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TOWN OF BROOKSVILLE, MISSISSIPPI

**COMPILATION AND AGREED-UPON
PROCEDURES REPORT**

For the Year Ended September 30, 2020

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying statement of cash receipts and disbursements—all funds of the Town of Brooksville, Mississippi, as of September 30, 2020, and the selected information in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements—all funds is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statement preparation in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained in schedules 1, 2, and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statement. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management has not presented the management's discussion and analysis information and budgetary comparison information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statement.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS For the Year Ended September 30, 2020

	General Fund Type		Proprietary	Total
	General	Special Revenue	Fund Type	(Memorandum Only)
REVENUE RECEIPTS				
General property taxes	\$ 248,444	\$ -	\$ -	\$ 248,444
Penalties and interest	794	-	-	794
Intergovernmental revenues:				
Federal revenue:				
Fire protection	15,229	-	-	15,229
State shared revenues:				
TVA payments	5,179	-	-	5,179
Sales tax	118,076	-	-	118,076
Gasoline tax and municipal aid	4,279	-	-	4,279
County revenues:				
Road and bridge tax	22,177	-	-	22,177
Charge for services:				
Sewer utility	-	-	81,929	81,929
Water utility	-	-	310,225	310,225
Garbage fees	-	-	73,962	73,962
Lagoon fees	-	-	24,156	24,156
Fines and forfeitures	22,766	-	12,315	35,081
Total revenue receipts	\$ 436,944	\$ -	\$ 502,587	\$ 939,531
Total receipts	\$ 436,944	\$ -	\$ 502,587	\$ 939,531

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS

(continued)

For the Year Ended September 30, 2020

	General Fund Type		Proprietary Fund Type	Total (Memorandum Only)
	General	Special Revenue		
OPERATING DISBURSEMENTS				
General government	\$ 247,990	\$ -	\$ -	\$ 247,990
Public safety:				
Police	190,307	-	-	190,307
Fire	19,029	-	-	19,029
Highways and streets:				
Repairs and maintenance	529	-	-	529
Other	118,039	-	-	118,039
Culture and recreation:				
Parks	2,514	-	-	2,514
Library	5,264	-	-	5,264
Enterprises:				
Sanitation	-	-	38,152	38,152
Sewer utility	-	-	3,005	3,005
Water utility	-	-	437,187	437,187
Total operating disbursements	\$ 583,672	\$ -	\$ 478,344	\$ 1,062,016
Total disbursements	\$ 583,672	\$ -	\$ 478,344	\$ 1,062,016
OTHER FINANCING SOURCES (USES)				
Loans and transfers	\$ 210,500	\$ -	\$ (210,500)	\$ -
Grant	65,008	-	123,305	188,313
Miscellaneous	3,559	-	12,200	15,759
Total other receipts (disbursements)	\$ 279,067	\$ -	\$ (74,995)	\$ 204,072
Excess (deficiency) of receipts and financing sources over disbursements and other financing uses	\$ 132,339	\$ -	\$ (50,752)	\$ 81,587
Cash balance--beginning of year	297,887	1,274	69,705	368,866
Total unaccounted for	(118,585)	1	110,681	(7,903)
Cash balance--end of year	\$ 311,641	\$ 1,275	\$ 129,634	\$ 442,550

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

SELECTED INFORMATION—SUBSTANTIALLY ALL DISCLOSURES ARE NOT INCLUDED

Note 1. Summary of Significant Accounting Policies

Reporting entity

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

The citizens of Brooksville have elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

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

Fund accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in financial statements in this report, into three generic fund types and two broad fund categories as follows on the next page.

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Funds:

General Fund—the general fund is the general operating fund of the Town. 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 accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds that are legally restricted to expenditures for specified purposes. The special revenue fund reflects cash balances for the cemetery, park and recreation, and the library/Lottie Smith.

Proprietary Funds:

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

Basis of accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the liability is incurred.

Note 2. Report Classifications

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

SUPPLEMENTARY INFORMATION

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF INVESTMENTS--ALL FUNDS

September 30, 2020

Ownership	Type of Investment	Interest Rate	Other Information	Investment Cost/Value
General Fund	Certificate of deposit	1.20%	BankFirst	\$ 3,887
General Fund	Certificate of deposit	1.20%	BankFirst	47,546
General Fund	Certificate of deposit	1.20%	BankFirst	34,343
General Fund	Certificate of deposit	1.20%	BankFirst	51,705

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF LONG-TERM DEBT

September 30, 2020

Definition and Purpose	Account	Balance Outstanding 10/1/2019	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding 9/30/2020
General obligation bonds					
USDA	28-052 Ln 10	\$ 56,474	\$ -	16,902	\$ 39,572
Other long-term debt					
Hancock Whitney	76385	53,645	-	18,452	35,193

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS

September 30, 2020

Name	Position	Insurance Company	Bond Amount	Bond Number	Time Period
Eric Dooley	Alderman	Travelers Casualty & Surety	\$ 50,000	105935365	7/1/17 - 7/3/21
David Boswell	Mayor	Travelers Casualty & Surety	50,000	105935360	7/1/17 - 7/3/21
Albert "A.E." Williams	Mayor Pro-Tem	Travelers Casualty & Surety	50,000	105935363	7/1/17 - 7/3/21
Annie Anthony - Brooks	Alderwoman	Travelers Casualty & Surety	50,000	105935362	7/1/17 - 7/3/21
Curtis Bush	Alderman	Travelers Casualty & Surety	50,000	105935364	7/1/17 - 7/3/21
Tina Williams	Alderwoman	Travelers Casualty & Surety	50,000	105935361	7/1/17 - 7/3/21
Monica Chandler	City Clerk	Western Surety Company	50,000	14769306	11/14/18 - 11/14/19 11/14/19 - 11/14/20
Tochonda L. Brooks	Deputy Clerk	Travelers Casualty & Surety	50,000	106327967	7/28/20 - 7/28/20 7/28/20 - 7/27/21



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Brooksville, Mississippi as of September 30, 2020, and for the year then ended, as required by the office of the state auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts, and obtained confirmation of the related balances from the banks.

Bank	Fund	Reconciled Balance
BankFirst	General fund	\$ 26,717
BankFirst	General fund	40,441
BankFirst	General fund	94,556
	Total general fund	<u>\$ 161,714</u>
BankFirst	Special revenue fund	<u>\$ 1,275</u>
	Total special revenue fund	<u>\$ 1,275</u>
BankFirst	Water and sewer	\$ 101,367
BankFirst	Water and sewer	8,225
BankFirst	Water and sewer	10,310
BankFirst	Water and sewer	5,719
BankFirst	Water and sewer	3,684
	Total water and sewer	<u>\$ 129,305</u>
BankFirst	Clearing account	\$ 1,961
BankFirst	Payroll clearing account	1,208
	Total clearing account	<u>\$ 3,169</u>

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per G/L	Reconciled Balance
BankFirst	General fund	\$ -	\$ 52,096
BankFirst	General fund	-	38,180
BankFirst	General fund	-	42,583
BankFirst	Special revenue fund	-	1,274
BankFirst	Water and sewer	-	42,780
BankFirst	Water and sewer	-	8,217
BankFirst	Water and sewer	-	10,299
BankFirst	Water and sewer	-	5,714
BankFirst	Water and sewer	-	3,645
BankFirst	Clearing account	-	1,961
BankFirst	Payroll clearing account	-	1,208

We confirmed the certificate of deposit investments as of the fiscal year end. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

Fund	General Security	Bank Balance
General fund	Certificate of deposit	\$ 3,887
General fund	Certificate of deposit	47,546
General fund	Certificate of deposit	34,343
General fund	Certificate of deposit	51,705

The following accounts did not reconcile to the general ledger accounts:

Bank	Fund	Balance per G/L	Bank Balance
BankFirst	General fund	\$ -	\$ 3,887
BankFirst	General fund	-	47,546
BankFirst	General fund	-	34,343
BankFirst	General fund	-	51,705

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- discussed with the Town management the process used to budget for ad valorem taxes and we determined that rather than using certified county assessment rolls to set the budget for ad valorem taxes, the Town consulted with the Noxubee County Tax Collector to obtain an estimated dollar per mill amount to determine the amount of mills that should be levied;
- traced levies to governing body minutes;

- c. examined uncollected taxes for proper handling, including tax sales;
- d. we were unable to trace the distribution of taxes collected to proper funds because the Town deposits all taxes into the general fund rather than maintain separate special revenue funds for each individual levy; and
- e. analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found not to be in accordance with prescribed tax levies. However, uncollected taxes were determined to be properly handled.

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

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

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Payment</u>
Sales tax allocation city	General	\$ 117,176
TVA payments in lieu of taxes	General	5,179
Homestead exemption	General	22,903
Gasoline tax	General	3,669
General municipal aid	General	610
Fire protection allocation	General	7,378
Other grants	General	215,921
		<u>\$ 372,836</u>

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

The sample consisted of the following:

Number of sample items	22
Total dollar value of sample	\$ 39,899

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

We selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration. We found the municipality to be in agreement with the requirements of Sections 99-19-73 & 83-39-31, Miss. Code Ann. (1972).

We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicates one instance of noncompliance with state requirements. The various ad valorem tax collections have not been deposited into the appropriate funds in accordance with Section 21-33-53, Miss. Code Ann. (1972). All amounts have been deposited into the general fund.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, we believe the items specified in paragraphs 1 and 2 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statement of the Town of Brooksville, Mississippi, for the year ended September 30, 2020.

This report is intended solely for the use of the governing body of the Town of Brooksville, Mississippi, and the Office of the State Auditor and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP