

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF BELMONT, MISSISSIPPI
AUDITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020



Certified Public Accountants

**TOWN OF BELMONT, MISSISSIPPI
TABLE OF CONTENTS
SEPTEMBER 30, 2020**

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	3
Statement of Cash Receipts and Disbursements	4
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	11
Schedule of Investments	12
Schedule of Capital Assets	13
Schedule of Long-Term Debt	14
Schedule of Surety Bonds for Town Officials	15
REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE	16
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	19
Independent Auditors' Report on Compliance with State Laws and Regulations	20
SCHEDULE OF FINDINGS AND RESPONSES	21
Schedule of Findings and Responses	22



Member of:

American Institute of Certified Public Accountants

Alabama Society of Certified Public Accountants

Mississippi Society of Certified Public Accountants

Certified Public Accountants

www.sparkscpas.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
Town of Belmont, Mississippi

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts and Disbursements, Governmental and Business-Type Activities of the Town of Belmont, Mississippi, and as of for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Belmont'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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 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 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 auditors' 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 balances of each fund of the Town of Belmont, Mississippi, as of September 30, 2020, and the respective cash receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the Statement of Cash Receipts and Disbursements of the Town of Belmont, Mississippi. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the Town of Belmont, 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 solely 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 the effectiveness of the Town of Belmont, Mississippi's 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 Town of Belmont, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Iuka, Mississippi
September 22, 2021

BASIC FINANCIAL STATEMENTS

Town of Belmont, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Year Ended September 30, 2020

	Governmental Activities		Business-Type Activities				
	General	Total	Gas	Water	Garbage	Sewer	Total
Receipts							
General Property Taxes	\$ 518,582	\$ 518,582	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties and interest on delinquent taxes	7,071	7,071	-	-	-	-	-
Licenses and Permits							
Privilege licenses	19,851	19,851	-	-	-	-	-
Franchise charges - utilities	40,168	40,168	-	-	-	-	-
Intergovernmental Revenues:							
Federal Revenues:							
Federal Payments in Lieu of Taxes	26,830	26,830	-	-	-	-	-
Federal Grants	36,764	36,764	-	-	-	-	-
State Shared Revenues:							
State Grants	-	-	-	-	-	-	-
Mississippi Infrastructure Funds	34,227	34,227	-	-	-	-	-
CDBG Funds	-	-	-	-	-	360,563	360,563
Homestead Exemption Reimbursement	26,713	26,713	-	-	-	-	-
General Sales Tax	362,654	362,654	-	-	-	-	-
Fire Protection Allocation	12,192	12,192	-	-	-	-	-
Gasoline Tax	6,189	6,189	-	-	-	-	-
Municipal Aid	1,008	1,008	-	-	-	-	-
Liquor Tax	450	450	-	-	-	-	-
Grants from Local Units:							
School District Interlocal Agreement	-	-	-	-	-	-	-
Pro-Rata County Road Tax	86,106	86,106	-	-	-	-	-
Charges for Services:							
Gas	-	-	912,965	-	-	-	912,965
Water	-	-	-	349,079	-	-	349,079
Garbage	-	-	-	-	107,838	-	107,838
Sewer	-	-	-	-	-	326,561	326,561
Fines and Forfeitures	56,085	56,085	-	-	-	-	-
Rents and Royalties	12,597	12,597	-	49,506	-	-	49,506
Sale of Cemetery Lots	2,400	2,400	-	-	-	-	-
Other Collections	6,659	6,659	-	-	-	-	-
Insurance Proceeds	1,000	1,000	-	-	-	-	-
Miscellaneous	754	754	-	-	-	-	-
Total Receipts	\$ 1,258,300	\$ 1,258,300	\$ 912,965	\$ 398,585	\$ 107,838	\$ 687,124	\$ 2,106,512

The accompanying notes are an integral part of these financial statements.

Town of Belmont, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-Type Activities
For the Year Ended September 30, 2020

	Governmental Activities		Business-Type Activities				
	General	Total	Gas	Water	Garbage	Sewer	Total
Disbursements							
General Government	\$ 225,153	\$ 225,153	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety							
Police	646,944	646,944	-	-	-	-	-
Fire	73,422	73,422	-	-	-	-	-
Public Works	93,984	93,984	-	-	-	-	-
Culture and Recreation	170,075	170,075	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Enterprise:							
Gas	-	-	789,569	-	-	-	789,569
Water	-	-	-	279,131	-	-	279,131
Garbage	-	-	-	-	146,885	-	146,885
Sewer	-	-	-	-	-	104,759	104,759
Interest Expense	733	733	-	-	-	53,508	53,508
Total Disbursements	\$ 1,210,311	\$ 1,210,311	\$ 789,569	\$ 279,131	\$ 146,885	\$ 158,267	\$ 1,373,852
Excess (Deficiency) of receipts over disbursements	47,989	47,989	123,396	119,454	(39,047)	528,857	732,660
Other Sources (Uses)							
Redemption of Principal	\$ (8,955)	\$ (8,955)	\$ -	\$ -	\$ -	\$ (119,956)	\$ (119,956)
Capital Outlay	(198,318)	(198,318)	(64,490)	(47,178)	-	(399,922)	(511,590)
Loan Proceeds	-	-	-	-	-	-	-
Interest Income	3,571	3,571	-	-	-	-	-
Operating Transfers In	342,434	342,434	-	-	39,400	77,392	116,792
Operating Transfers Out	(77,392)	(77,392)	(88,600)	(163,571)	-	(129,663)	(381,834)
Total Other Sources (Uses)	\$ 61,340	\$ 61,340	\$ (153,090)	\$ (210,749)	\$ 39,400	\$ (572,149)	\$ (896,588)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	109,329	109,329	(29,694)	(91,295)	353	(43,292)	(163,928)
Cash Balances - Beginning of Year	131,639	131,639	266,729	352,501	94	296,872	916,196
Cash Balances - End of Year	\$ 240,968	\$ 240,968	\$ 237,035	\$ 261,206	\$ 447	\$ 253,580	\$ 752,268

The accompanying notes are an integral part of these financial statements.

**TOWN OF BELMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Note 1 - 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 Town is a small municipality located in Northeast Mississippi with a population of approximately 2,290. For financial reporting purposes, the reporting entity includes all funds of the Town that are covered by the oversight responsibility of the Mayor and Board of Aldermen.

Measurement Focus and Basis of Accounting

The financial statements are prepared on a cash receipts and disbursements basis, as prescribed by the Mississippi 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. This basis of accounting differs from generally accepted accounting principles. Under this basis of accounting, the Town has elected to omit substantially all government-wide financial statements, fund financial statements, management's discussion and analysis, required supplementary information, and other supplementary information required under generally accepted accounting principles.

Government-Wide Financial Statements

The statement of cash receipts and disbursements displays information on all non-fiduciary activities of the primary government. The statement distinguishes between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on user fees. Major revenue sources include sales taxes, property taxes, and motor vehicle taxes. Principal operating receipts for proprietary funds are receipts from customers for sales or services. Principal operating expenditures are the costs of providing goods and services and include administrative expenditures, capital outlays for property and equipment, and debt service payments on long-term debt.

Financial Statement Presentation

The Town reports the following major funds:

Governmental Activities

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the primary government except those required to be accounted for in another fund. This is a major fund.

Business-Type Activities

Gas Fund – This fund is used to account for the Town's natural gas distribution system.

Water Fund – This fund is used to account for the Town's water distribution system.

Garbage Fund – This fund is used to account for the Town's garbage collection services.

Sewer Fund – This fund is used to account for the Town's sewer treatment system.

**TOWN OF BELMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the General and Proprietary funds.
2. Public notice is given of the Town's budget meetings being open to the public, so that a public hearing is conducted on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made. Then, the budget is approved prior to September 15.
4. The budget is formally revised during July of each year or anytime a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for both the General and Proprietary Funds.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Property Taxes

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Property taxes are recognized as revenues when they are received. The Town bills and collects its own property taxes, except motor vehicle taxes. Motor vehicle taxes are collected by the County Tax Collector and remitted to the Town.

Inter-fund Transactions

Inter-fund transactions have not been eliminated from these financial statements.

Note 2 - Cash and Investments

The Town follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The Town must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, 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 the 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.

**TOWN OF BELMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 Town's deposits with financial institutions reported in the governmental funds and proprietary funds was \$240,968 and \$752,267, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the 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 deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. 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 Town. As of September 30, 2020, none of the Town's bank balance of \$1,035,883 was exposed to custodial credit risk.

Investments

The Town can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the Town are reported at fair market value. The Town has no investments at September 30, 2020.

Note 3 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The Town 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available 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, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. 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. 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees

**TOWN OF BELMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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 employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The Town's contributions to PERS for the fiscal years ending September 30, 2020, 2019, and 2018 were \$157,553, \$140,338, and \$124,080, respectively, which equaled the required contributions for each year.

Note 4 - Inter-fund Transfers

The following is a summary of inter-fund transfers for the year ended September 30, 2020:

Interfund Transfers:

Transfers In	Transfers Out	Amount
General Fund	Water Fund	\$ 163,571
General Fund	Gas Fund	88,200
General Fund	Sewer Fund	90,663
Garbage Fund	Gas Fund	400
Garbage Fund	Sewer Fund	39,000
Sewer Fund	General Fund	77,392
Total		<u>\$ 459,226</u>

The primary purpose of inter-fund transfers was to provide for daily operations. All transfers were routine and consistent with the activities of the fund making the transfer.

Note 5 - Contingencies

Federal Grants – The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the Town.

Litigation - The Town is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome of liability, if any, of the Town with respect to the various proceedings. However, the Town's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the Town.

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.

Except as described below, the Town 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.

**TOWN OF BELMONT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Participation in Public Entity Risk Pool

The Town is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG) and the Mississippi Municipal Liability Plan (MMLP), both of which are administered by Municipal Services, Inc. Both groups are risk-sharing pools; such a pool is frequently referred to as a self-insurance pool.

MMWCG covers risk of loss arising from injuries to the Town's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any employee claim. 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 excess losses incurred by the pool.

MMLP covers the risk of loss related to torts and other liability claims. The general policy limit is \$500,000 per occurrence, but the policy also tracks the Mississippi tort claims law for municipalities which limits the Town's liability to \$250,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. As with the MMWCG, pool members would be required to pay for the deficiency should total claims for the year exceed member contributions. The Town has received no assessments for excess losses incurred by the pool.

Note 7- Subsequent Events

Events that occur after year-end but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at year-end are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after year-end require disclosure in the accompanying notes. Management evaluated the activity of the Town for potential recognition and disclosure through June 1, 2021 (the date 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. No adjustments were considered necessary to the financial statements.

- Approved to award the construction of the baseball dugouts to Pearson Construction in the amount of \$47,287.
- Approved to award the Industrial Park Access Road Improvements Project to Cook & Son, LLC in the amount of \$367,278.
- Approved to award the bid for the replacement of three windows in the City Hall to Montgomery Construction in the amount of \$12,200.

SUPPLEMENTARY INFORMATION

Town of Belmont, Mississippi
Schedule of Investments
September 30, 2020

The Town had no investments at September 30, 2020.

Town of Belmont, Mississippi
Schedule of Capital Assets
For the Year Ended September 30, 2020

Governmental Activities

The Town did not account for capital assets in the Governmental Activities funds.

Business-type Activities

The Town did not account for capital assets in the Business-type Activities funds.

Town of Belmont, Mississippi
Schedule of Long-Term Debt
For the Year Ended September 30, 2020

DEFINITION AND PURPOSE	Balance	Transactions During Fiscal Year		Balance
	Outstanding October 1, 2019	Issued	Redeemed	Outstanding September 30, 2020
Governmental Activities				
Cook Coggin Loan	\$ 140,760	\$ -	\$ 18,360	\$ 122,400
CAP Loan	28,328	-	8,955	19,373
Total	<u>\$ 169,088</u>	<u>\$ -</u>	<u>\$ 27,315</u>	<u>\$ 141,773</u>
Business-type Activities				
MDEQ Loan	581,643	-	63,577	518,066
NEMPDD Loan	21,042	-	2,611	18,431
RD Loan # 92-01	626,717	-	29,811	596,906
RD Loan # 92-05	253,943	-	5,597	248,346
Total	<u>\$ 1,483,345</u>	<u>\$ -</u>	<u>\$ 101,596</u>	<u>\$ 1,381,749</u>

Town of Belmont, Mississippi
Schedule of Surety Bonds for Town Officials
September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
George "Buddy" Wiltshire	Mayor	\$ 50,000
Lynn Maroon	Town Clerk	\$ 50,000
Jeanee Pearson	Assistant Town Clerk	\$ 50,000
Deborah Bonds	Court Clerk	\$ 50,000
Donald Thomas	Police Chief	\$ 50,000
Brandon Pharr	Alderman	\$ 50,000
Michael Harris	Alderman	\$ 50,000
Sonya South Harris	Alderwoman	\$ 50,000
Stephen Ratliff	Alderman	\$ 50,000
Craig Bell	Alderman	\$ 50,000
Brian Lynch	Park & Rec Director	\$ 25,000
Scotty Hughes	Police Officer	\$ 25,000
Monica Bronson	Police Officer	\$ 25,000
Thomas Cornelison	Police Officer	\$ 25,000
Donovan Cain	Police Officer	\$ 25,000
Bryan Chandler	Police Officer	\$ 25,000
Chistopher Davis	Police Officer	\$ 25,000
James Ruple	Police Officer	\$ 25,000
Tiffany Taylor	Police Officer	\$ 25,000
James Guthery	Police Officer	\$ 25,000
Shane Wood	Peace Officer	\$ 25,000

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

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

Honorable Mayor and Board of Aldermen
Town of Belmont, 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 Statement of Cash Receipts and Disbursements of the governmental and business-type activities of the Town of Belmont, Mississippi as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Belmont, Mississippi's basic financial statements, and have issued our report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Belmont, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 Belmont, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Belmont, Mississippi's internal control.

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. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-003 and 2020-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Belmont, 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 financial statements. 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 an instance of noncompliance or other matters that is required to be

reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

Town of Belmont, Mississippi's Response to Findings

The Town of Belmont, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Belmont, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Iuka, Mississippi
September 22, 2021

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



Member of:

American Institute of Certified Public Accountants

Alabama Society of Certified Public Accountants

Mississippi Society of Certified Public Accountants

Certified Public Accountants

www.sparkscpas.com

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

Honorable Mayor and Board of Aldermen
Town of Belmont, Mississippi

We have audited the Statement of Cash Receipts and Disbursements of the governmental and business-type activities of the Town of Belmont, Mississippi as of and for the year ended September 30, 2020, and have issued our report thereon dated September 22, 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 general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. As reported in the prior year audit report, our finding and recommendation and your response is included in the Schedule of Findings and Responses as finding number 2020-002.

The instance of material noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit 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 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Iuka, Mississippi
September 22, 2021

SCHEDULE OF FINDINGS AND RESPONSES

**TOWN OF BELMONT, MISSISSIPPI
Schedule of Findings and Responses
For the Year Ended September 30, 2020**

Section 1: Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued on the financial statements:

Governmental Activities	Unmodified
Business-Type Activities	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Finding 2020-001 is considered a material weakness over internal controls.

2020-001

Criteria

An effective system of internal controls should include an adequate segregation of duties.

Condition

The Town employed only two individuals who shared responsibilities for all cash transactions and record-keeping. These two employees are also authorized check signers.

Cause of Condition

The small size of the administrative staff.

Effect of Condition

The lack of segregation of duties creates an internal control deficiency that could allow for errors or omissions, which are material to the financial statements, to go undetected and unreported in a timely manner.

Recommendation

The management/board oversight should be increased to provide reasonable assurance that errors, irregularities, or fraud are prevented or detected and corrected in a timely manner.

Auditee Response

The Town's management is applying as many techniques as possible to acquire maximum segregation of duties within cost benefit parameters.

Finding 2020-002 is considered a material weakness and a material noncompliance.

2020-002

Criteria

An effective system of internal controls over capital assets should include following the requirements related to accounting for capital assets as set forth by the Mississippi Office of the State Auditor. The Mississippi Office of the State Auditor requires all Towns to account for all capital assets by maintaining a capital assets listing. Another requirement set forth by the Mississippi Office of the State Auditor is to tag all capital assets and also to conduct an annual inventory of capital assets.

Condition

Management failed to maintain a capital assets listing, identify, and record infrastructure assets, tag or otherwise identify other capital assets, or conduct an annual inventory of capital assets as required by the Mississippi Office of the State Auditor.

Cause of Condition

Inadequate policies and procedures and staff in place to correct this condition.

Effect of Condition

Management is unable to properly identify and report the capital assets owned by the Town. In addition, management cannot properly safeguard the capital assets owned by the Town.

Recommendation

Management should require that all capital assets be identified, recorded, and inventoried to ensure that the Town's assets are properly safeguarded.

Auditee Response

Management concurs with the recommendation.

Finding 2020-003 is considered a significant deficiency over internal controls.

2020-003

Criteria

A strong system of internal controls should be implemented to ensure that assets are safeguarded from potential misappropriation.

Condition

In reviewing the bank reconciliations for signatures in conjunction with the cash program procedures, it was noted that none of the reported reconciliations were reviewed or signed by another authorized individual.

Cause of Condition

A strong system of internal controls was not in place to ensure that all reconciliations have been reviewed and signed by another authorized individual separate from the original signature.

Effect of Condition

Failure to have more than one authorized individual review and sign the bank reconciliations could result in the misstatement of the Town's financial statements, errors, or an occurrence of fraud that is not promptly detected.

Recommendation

The Town should implement policies and procedures to ensure that more than one authorized individual is reviewing and signing the bank reconciliation.

Auditee Response

The Town's management will ensure that all bank reconciliations are signed by the preparer and reviewer each month.

Finding 2020-004 is considered a significant deficiency over internal control.

2020-004

Criteria

To comply with Town Policy, master court receipts should be accurately reconciled to the deposit, deposited within two days of the event, and deposited to the applicable bank account which depends on the type of fine.

Condition

During the testing of 40 court fine collection deposits, the following deficiencies were noted: 1 instance occurred in which the master receipt was not accurately reconciled back the deposit, 4 instances in which the collections were not deposited into the applicable account based on the type of fine, and 8 deposit dates were not in compliance with Town policy.

Cause of Condition

A strong set of internal controls was not in place to ensure that all fine collection deposits were accurately reconciled to the deposit, distinguished fine collections were deposited into their applicable account, and deposited timely in accordance with the Town's policy.

Effect of Condition

Inadequate internal controls related to fine collections and receipting could result in a loss of assets and improper revenue recognition.

Recommendation

The Town should follow the implemented policies and procedures to ensure receipts from all activity are safeguarded, properly recognized, recorded, and deposited in a timely manner. This can be done by accurately recalculating the amounts of collections on the master receipt to the deposit, reviewing the amount and type of fines going into their applicable bank accounts, and making the deposit in accordance with the Town's policy.

Auditee Response

Management concurs with the recommendation.