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Town of Smithville, Mississippi

Financial Statements For the year ended September 30, 2019

TOWN OF SMITHVILLE, MISSISSIPPI
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September 30, 2019

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Honorable Mayor and Board of Aldermen
Town of Smithville, Mississippi

Management is responsible for the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Smithville, Mississippi, as of and for the year ended September 30, 2019, in accordance with the cash receipts and disbursements basis of accounting. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

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

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

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

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

In accordance with provisions of section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated September 27, 2021, on the results of our agreed upon procedures.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
September 27, 2021

TOWN OF SMITHVILLE, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the year ended September 30, 2019

	Governmental Activities			Business-type Activities				Total Government- Wide
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	
RECEIPTS								
Ad Valorem Taxes:								
Real and Personal Taxes	\$ 93,474	\$ 10,557	\$ 104,031	\$ -	\$ -	\$ -	\$ -	\$ 104,031
Penalties and Interest	1,612	-	1,612	-	-	-	-	1,612
Intergovernmental Revenues:								
State Shared Revenues								
Sales Tax	69,276	-	69,276	-	-	-	-	69,276
Gasoline Tax	2,767	-	2,767	-	-	-	-	2,767
Municipal Aid	470	-	470	-	-	-	-	470
Fire Protection Allocation	-	5,560	5,560	-	-	-	-	5,560
Homestead Reimbursement	14,418	-	14,418	-	-	-	-	14,418
TVA - In Lieu	5,772	-	5,772	-	-	-	-	5,772
Other Intergovernmental Revenue								
County Fire Protection	-	10,000	10,000	-	-	-	-	10,000
Charges for Services:								
Water & Sewer Systems	-	-	-	99,206	154,687	82,903	336,796	336,796
Garbage Collections	39,825	-	39,825	-	-	-	-	39,825
Franchise Fees	13,298	-	13,298	-	-	-	-	13,298
Court Fines	10,854	-	10,854	-	-	-	-	10,854
Building Permits	1,767	-	1,767	-	-	-	-	1,767
Interest Income	13	-	13	-	-	-	-	13
Rents	1,850	-	5,380	-	-	-	-	5,380
Donations	100	-	100	-	-	-	-	100
Other Income	846	3,530	846	9,604	6,086	2,861	18,551	19,397
Total Receipts	\$ 256,342	\$ 29,647	\$ 285,989	\$ 108,810	\$ 160,773	\$ 85,764	\$ 355,347	\$ 641,336

TOWN OF SMITHVILLE, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the year ended September 30, 2019

	Governmental Activities			Business-type Activities				Total Government- Wide
	General	Special Revenue	Total	Water	Rural Water	Sewer	Total	
DISBURSEMENTS								
General Administration and Finance	\$ 85,763	\$ -	\$ 85,763	\$ -	\$ -	\$ -	\$ -	\$ 85,763
Public Safety:								
Police	123,307	-	123,307	-	-	-	-	123,307
Fire	-	16,432	16,432	-	-	-	-	16,432
Public Works:								
Street Department	23,509	-	23,509	-	-	-	-	23,509
Sanitation	34,901	-	34,901	-	-	-	-	34,901
Park and Recreation	4,866	10,130	14,996	-	-	-	-	14,996
Business-type Operating Expenses	-	-	-	88,948	114,285	103,490	306,723	306,723
Interest and Fiscal Charges	3,018	-	3,018	8,270	12,258	294	20,822	23,840
Total Disbursements	<u>275,364</u>	<u>26,562</u>	<u>301,926</u>	<u>97,218</u>	<u>126,543</u>	<u>103,784</u>	<u>327,545</u>	<u>629,471</u>
Excess (Deficiency) of receipts Over disbursements	<u>(19,022)</u>	<u>3,085</u>	<u>(15,937)</u>	<u>11,592</u>	<u>34,230</u>	<u>(18,020)</u>	<u>27,802</u>	<u>11,865</u>
OTHER FINANCING SOURCES (USES)								
Debt Issuance	26,000	-	26,000	-	-	-	-	26,000
Redemption of Principal	(14,299)	-	(14,299)	(17,032)	(24,671)	(1,754)	(43,457)	(57,756)
Customer Deposits	-	-	-	3,989	1,725	-	5,714	5,714
Total Other Financing Sources (Uses)	<u>11,701</u>	<u>-</u>	<u>11,701</u>	<u>(13,043)</u>	<u>(22,946)</u>	<u>(1,754)</u>	<u>(37,743)</u>	<u>(26,042)</u>
Excess (Deficiency) of receipts and Other financing sources over Disbursements and other Financing uses	<u>(7,321)</u>	<u>3,085</u>	<u>(4,236)</u>	<u>(1,451)</u>	<u>11,284</u>	<u>(19,774)</u>	<u>(9,941)</u>	<u>(14,177)</u>
Cash Basis Fund Balance - Beginning of Year	<u>10,079</u>	<u>58,030</u>	<u>68,109</u>	<u>34,217</u>	<u>77,592</u>	<u>(3,487)</u>	<u>108,322</u>	<u>176,431</u>
Cash Basis Fund Balance - End of Year	<u>\$ 2,758</u>	<u>\$ 61,115</u>	<u>\$ 63,873</u>	<u>\$ 32,766</u>	<u>\$ 88,876</u>	<u>\$ (23,261)</u>	<u>\$ 98,381</u>	<u>\$ 162,254</u>

See accompanying selected information and independent accountants' compilation report.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

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

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

NOTE B - REPORT CLASSIFICATIONS

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

NOTE C - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2019, including interest payments of \$347,288 are as follows:

<u>Fiscal Year Ended September 30,</u>	<u>USDA Loans</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 38,380	\$ 14,254	\$ 27,441	\$ 80,075
2021	39,196	14,541	26,338	80,075
2022	40,029	14,835	25,211	80,075
2022	40,880	15,134	24,061	80,075
2024	41,748	15,440	22,887	80,075
2025-2029	222,432	72,936	96,428	391,796
2030-2034	247,091	-	69,994	317,085
2035-2039	274,484	-	42,601	317,085
2040-2044	222,153	-	12,327	234,480
	<u>\$ 1,166,393</u>	<u>\$ 147,140</u>	<u>\$ 347,288</u>	<u>\$ 1,660,821</u>

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

Ownership	Type of Investment	Interest Rate	Other Information	Investment Cost/Value
General Fund	Certificate of Deposit	0.15%	Renasant Bank	\$ 11,821
General and Water/Sewer Fund:	Certificate of Deposit	0.15%	Renasant Bank	1,818
General and Water/Sewer Fund:	Certificate of Deposit	0.05%	Community Bank	2,872
General Fund	Certificate of Deposit	0.60%	Community Bank	10,945
General Fund	Certificate of Deposit	0.60%	Community Bank	<u>11,804</u>
Total Investments - All Funds				\$ <u><u>39,260</u></u>

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

<u>DEFINITION AND PURPOSE</u>	<u>Balance Outstanding 10/01/2018</u>	<u>Transactions During Fiscal Year Issued</u>	<u>Transactions During Fiscal Year Redeemed</u>	<u>Balance Outstanding 09/30/2019</u>
Revenue Bonds:				
USDA - Utility	\$ 66,024	\$ -	\$ 2,086	\$ 63,938
USDA - Utility	<u>1,138,565</u>	<u>-</u>	<u>36,110</u>	<u>1,102,455</u>
	<u>1,204,589</u>	<u>-</u>	<u>38,196</u>	<u>1,166,393</u>
Other Long-Term Debt:				
Note Payable - TRPDD	<u>140,700</u>	<u>26,000</u>	<u>19,560</u>	<u>147,140</u>
	<u>140,700</u>	<u>26,000</u>	<u>19,560</u>	<u>147,140</u>
 TOTAL	 \$ <u>1,345,289</u>	 \$ <u>26,000</u>	 \$ <u>57,756</u>	 \$ <u>1,313,533</u>

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Kim Johnson	Town Clerk	St Paul Travelers	\$ 50,000
Ann Roberts	Deputy Town Clerk	St Paul Travelers	\$ 50,000
Ann Roberts	Court Clerk	St Paul Travelers	\$ 50,000
Kim Johnson	Deputy Court Clerk	St Paul Travelers	\$ 50,000
Darwin Hathcock	Deputy Court Clerk	St Paul Travelers	\$ 50,000
Earl Wayne Cowley	Mayor	MS Municipal Bond Program	\$ 50,000
Bryan O'Mary	Park Director	St Paul Travelers	\$ 50,000
Darwin Hathcock	Chief of Police	St Paul Travelers	\$ 50,000
Wesley Kirkpatrick	Police Officer	St Paul Travelers	\$ 25,000
Eric Mills	Police Officer	St Paul Travelers	\$ 25,000
John Bishop	Police Officer	St Paul Travelers	\$ 25,000
Timothy Coker	Police Officer	St Paul Travelers	\$ 25,000
Josh MacKenzie	Police Officer	St Paul Travelers	\$ 25,000
Bryan Morrow	Police Officer	St Paul Travelers	\$ 25,000
Nancy Bishop	Alderman	MS Municipal Bond Program	\$ 50,000
Shelia Bennett	Alderman	MS Municipal Bond Program	\$ 50,000
Jim T. Herren	Alderman	MS Municipal Bond Program	\$ 50,000
Johnny Snow	Alderman	MS Municipal Bond Program	\$ 50,000
Joyce Avery	Alderman	MS Municipal Bond Program	\$ 50,000



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

Mayor and Board of Alderman
Town of Smithville, Mississippi

We have audited the financial statement of the Town of Smithville, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated September 27, 2021. 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 the *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 engagement and, accordingly, we do not express such an opinion.

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

1. The Town is not in compliance with Section II, Part C of the Municipal Audit and Accounting Guide, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset inventory listing, take a fixed asset inventory, or tag fixed assets.
2. The Town is not reconciling its bank accounts with the general ledger on a timely basis each month.
3. The Town had budget overages in several expenditure categories for the year ended September 30, 2019.

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

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
September 27, 2021

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
 Town of Smithville, 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 Smithville, Mississippi, Mississippi as of September 30, 2019, and for the year ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). The Town of Smithville, Mississippi's management is responsible for the Town's accounting records. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequentially, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. It is understood the report is solely for the use of the governing body of the Town of Smithville, Mississippi, and the Office of the State Auditor and should not be used 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 from the banks:

During our testing, we noted that the Town is not reconciling the bank accounts with general ledger on a timely basis each month.

Bank	Fund	Balance Per General Ledger
Renasant Bank	General	\$ 2,758
Renasant Bank	Special Revenue	61,115
Renasant Bank	Business-Type	98,381
Total All Funds		<u>\$ 162,254</u>

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Traced levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. Analyzed increase in taxes for most recent period for 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 prescribed tax levies.

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

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

Purpose	Receiving Fund	Amount
Sales Tax Allocation	General	\$ 69,276
Fire Protection	Special Revenue	5,560
Gasoline Tax	General	2,767
TVA In Lieu	General	5,772
Municipal Aid	General	470
Homestead Exemption Reim.	General	14,418

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

The sample consisted of the following:

Number of Sample Items	11
Dollar Value of Sample	\$ 41,027

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

5. We performed the following procedures with respect to State Court Fine Assessments during the fiscal year:
 - a. Tested a sample of collections of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk.
 - b. Tested a sample of state-imposed court assessments collected and determined that court fine assessments were being settled monthly with the Department of Finance Administration.

We found the municipality to be in agreement with Sections 21-15-21, 99-19-73 and 83-39-31 Miss. Code Ann. (1972) regarding State Court Fine Assessments except for the exception mentioned above in 5b.

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

The Town is not in compliance with Part 5, Item 15 of the Questionnaire, as the fixed assets are not properly accounted for. The Town does not maintain a fixed asset listing, take a fixed asset inventory, or tag fixed assets as required by Section II, Part C of the Mississippi Municipal Audit and Accounting Guide.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in the preceding paragraphs should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Smithville, Mississippi, for the year ended September 30, 2019.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
September 27, 2021

