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TOWN OF SUMMIT, MISSISSIPPI
FINANCIAL STATEMENT AND
SUPPLEMENTARY INFORMATION
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Councilpersons
Town of Summit
Summit, Mississippi

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Summit, Mississippi for the year ended September 30, 2019, and the related notes to the financial statement, which collectively comprise the Town's basic financial statement as listed in the table of 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 described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation 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 financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 auditor's 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.

Auditor's Responsibility - continued:

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

Opinions

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the governmental activities, business-type activities, each major fund, and the remaining fund information of the Town of Summit, Mississippi for the year ended September 30, 2019, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This 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 opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Summit, Mississippi. The schedules included in the supplementary information section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Haddock Reid Eubank Betts PLLC

Jackson, Mississippi
September 30, 2020

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TOWN OF SUMMIT, MISSISSIPPI

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	GOVERNMENTAL ACTIVITIES				
	General Fund	Capital Projects Fund	Special Fire Fund	Other Nonmajor Funds	Total
RECEIPTS:					
Taxes - Ad valorem	\$ 331,591	-	-	45,112	376,703
Penalties and interest on delinquent taxes	4,886	-	-	-	4,886
Franchise fees	51,888	-	-	-	51,888
Licenses and permits	20,921	-	-	-	20,921
Intergovernmental receipts:					
Sales tax	422,958	-	-	-	422,958
Capital grants	850	134,508	100,063	-	235,421
Operating grants	2,610	-	-	-	2,610
Other intergovernmental receipts	104,241	-	-	6,593	110,834
Charges for services:					
Sanitation	137,951	-	-	-	137,951
Public works	-	-	-	16,142	16,142
Water and sewer	-	-	-	-	-
Capital improvement fees	-	-	-	-	-
Fines and forfeits	13,180	-	-	-	13,180
Interest	1,693	-	-	47	1,740
Other	12,927	-	-	-	12,927
Total receipts	<u>1,105,696</u>	<u>134,508</u>	<u>100,063</u>	<u>67,894</u>	<u>1,408,161</u>
DISBURSEMENTS:					
General government	266,032	-	-	-	266,032
Public safety	609,467	-	166,210	-	775,677
Court	33,315	-	-	-	33,315
Sanitation	124,990	-	-	-	124,990
Public works	199,708	-	-	19,301	219,009
Capital Projects	-	164,702	-	-	164,702
Enterprise:					
Water and sewer	-	-	-	-	-
Debt Service:					
Principal	15,495	-	-	31,447	46,942
Interest and other fiscal charges	1,619	-	-	17,183	18,802
Total disbursements	<u>1,250,626</u>	<u>164,702</u>	<u>166,210</u>	<u>67,931</u>	<u>1,649,469</u>

The accompanying notes are an integral part of this statement.

**BUSINESS-TYPE
ACTIVITIES**

Water & Sewer Fund	Total
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
659,968	659,968
83,946	83,946
-	-
1,134	1,134
2,174	2,174
<u>747,222</u>	<u>747,222</u>
-	-
-	-
-	-
-	-
-	-
-	-
589,348	589,348
125,256	125,256
35,487	35,487
<u>750,091</u>	<u>750,091</u>

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TOWN OF SUMMIT, MISSISSIPPI

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES - CONTINUED:
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	GOVERNMENTAL ACTIVITIES				Total
	General Fund	Capital Projects Fund	Special Fire Fund	Other Nonmajor Funds	
DISBURSEMENTS - CONTINUED:					
Excess (deficiency) of receipts over (under) disbursements	\$ (144,930)	(30,194)	(66,147)	(37)	(241,308)
OTHER CASH SOURCE (USES):					
Interfund loans and transfers	(8,275)	21,485	-	(4,111)	9,099
Loan proceeds	45,323	13,690	-	-	59,013
Water deposits (refunds) - net	-	-	-	-	-
Total other cash sources (uses)	37,048	35,175	-	(4,111)	68,112
Excess (deficiency) of receipts and other cash sources over (under) disbursements and other cash uses	(107,882)	4,981	(66,147)	(4,148)	(173,196)
CASH BASIS FUND BALANCE -					
Beginning of year	1,211,871	1,141	137,067	93,673	1,443,752
CASH BASIS FUND BALANCE -					
End of year	\$ 1,103,989	6,122	70,920	89,525	1,270,556

**BUSINESS-TYPE
ACTIVITIES**

**Water &
Sewer
Fund**

Total

(2,869) (2,869)

(9,099)	(9,099)
24,909	24,909
<u>315</u>	<u>315</u>
<u>16,125</u>	<u>16,125</u>

13,256 13,256

1,010,307 1,010,307

1,023,563 1,023,563

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Summit, Mississippi (the Town) was incorporated in 1858. The Town operates under a Mayor-Board of Councilpersons form of government and provides all of the rights and privileges provided by statute for municipalities.

A. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statement is reported using the basis of cash receipts and disbursements, as permitted by the Mississippi Office of the State Auditor, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received rather than when earned and susceptible to accrual and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

Governmental Activities

The Town reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities or infrastructure.

The **Special Fire Fund** is used to account for the financial resources to be used for the fire department of public safety.

Additionally, the Town reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Business-Type Activities

The Town reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the activities of providing water and sewer services to citizens of the Town.

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When both restricted and unrestricted cash is available for use, it is the Town's policy to use restricted cash first, then unrestricted cash as it is needed.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

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 Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the Town'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 a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Cash and certificates of deposit are comprised of the following at September 30, 2019:

	Unrestricted Cash and Certificates of Deposit	Restricted Cash and Certificates of Deposit	<u>Total</u>
Governmental activities:			
General Fund	\$ 1,099,591	4,398	1,103,989
Capital Projects Fund	-	6,122	6,122
Special Fire Fund	-	70,920	70,920
Debt Service Fund	-	40,386	40,386
Cemetery Fund	-	38,366	38,366
Greenlawn Cemetery Fund	-	2,406	2,406
Police Seizure Fund	-	8,367	8,367
Total governmental activities	<u>1,099,591</u>	<u>170,965</u>	<u>1,270,556</u>
Business-type activities:			
Water and Sewer Fund	849,925	173,638	1,023,563
Total business-type activities	<u>849,925</u>	<u>173,638</u>	<u>1,023,563</u>
Government-wide total	\$ <u>1,949,516</u>	<u>344,603</u>	<u>2,294,119</u>

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT - CONTINUED:

Deposits at September 30, 2019 are summarized as follows:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,984,748	1,999,260
Certificates of deposit	<u>309,371</u>	<u>309,371</u>
Total deposits	\$ <u>2,294,119</u>	<u>2,308,631</u>

The difference of \$14,511 was principally due to outstanding checks exceeding the deposits in transit. Of the bank balance, \$411,991 was covered by Federal depository insurance.

Custodial Credit Risk-Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. As of September 30, 2019, \$1,986,866 of the Town's bank balance of \$2,308,631 was exposed to custodial credit risk as follows:

Collateralized by the state public funds:

Guaranty pool \$ 1,896,866

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. The Town had no investments as of September 30, 2019.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT - CONTINUED:

apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2018, the Town had no investments.

Following is a list of the Town's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer, bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3 - DEBT SERVICE

As of September 30, 2019, annual debt service requirements of governmental and business-type activities to maturity are as follows:

Fiscal Year Ended September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 64,004	16,573	97,157	43,681
2021	42,247	14,591	94,985	36,555
2022	30,326	13,204	92,752	30,421
2023	27,289	12,031	113,017	27,259
2024	25,000	11,006	88,664	25,124
2025-2029	145,000	38,338	474,133	94,794
2030-2034	105,000	6,978	438,566	37,921
2035-2039	-	-	94,212	16,161
2040-2042	-	-	29,757	2,955
	<u>\$ 438,866</u>	<u>112,721</u>	<u>1,523,243</u>	<u>314,871</u>

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 4 - PROPERTY TAX

Property taxes for fiscal year 2019 were levied in September 2018 on the assessed valuation of property located in the Town of Summit, Mississippi as of the preceding January 1, the lien date. The Town levies property taxes annually based upon assessed valuations. Real property, personal property and automobile ad valorem taxes and certain road taxes are collected by the Pike County tax collector and disbursed to the Town accordingly. Current collections of taxes for the year ended September 30, 2019 were approximately 99% of the total tax levy.

The tax rate levied by the Town for fiscal year 2019 was set at 39.35 mills. The Town allocated the property tax per \$100 of assessed value for the year as follows:

General Fund	\$	3.500
Debt Service Fund		<u>0.435</u>
	\$	<u>3.935</u>

NOTE 5 - DEFINED BENEFIT PENSION PLAN

General information about the Pension Plan

Plan Description

The Town of Summit, 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 Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS, or by visiting online at www.pers.ms.gov.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 5 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

General information about the Pension Plan - continued:

Benefits Provided - continued:

approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who 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 2.0 percent 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 2.5 percent 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 that 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 provisions 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent 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 3.0 percent compounded for each fiscal year thereafter.

For the year ended September 30, 2019, the Town's total payroll for all employees was \$636,466. Total covered payroll was \$500,625. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 5 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

Contributions

PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate increased effective July 1, 2019 from 15.75% to 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Summit, Mississippi's contribution to PERS for the years ended September 30, 2019, 2018, and 2017 were \$80,976, \$72,368, and \$77,708, respectively, equal to the required contributions for each year.

NOTE 6 - INTERFUND LOANS AND TRANSFERS

Interfund loans and transfers during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Interfund Transfer	Capital Projects	Water & Sewer Fund	\$ 8,785
Interfund Transfer	Capital Projects	General Fund	12,700
Interfund Transfer	General Fund	Debt Service	4,111
Interfund Transfer	General Fund	Water & Sewer Fund	314

The above interfund loans are necessary to move funds collected in one fund to another fund in accordance with the Town's annual budget.

NOTE 7 - CONTINGENCIES

Federal Grants

In the normal course of operations, the Town receives grant funds from various Federal and state agencies. The grant programs are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with the conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 8 - RISK MANAGEMENT

The Town 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

TOWN OF SUMMIT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2019

NOTE 8 - RISK MANAGEMENT - CONTINUED:

Town carries commercial insurance for risks of loss other than workers' compensation. Settled claims resulting from these commercially covered risks have not exceeded commercial coverage in any of the past three fiscal years.

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 employers' liability coverage. The Town pays premiums to the pool quarterly for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The Town has not had an additional assessment for losses.

The Town is a member of the Mississippi Municipal Liability Plan, a public entity risk pool. The Mississippi Municipal Liability Plan covers liability claims against its members and is funded through member contributions. The Town has not had an additional assessment for excess losses.

NOTE 9 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the world and in the United States. As of September 30, 2020, the Town is aware of the changes in both its daily operations and the operation of commercial business located in the Town as a result of COVID-19 but is uncertain of the impacts of these changes on its future financial operations. The ultimate potential impact can not be estimated as this time.

The Town had no additional subsequent events of a material nature requiring adjustment to or disclosure in the accompanying financial statement through September 30, 2020, the date the financial statement was approved by Town's management and thereby available to be released.

SUPPLEMENTAL INFORMATION

SCHEDULE I**TOWN OF SUMMIT, MISSISSIPPI****SCHEDULE OF INVESTMENTS - ALL FUNDS
AS OF SEPTEMBER 30, 2019**

	<u>Deposit Amount</u>
Certificate of Deposit with First Bank Maturing 11/16/20, Rate 0.25%	\$ 100,000
Certificate of Deposit with Regions Bank Maturing 12/29/20, Rate 0.01%	83,506
Certificate of Deposit with First Bank Maturing 11/6/20, Rate 0.25%	48,000
Certificate of Deposit with Regions Bank Maturing 1/16/20, Rate 0.05%	34,471
Certificate of Deposit with State Bank Maturing 11/19/19, Rate 0.50%	26,190
Certificate of Deposit with Regions Bank Maturing 1/16/20, Rate 0.05%	16,616
Certificate of Deposit with Regions Bank Maturing 1/10/21, Rate 0.05%	<u>588</u>
Total	\$ <u><u>309,371</u></u>
Fund Recap:	
General Fund	\$ 183,506
Cemetery Fund	26,778
Water and Sewer Fund	<u>99,087</u>
Total	\$ <u><u>309,371</u></u>

SCHEDULE II**TOWN OF SUMMIT, MISSISSIPPI****SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Balance Outstanding October 1, 2018	Issued	Redeemed	Balance Outstanding September 30, 2019
Freight Rail Service Project Revolving Loan Program - 04-352-RR-01	\$ 17,253	-	(6,447)	10,806
\$251,000 Combined Water and Sewer System Revenue Bonds Series 2006	207,194	-	(5,518)	201,676
\$525,000 General Obligation Bonds Series 2011	400,000	-	(25,000)	375,000
Mississippi Department of Economic & Community Development Capital Improvement Loan - 10-352-CP-01	263,024	-	(17,449)	245,575
Water Pollution Control Revolving Loan Program - MDEQ - SRF C280-753-02	1,070,261	-	(56,447)	1,013,814
Capital Lease - BancorpSouth	37,524	-	(37,524)	-
Capital Lease - BancorpSouth	-	49,818		49,818
Capital Lease - BancorpSouth	-	20,414	(2,360)	18,054
\$250,000 Line of Credit - First Bank	-	13,690		13,690
Capital Lease - Ford Motor Credit	17,220	-	(6,567)	10,653
Capital Lease - Ford Motor Credit	17,220	-	(6,567)	10,653
First Bank Demand Loan	20,689	-	(8,319)	12,370
Total	\$ 2,050,385	83,922	(172,198)	1,962,109

SCHEDULE III**TOWN OF SUMMIT, MISSISSIPPI****SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
AS OF SEPTEMBER 30, 2019**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Percy B. Robinson	Mayor	Travelers	\$50,000
Daryl Porter	Councilperson	Travelers	50,000
Joe Lewis	Councilperson	Travelers	50,000
Pauline Monley	Councilperson	Travelers	50,000
Lester Jones	Councilperson	Travelers	50,000
James Issac	Chief of Police	Travelers	50,000
Patricia Whittington	Town Clerk	Travelers	50,000
Suzzone Perkins	Court Clerk	Travelers	50,000
Deborah Price	Deputy Town Clerk	Travelers	50,000

SCHEDULE IV

TOWN OF SUMMIT, MISSISSIPPI

**SCHEDULE OF CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Beginning Balance October 1, 2018	Additions	Retirements/ Reclass	Ending Balance September 30, 2019
GOVERNMENTAL ACTIVITIES:				
Capital assets:				
Land	\$ 19,550	-	-	19,550
Building and improvements	3,656,963	-	-	3,656,963
Vehicles and machinery	1,602,722	339,062	(57,241)	1,884,543
Infrastructure	2,433,811	24,255	-	2,458,066
Construction in progress	-	-	-	-
Total governmental activities capital assets	<u>\$ 7,713,046</u>	<u>363,317</u>	<u>(57,241)</u>	<u>8,019,122</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets:				
Land	\$ 2,200	-	-	2,200
Building	148,298	24,909	-	173,207
Vehicles and machinery	1,209,872	19,245	-	1,229,117
Water distribution system	6,186,895	-	-	6,186,895
Construction in progress	-	144,745	-	144,745
Total business-type activities capital assets	<u>\$ 7,547,265</u>	<u>188,899</u>	<u>-</u>	<u>7,736,164</u>

STATE COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

To the Honorable Mayor and Board of Councilpersons
Town of Summit, Mississippi

We have audited the financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Summit, Mississippi as of and for the year ended September 30, 2019, and have issued our report thereon dated September 30, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Mississippi 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 financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed the following instance of noncompliance with state laws and regulations. Our finding and the Town's response is as follows:

2019-001 - Disbursements in excess of budget

Criteria

Per Section 21-35-15, Miss. Code Ann. (1972), expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses, and payment of emergency warrants.

Cause

There were no procedures in place to ensure that the expenditures did not exceed the legal adopted budget.

2019-001 - Disbursements in excess of budget - continued:

Effect

The Town's actual disbursements exceeded its budgeted disbursements for four items in the following amounts:

General Fund:

Public Safety-Personnel Services	\$ 22,258
Public Works-Personnel Services	\$ 25,276

Water and Sewer:

Debt Repaid	\$ 7,243
Capital Outlay	\$11,154

Recommendation

Management and those charged with governance should establish controls necessary to effectively monitor expenditures to ensure that the Town does not spend more than budgeted amounts.

View of Responsible Officials and Planned Corrective Action

The Town agrees with the finding and will establish controls to closely monitor disbursements to prevent future budget violations.

This report is intended for the information of the Town of Summit, Mississippi's management, Honorable Mayor and Board of Councilpersons, and the Mississippi 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.

Haddox Reid Eubank Betts PLLC

Jackson, Mississippi
September 30, 2020