840	-	-	251,840
Late Charges	-	-	-	-	-	28,243	-	-	28,243
Special police services	970	-	-	-	-	-	-	-	970
Fines and forfeitures	41,422	-	-	-	-	-	-	-	41,422
Interest income	5,599	195	-	575	-	654	71	-	6,519
Miscellaneous receipts	30,467	-	-	-	-	2,474	-	-	32,941
Marina Impact Fees	22,560	-	-	-	-	-	-	-	22,560
Total Revenues	1,465,027	127,485	-	250,575	-	804,188	71	-	2,396,771

The accompanying notes to financial statement are an integral part of this financial statement.

CITY OF SARDIS, MISSISSIPPI
Combined Statement of Cash Receipts and Disbursements
Governmental and Business Type Activities
For the year ended September 30, 2019

	Governmental Activities				Business-type Activities	Fiduciary Fund	Total
	Major Funds		Senate Bill	Capital Projects			
	General	Tax	Tourism	2002 Fund	Water and Sewer	Trust	
Operating Disbursements:							
General government	\$ 341,038	30,650	-	-	-	-	371,688
Public safety:							
Police	391,577	-	-	-	-	-	391,577
Fire	24,996	-	-	-	-	-	24,996
Public works	73,467	-	-	-	-	-	73,467
Culture and recreation							
Parks	673	42,605	-	-	-	-	43,278
Library	15,155	-	-	-	-	-	15,155
Sanitation	152,647	-	-	-	-	-	152,647
Enterprise:							
Water Utility	-	-	-	-	868,524	-	868,524
Debt service interest	9,125	-	-	-	27,503	-	36,628
Total Disbursements	<u>1,008,678</u>	<u>73,255</u>	<u>-</u>	<u>-</u>	<u>896,027</u>	<u>-</u>	<u>1,977,960</u>
Excess (deficiency) of receipts over disbursements	<u>456,349</u>	<u>54,230</u>	<u>250,575</u>	<u>-</u>	<u>(91,839)</u>	<u>71</u>	<u>418,811</u>
Other Financing Sources (Uses)							
Insurance proceeds	2,200	-	-	-	-	-	2,200
Transfers In	63,282	-	40,000	-	-	-	63,282
Debt redemption	(40,626)	-	-	-	(58,647)	-	(99,273)
Capital outlay	(353,884)	(16,294)	(5,000)	-	(6,288)	-	(376,466)
Transfers Out	(40,000)	(200)	-	-	(63,082)	-	(103,282)
Total other financing sources (uses)	<u>(369,028)</u>	<u>(16,494)</u>	<u>35,000</u>	<u>-</u>	<u>(128,017)</u>	<u>-</u>	<u>(513,539)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>87,321</u>	<u>37,736</u>	<u>285,575</u>	<u>-</u>	<u>(219,856)</u>	<u>71</u>	<u>(94,728)</u>
Cash Balance - Beginning of Year	<u>1,670,224</u>	<u>333,472</u>	<u>-</u>	<u>1,835</u>	<u>1,350,685</u>	<u>20,855</u>	<u>3,377,071</u>
Cash Balance - End of Year	<u>\$ 1,757,545</u>	<u>371,208</u>	<u>285,575</u>	<u>1,835</u>	<u>1,130,829</u>	<u>20,926</u>	<u>3,282,343</u>

The accompanying notes to financial statement are an integral part of this financial statement.

CITY OF SARDIS, MISSISSIPPI

Notes to Financial Statement

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Sardis, Mississippi (the City) was incorporated in 1866. The City operates under a Mayor-Board of Alderman form of government and provides all of the rights and privileges and services as provided by statutes for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

Fund Accounting

The accounts of the City of Sardis, Mississippi are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad fund categories as follows:

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

General Fund - The General Fund is the general operating fund of the City of Sardis, Mississippi. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by Proprietary or Nonexpendable Trust Funds.

Proprietary Funds

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

Fiduciary Funds

Trust and Agency Fund - The Trust and Agency Fund is used to account for assets held by the City of Sardis, Mississippi in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Nonexpendable Trust Funds are used to account for the principal portion of Trust Funds, the part which cannot be expended. They are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The Trust and Agency Fund is the Cemetery Fund.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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 - Cash and Investments

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 Depository Insurance Corporation.

The carrying amount of the City's deposits with financial institutions was \$3,567,918 on September 30, 2019, and the total of all bank balances was \$3,572,010.

As provided in Section 91-13-8 Miss. Code Ann. (1972), the investments of the City are certificates of deposit with First Security Bank. (See page 15 for Schedule of Investments.)

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 3 - Cash and Investments (Continued)

Interest Rate Risk. The City does not have a formal investment policy that limits investments maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss Code Ann. (1972). The City does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial risk.

Note 4 - Long-Term Debt

The following is a summary of transactions of the City of Sardis, Mississippi for the year ended September 30, 2019:

	<u>10/1/2018</u> <u>Balance</u>	<u>Transactions During Year</u>		<u>9/30/2019</u> <u>Balance</u>
		<u>Issued</u>	<u>Redeemed</u>	
Governmental activities:				
MS Development Authority-Loan	\$ 89,942	\$ -	\$ (16,176)	\$ 73,766
MS Development Authority-Loan	82,107		(10,152)	71,955
First Security Bank-Capital Lease	34,994	-	(14,298)	20,696
Governmental activities long-term liabilities	<u>207,043</u>	<u>-</u>	<u>(40,626)</u>	<u>166,417</u>
Business-type activities:				
1992 Water and Sewer System Bonds	528,797	-	(58,647)	470,150
Business-type activities long-term liabilities	<u>528,797</u>	<u>-</u>	<u>(58,647)</u>	<u>470,150</u>
Total long-term debt	<u>\$ 735,840</u>	<u>\$ -</u>	<u>\$ (99,273)</u>	<u>\$ 636,567</u>

All liabilities of the City of Sardis, Mississippi are secured by the full faith and credit of the municipality.

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The \$1,378,400 Combined Water and Sewer System revenue bonds dated 1992, due annually with interest at 5%, payable through 2026, had an outstanding balance at September 30, 2019 of \$470,150.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 4 – Long-Term Debt (continued)

The annual principal and interest requirements to amortize the bond outstanding as of September 30, 2019 are as follows:

Year Ending September	Business-type Activites	
	Principal	Interest
2020	65,030	21,120
2021	68,357	17,793
2022	71,854	14,296
2023	75,530	10,618
2024-2026	189,379	9,484
	<u>\$470,150</u>	<u>\$73,311</u>

The City also uses loans to finance its projects. Loans outstanding as of September 30, 2019 are as follows:

Description	Interest Rate	Maturity Date	Issued	Amount Outstanding
Governmental				
MS Development Authority	3.00%	10/1/2023	\$ 292,835	\$ 73,766
MS Development Authority	2.00%	5/1/2026	104,293	71,955
Total			<u>\$ 397,128</u>	<u>\$ 145,721</u>

The annual principal and interest requirements to amortize all loans outstanding as of September 30, 2019 are as follows:

Year Ending September	Governmental Activites	
	Principal	Interest
2020	27,556	3,448
2021	28,121	2,864
2022	28,704	2,072
2023	29,993	571
2024-2026	31,347	1,451
	<u>\$145,721</u>	<u>\$10,406</u>

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 4 – Long-Term Debt (continued)

Future minimum lease payments and the net present value of the minimum lease payments as of September 30, 2019 are as follows:

Year Ending September	Governmental Type Activities	
	Principal	Interest
2020	\$ 14,580	\$ 340
2021	6,116	101
Total	<u>\$ 20,696</u>	<u>\$ 441</u>

Note 5 - Defined Benefit Pension Plan

Plan Description

The City of Sardis, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 9% of their annual covered salary and the City of Sardis, Mississippi is required to contribute at an actuarially determined rate, which was increased to 17.4% from 15.75% of covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Sardis, Mississippi's contributions to PERS for the years ending September 30, 2019, 2018 and 2017 were \$93,390, \$86,772 and \$87,156 respectively, equal to the required contributions for each year.

Note 6 - Risk Management

The City of Sardis, Mississippi is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Sardis, Mississippi carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 6 - Risk Management (continued)

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees and natural disasters at September 30, 2019, therefore no liability has been accrued at this time.

Note 7 - Property Tax

Numerous statutes exist under which the Mayor and Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Mayor and Board of Aldermen, each year at a meeting in September, levy property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year.

Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year.

Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. The City taxes are collected and remitted to the City by the Calhoun County Tax Collector.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

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

Delinquent taxes are not recorded as assets.

CITY OF SARDIS, MISSISSIPPI
Notes to Financial Statement

Note 9 – Litigation

The City is involved in two lawsuits. The City believes their liability insurance should cover any unfavorable outcomes. There is an outstanding claim against the City for approximately \$29,000 which is considered immaterial to the financial statements. No lawsuit has been filed in regards to this claim.

Note 10 - Subsequent Events

Events that occur after the Combined Statement of Cash Receipts and Disbursements 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 Combined Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Combined Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. The City has evaluated subsequent events through February 28, 2021, the date the financial statements were available to be issued, and determined that the following event required disclosure.

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. The City has evaluated the potential impact of the pandemic on the City's operations. As of February 28, 2021, the City reports adverse effects on revenue, workforce or related costs which can be attributed directly to COVID-19. The City has continued most operations and have experienced a disruption in revenue.

SUPPLEMENTAL INFORMATION

CITY OF SARDIS, MISSISSIPPI
Schedule of Investments – All Funds
For the Year Ended September 30, 2019

Ownership	Type of Investments	Interest Rate	Maturity Date	Other Information	Investment Fair Value
Rose Hill Cemetery Fund	Certificates of Deposit	0.75%	11/16/2019	First Security Bank	\$ 500
Rose Hill Cemetery Fund	Certificates of Deposit	0.75%	10/12/2019	First Security Bank	1,638
Rose Hill Cemetery Fund	Certificates of Deposit	0.45%	1/31/2020	First Security Bank	3,000
Rose Hill Cemetery Fund	Certificates of Deposit	0.45%	2/20/2020	First Security Bank	2,500
Rose Hill Cemetery Fund	Certificates of Deposit	0.45%	1/19/2020	First Security Bank	2,500
Total					\$ 10,138

CITY OF SARDIS, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2019

The City does not maintain a schedule of capital assets.

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

	<u>10/1/2018</u> <u>Balance</u>		<u>Transactions During Year</u>		<u>9/30/2019</u> <u>Balance</u>
			<u>Issued</u>	<u>Redeemed</u>	
Governmental activities:					
MS Development Authority-Loan	\$ 89,942	\$ -		\$ (16,176)	\$ 73,766
MS Development Authority-Loan	82,107			(10,152)	71,955
First Security Bank-Capital Lease	34,994	-		(14,298)	20,696
	<u>207,043</u>	<u>-</u>		<u>(40,626)</u>	<u>166,417</u>
Governmental activities long-term liabilities					
	<u>207,043</u>	<u>-</u>		<u>(40,626)</u>	<u>166,417</u>
Business-type activities:					
1992 Water and Sewer System Bonds	528,797	-		(58,647)	470,150
	<u>528,797</u>	<u>-</u>		<u>(58,647)</u>	<u>470,150</u>
Business-type activities long-term liabilities					
	<u>528,797</u>	<u>-</u>		<u>(58,647)</u>	<u>470,150</u>
Total long-term debt	<u>\$ 735,840</u>	<u>\$ -</u>		<u>\$ (99,273)</u>	<u>\$ 636,567</u>

CITY OF SARDIS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2019

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Lula Palmer	Mayor	Travelers	\$ 50,000
Angela Hayward	City Clerk	Travelers	50,000
Tommy Rayburn	Alderman	Travelers	50,000
Michael Price	Alderman	Travelers	50,000
Clarence Jones, Jr.	Alderman	Travelers	50,000
Bonnie Smith	Alderman	Travelers	50,000
Jospeh Still	Alderman	Travelers	50,000
Samantha J. Hardy	Court Clerk	Travelers	50,000
Rosaline Wallace	Deputy Payroll Clerk	Travelers	50,000
Policemen (each)	Public Safety	RLI Insurance Company	50,000



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William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA

Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Alderman
City of Sardis
Sardis, Mississippi

We have audited the Combined Statement of Cash Receipts and Disbursements and supplemental information of the City of Sardis, Mississippi, as of and for the year ended September 30, 2019, and have issued our report dated February 28, 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 Combined Statement of Cash Receipts and Disbursements and supplemental information indicate that, with respect to the items tested, the City of Sardis, Mississippi has not complied with the provisions referred to in the preceding paragraph. The City of Sardis has omitted the schedule of capital assets required by the Mississippi Office of the State Auditor's Municipal Audit and Accounting Guide to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Mississippi Office of the State Auditor 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. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Sardis, Mississippi had not complied with those provisions.

This report is intended solely for the information and use of management, the Board of Alderman, federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Oxford, Mississippi
February 28, 2021

Watkins Ward and Stafford, P.C.

Members of Mississippi Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants



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

The Honorable Mayor and Board of Alderman
City of Sardis
Sardis, 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 Combined Statement of Cash Receipts and Disbursements of the City of Sardis, Mississippi for the year ended September 30, 2019, and the related notes to the financial statement, and have issued our report thereon dated February 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sardis, 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Sardis, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sardis, 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 statement 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sardis, Mississippi's financial statement is 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Oxford, Mississippi
February 28, 2021

Watkins Ward and Stafford, PLLC

CITY OF SARDIS, MISSISSIPPI
Status of Prior Year Findings
For the Year Ended September 30, 2019

There were no findings in the prior year.

CITY OF SARDIS, MISSISSIPPI
Schedule of Findings and Responses
For the Year Ended September 30, 2019

There were no findings in the current year that would have a significant material effect on the financial statements.