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TOWN OF SUMRALL, MISSISSIPPI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

TOWN OF SUMRALL, MISSISSIPPI
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen
Town of Sumrall
Sumrall, Mississippi

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sumrall, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting, as described in Note 1 of the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sumrall, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Other Matters

Management's Discussion and Analysis

The Town of Sumrall, Mississippi has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. 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 statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison – General Fund, Budgetary Comparison – Special Revenue Fund, and Budgetary Comparison – Water and Sewer Fund, on pages 15, 16, and 17, which are the responsibility of management, are presented for purposes of additional analysis to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sumrall, Mississippi's basic financial statements. The Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds of Municipal Officials, on pages 18, 19, 20, and 21, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



KING CPA, PLLC

September 30, 2020

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Entity-Wide
For the Year Ended September 30, 2019

Functions/Programs	Program Receipts				Net Cash Excess (Deficit)		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 414,985	\$ 15,425	\$ 11,687	\$ -	\$ (387,873)		\$ (387,873)
Public safety	465,846	21,656	12,011	-	(432,179)		(432,179)
Streets	407,073	-	4,352	-	(402,721)		(402,721)
Parks and recreation	49,076	-	-	500,000	450,924		450,924
Interest on long-term debt	6,472	-	-	-	(6,472)		(6,472)
Total governmental activities	<u>1,343,452</u>	<u>37,081</u>	<u>28,050</u>	<u>500,000</u>	<u>(778,321)</u>		<u>(778,321)</u>
Business-type activities							
Water & sewer	305,864	540,704	-	-	-	234,840	234,840
Garbage	148,127	132,704	-	-	-	(15,423)	(15,423)
Total business-type activities	<u>453,991</u>	<u>673,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,417</u>	<u>219,417</u>
Total	<u>\$ 1,797,443</u>	<u>\$ 710,489</u>	<u>\$ 28,050</u>	<u>\$ 500,000</u>	<u>\$ (778,321)</u>	<u>\$ 219,417</u>	<u>\$ (558,904)</u>
General receipts							
Property taxes					418,759	-	418,759
Sales taxes					586,834	-	586,834
Franchise taxes					83,947	-	83,947
Interfund Transfers					(28,386)	19,141	(9,245)
Other					14,589	27,395	41,984
Unrestricted investment earnings					24,290	29,385	53,675
Total general receipts, transfers and special items					<u>1,100,033</u>	<u>75,921</u>	<u>1,175,954</u>
Change in Net Position (Cash)					321,712	295,338	617,050
Net Position (Cash) - beginning					<u>935,623</u>	<u>1,375,384</u>	<u>2,311,007</u>
Net Position (Cash) - ending					<u>\$ 1,257,335</u>	<u>\$ 1,670,722</u>	<u>\$ 2,928,057</u>
Restricted					\$ 1,010	\$ 150,098	\$ 151,108
Unrestricted					1,256,325	1,520,624	2,776,949
Total Net Position (Cash)					<u>\$ 1,257,335</u>	<u>\$ 1,670,722</u>	<u>\$ 2,928,057</u>

See accompanying notes and independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Governmental Funds
For the Year Ended September 30, 2019

	Governmental Funds General Fund	Hwy 42 Fund	Total All Funds
RECEIPTS:			
General property taxes, penalties & interest	\$ 418,759.00		\$ 418,759.00
Licenses and permits	15,425		15,425
Franchise tax on utilities	83,947		83,947
State shared revenue:			
General Municipal Aid	709		709
Sales tax	586,834		586,834
Gasoline Tax	4,352		4,352
Fire protection	12,011		12,011
Homestead exemption	10,978		10,978
Deepwater Horizon Economic Settlement	-	500,000	500,000
Court fines	21,656		21,656
Miscellaneous	14,589		14,589
Interest income	18,374	5,916	24,290
	<u>1,187,634</u>	<u>505,916</u>	<u>1,693,550</u>
Total receipts	<u>1,187,634</u>	<u>505,916</u>	<u>1,693,550</u>
DISBURSEMENTS:			
General government	367,091		367,091
Public safety			
Police	381,609		381,609
Fire	37,701		37,701
Court	46,536		46,536
Streets	384,851		384,851
Library, parks, and recreation	7,448		7,448
Principal	22,222		22,222
Interest expense	6,472		6,472
Miscellaneous	37,609		37,609
Capital Outlay	10,285	41,628	51,913
	<u>1,301,824</u>	<u>41,628</u>	<u>1,343,452</u>
Total operating disbursements	<u>1,301,824</u>	<u>41,628</u>	<u>1,343,452</u>
Excess (deficiency) of receipts over disbursements	<u>(114,190)</u>	<u>464,288</u>	<u>350,098</u>
Other financing sources (uses)			
Transfers out	(7,847)	-	(7,847)
Other Interfund	(20,539)	-	(20,539)
	<u>935,623</u>	<u>-</u>	<u>935,623</u>
Cash basis fund balance - beginning	<u>935,623</u>	<u>-</u>	<u>935,623</u>
Cash basis fund balance - ending	<u>\$ 793,047</u>	<u>\$ 464,288</u>	<u>\$ 1,257,335</u>
Restricted	\$ 1,010	\$ 464,288	\$ 465,298
Assigned	74,692	-	74,692
Unassigned	717,345	-	717,345
	<u>793,047</u>	<u>464,288</u>	<u>1,257,335</u>
Total cash basis fund balance	<u>\$ 793,047</u>	<u>\$ 464,288</u>	<u>\$ 1,257,335</u>

See accompanying notes and independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Enterprise Funds
For the Year Ended September 30, 2019

	Enterprise Funds Water & Sewer Fund	Total All Funds
RECEIPTS:		
Charges for services	\$ 673,408	\$ 673,408
Meter Deposits Increase	12,798	12,798
Miscellaneous	14,597	14,597
Interest income	29,385	29,385
Total receipts	<u>730,188</u>	<u>730,188</u>
DISBURSEMENTS:		
Water utility operations	247,438	247,438
Sewer operations	148,127	148,127
Capital Outlay	58,426	58,426
Total operating disbursements	<u>453,991</u>	<u>453,991</u>
Excess (deficiency) of receipts over disbursements	<u>276,197</u>	<u>276,197</u>
Other financing sources (uses)		
Transfers In	7,217	7,217
Other interfund	11,924	11,924
Cash basis fund balance - beginning	<u>1,375,384</u>	<u>1,375,384</u>
Cash basis fund balance - ending	<u><u>\$ 1,670,722</u></u>	<u><u>\$ 1,670,722</u></u>
Restricted	\$ 150,098	\$ 150,098
Assigned	147,319	147,319
Unassigned	<u>1,373,305</u>	<u>1,373,305</u>
Total cash basis fund balance	<u><u>\$ 1,670,722</u></u>	<u><u>\$ 1,670,722</u></u>

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Sumrall, Mississippi, operates under a Mayor-Aldermen form of government and provides all the rights and privileges provided by statute for municipalities.

The financial statements of the Town 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.

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Cash Receipts and Disbursements) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Cash Receipts and Disbursements demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. The various funds are grouped into generic fund types and broad categories as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the municipality. 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 a fund that is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 and expenses of providing goods and 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.

TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Classifications

The account classifications used in the financial statements are in accordance with the classifications required by the 2010 Mississippi Municipal Audit and Accounting Guide promulgated by the State Auditor's Office of Mississippi.

Budgets

The budget is prepared on the cash basis as legally required by statute. The budget is adopted by the Board of Aldermen and filed with the taxing authority. Amendments can be made on the approval of the Board of Aldermen. By statute, final budget and tax levy must be adopted on or before September 15 for the following fiscal year.

Investments

The town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

For reporting purposes, certificates of deposit with an original maturity date of more than three months are considered investments.

Property Tax Revenue

Property taxes are assessed by the Town on a calendar year basis. For 2019, the Town requested 36.00 mills for general. Property taxes are considered delinquent February 1 and a tax sale is held in August for unpaid taxes. Property Tax revenue is recognized when collected, due to the uncertainty of collecting property taxes after September 30.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Town must advertise and accept bids for depositories no less than once every two years as required by Section 27-105-363 Miss. Code Ann. (1972). The collateral pledged for the Town's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Cash and Cash Equivalents

The carrying amount of the municipality's deposits with financial institutions reported in the governmental funds and business-type activities was \$1,257,335 and \$1,670,722, respectively. The bank balance was \$1,640,082 for governmental funds and \$1,677,673 for business-type activities.

TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2019, none of the district's bank balance was exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, drainage systems, and similar items) are reported in the Schedule of Capital Assets included in Other Supplemental Information. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated life in excess of two years. The capitalization threshold for buildings and improvements other than buildings is \$50,000 and \$25,000, respectfully. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported regardless of their amount.

NOTE 4 – BONDS PAYABLE

Presented below is Section 21-33-303 Mississippi Code:

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes are levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore, or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally- owned utility, or to bonds issued by any municipality under the provisions of Section 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53, or to any indebtedness incurred under Section 55-23-8.

TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4 – BONDS PAYABLE (Continued)

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2019:

<u>Authorized Debt Limit</u>	<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation of fiscal year ended September 30, 2019	\$ 13,052,273	\$ 1,957,841 \$ 2,610,455
Present debt subject to 15% limitation	-	-
Present debt subject to 20% limitation including debt subject to 15% limitation	-	(289,230)
Margin for further debt under respective debt limits	<u>\$ 1,957,841</u>	<u>\$ 2,321,225</u>

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description: The Town of Sumrall, 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 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town of Sumrall is required to contribute at an actuarial determined rate. The current rate is 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's contributions to PERS for the years ending September 30, 2019, 2018, and 2017, were \$87,578, \$74,247, and \$64,776, respectively, which equaled the required contributions for each year.

NOTE 6 – 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 carries commercial insurance for this risk. Settle claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

NOTE 7 – COMMITMENTS, CONTINGENCIES AND LITIGATION

Net Pension Liability

As of September 30, 2019, the Town of Sumrall's share of the total net pension liability is approximately \$1,420,376 based on proportionate share of 0.008074%.

TOWN OF SUMRALL, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – SUBSEQUENT EVENTS

Management has considered subsequent events through September 30, 2020, the date of the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On March 11, 2020 the World Health Organization declared Covid-19 a pandemic. In response, the United States has caused business disruption through mandated and voluntary restrictions on various businesses and activities. While the disruption is currently expected to be temporary, there is considerable uncertainty regarding the duration of these restrictions. The Company has experienced a disruption in its operations. However, the long-term financial impact and duration cannot be reasonably estimated at this time. Management believes reserves are sufficient for the short-term.

In July 2020, while performing normal review procedures, Management determined a potential discrepancy in water and sewer revenue. This investigation is currently ongoing.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF SUMRALL, MISSISSIPPI
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
RECEIPTS					
Property taxes	\$ 394,009	\$ 394,009	\$ 418,759	\$ -	\$ 24,750
License and permits	89,030	89,030	99,371	-	10,341
Intergovernmental revenues	571,580	571,580	618,687	-	47,107
Fines and forfeitures	23,300	23,300	13,701	-	(9,599)
Miscellaneous	8,550	8,550	21,289	-	12,739
TOTAL RECEIPTS	<u>1,086,469</u>	<u>1,086,469</u>	<u>1,171,807</u>	<u>-</u>	<u>85,338</u>
EXPENDITURES					
General government	345,000	404,500	366,552	(59,500)	37,948
Public safety-police	483,001	513,901	379,648	(30,900)	134,253
Public safety-fire	51,500	51,500	37,663	-	13,837
Court	23,375	44,375	35,610	(21,000)	8,765
Public works-street	793,908	804,408	437,955	(10,500)	366,453
Miscellaneous	-	-	-	-	-
Library, parks, and recreation	12,022	12,022	7,446	-	4,576
TOTAL EXPENDITURES	<u>1,708,806</u>	<u>1,830,706</u>	<u>1,264,874</u>	<u>(121,900)</u>	<u>565,832</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(622,337)	(744,237)	(93,067)	121,900	651,170
NET CHANGE IN CASH BALANCE	<u>\$ (622,337)</u>	<u>\$ (744,237)</u>	(93,067)	<u>\$ 121,900</u>	<u>\$ 651,170</u>
Adjustments to Cash Basis					
Revenue			15,827		
Expense			<u>(65,336)</u>		
NET CHANGE IN CASH BALANCE			(49,509)		
CASH BALANCE-BEGINNING			<u>935,623</u>		
CASH BALANCE-ENDING			<u>\$ 793,047</u>		

See accompanying independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(Budgetary Basis)	Original to Final	Final to Actual
RECEIPTS					
TAP Grant	\$ 375,000	\$ 375,000	\$ -	\$ -	\$ (375,000)
SMLPC Grant	200,590	200,590	-	-	(200,590)
Deepwater Horizon Economic Settlement	-	500,000	500,000	500,000	-
Interest Income	-	-	3,381	-	3,381
TOTAL RECEIPTS	<u>575,590</u>	<u>1,075,590</u>	<u>503,381</u>	<u>500,000</u>	<u>(572,209)</u>
EXPENDITURES					
Capital Outlay	575,590	1,075,590	41,374	500,000	(1,034,216)
TOTAL EXPENDITURES	<u>575,590</u>	<u>1,075,590</u>	<u>41,374</u>	<u>500,000</u>	<u>(1,034,216)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	462,007	-	(1,606,425)
NET CHANGE IN CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>	462,007	<u>\$ -</u>	<u>\$ (1,606,425)</u>
Adjustments to Cash Basis					
Revenue			2,535		
Expense			<u>(254)</u>		
NET CHANGE IN CASH BALANCE			2,281		
CASH BALANCE-BEGINNING			<u>-</u>		
CASH BALANCE-ENDING			<u>\$ 464,288</u>		

See accompanying independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Budgetary Comparison Schedule – Water and Sewer Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
RECEIPTS					
Charges for services: water and sewer	\$ 522,744	\$ 522,744	\$ 514,581	\$ -	\$ (8,163)
Charges for services: garbage	134,400	134,400	132,704	-	(1,696)
Loan proceeds	700,000	700,000	-	-	(700,000)
Miscellaneous	7,400	7,400	14,056	-	6,656
Interest	3,000	3,000	23,759	-	20,759
TOTAL RECEIPTS	<u>1,367,544</u>	<u>1,367,544</u>	<u>685,100</u>	<u>-</u>	<u>(682,444)</u>
EXPENDITURES					
Water and Sewer Utility Operations	1,587,817	1,589,317	406,567	(1,500)	1,182,750
TOTAL EXPENDITURES	<u>1,587,817</u>	<u>1,589,317</u>	<u>406,567</u>	<u>(1,500)</u>	<u>1,182,750</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(220,273)	(221,773)	278,533	1,500	500,306
NET CHANGE IN CASH BALANCE	<u>\$ (220,273)</u>	<u>\$ (221,773)</u>	278,533	<u>\$ 1,500</u>	<u>\$ 500,306</u>
Adjustments to Cash Basis					
Revenue			64,229		
Expense			(47,424)		
NET CHANGE IN CASH BALANCE			16,805		
CASH BALANCE-BEGINNING			<u>1,375,384</u>		
CASH BALANCE-ENDING			\$ 1,670,722		

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF SUMRALL, MISSISSIPPI
Schedule of Investments
For the Year Ended September 30, 2019

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
Water and Sewer	Certificate of Deposit	2.25%	12 month	Citizen's Bank	\$ 285,597
Total Investments					<u><u>\$ 285,597</u></u>

See accompanying independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2019

Governmental Activities	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Capital assets:				
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Buildings	298,877	-	-	298,877
Machinery and Equipment	907,603	6,000	-	913,603
Infrastructure	3,212,860	134,293	-	3,347,153
Total Governmental activities capital assets	\$ 4,477,340	\$ 140,293	\$ -	\$ 4,617,633
Accumulated Depreciation	636,117	142,691	-	\$ 778,808
Total Governmental activities net assets	\$ 3,841,223	\$ 282,984	\$ -	\$ 3,838,825
Business-type Activities				
Capital assets:				
Land	\$ 51,627	\$ -	\$ -	\$ 51,627
Buildings	447,533	-	-	447,533
Machinery and Equipment	372,187	25,459	-	397,646
Infrastructure	5,462,440	16,317	-	5,478,757
Total Business-type activities capital assets	\$ 6,333,787	\$ 41,776	\$ -	\$ 6,375,563
Accumulated Depreciation	2,262,480	166,618	-	2,429,098
Total Business-type activities net assets	\$ 4,071,307	\$ 208,394	\$ -	\$ 3,946,465

See accompanying independent auditors' report.

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

	BALANCE September 30, 2018	Transactions During Fiscal Year		BALANCE September 30, 2019
		ISSUED	REDEEMED	
Mississippi Development Authority				
-Water and Sewer Improvements	\$ 309,886	\$ -	\$ 20,656	\$ 289,230
Total	\$ 309,886	\$ -	\$ 20,656	\$ 289,230

See accompanying independent auditors' report.

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

Presented below is Section 21-17-5 of Mississippi Code.

Unless otherwise provided by law, before entering upon the duties of their respective offices, the aldermen of every municipality of this state shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to five percent (5%) of the sum of all municipal taxes shown by the assessment rolls and the levies to have been collectible in the municipality for the year immediately preceding the commencement of the term of office of said aldermen; however, such bond shall not exceed the amount of One Hundred Thousand Dollars (\$100,000).

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT</u>	<u>COMPANY</u>	<u>BOND NO.</u>	<u>TERM</u>
Thomas Heath Sumrall	Mayor	\$ 50,000	Travelers	106775730	7/3/2017-7/3/2021
Brittany Fortenberry	Alderman	\$ 50,000	Travelers	106775903	8/16/2017-7/3/2021
James Ford	Alderman	\$ 50,000	Travelers	106775733	7/3/2017-7/3/2021
Dennis Granberry	Alderman	\$ 50,000	Travelers	106775731	7/3/2017-7/3/2021
Shirley Barnard	Alderman	\$ 50,000	Travelers	106775732	7/3/2017-7/3/2021
Larene McLendon	Alderman	\$ 50,000	Travelers	106775734	7/3/2017-7/3/2021
Jo Ann Robbins	City Clerk	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020
Juanyana Holloway	Deputy Clerk	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020
Cassie Dement	Deputy Clerk	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020
Tony Kepper	Deputy Clerk	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020
Elsie Cowart	Police Chief	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020
Elsie Cowart	Deputy Court Clerk	\$ 50,000	Travelers	105072877	8/1/2019-8/1/2020

See accompanying independent auditors' report.

**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**

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Mississippi Society of
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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**

To the Honorable Mayor and Board of Aldermen
Town of Sumrall, 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 cash basis financial statements of the governmental activities and the business-type activities of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Sumrall, Mississippi's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Sumrall, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sumrall, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sumrall, Mississippi's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sumrall, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

A handwritten signature in black ink that reads "King CPA, PLLC". The signature is written in a cursive, flowing style.

KING CPA, PLLC
September 30, 2020

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

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

Honorable Mayor and Board of Aldermen
Town of Sumrall
Sumrall, Mississippi

We have audited the basic financial statements of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2019 and have issued our report dated September 30, 2020. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

King CPA, PLLC

KING CPA, PLLC
September 30, 2020

SCHEDULE OF FINDINGS AND RESPONSES

**TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 1: Financial Statement Findings

2019-01 – Significant Deficiency in Internal Control

<i>Condition:</i>	Improper recording of cash receipts and disbursements and transfers.
<i>Criteria:</i>	Balance sheet accounts are not reconciled to underlying subsidiary records for water and sewer customer receivables, customer meter deposits, due to from other funds and payroll related liabilities.
<i>Effect:</i>	Errors in recording receipts, disbursements and transfers were not detected and corrected on a timely basis.
<i>Recommendation:</i>	We recommend reviewing the procedures for closing and reconciling month end accounting records and make the appropriate changes to ensure proper recording of all cash receipts and disbursements.
<i>Response:</i>	Management agrees the process for recording, reviewing and reconciling financial transactions should be improved. Management will communicate with the external accounting firm regarding additional procedures. Also, accounting software will be evaluated to determine best practices for recording financial transactions.