

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 METCALFE, MISSISSIPPI

**Financial Statement and
Supplemental Information**

For the Year Ended September 30, 2020

**TOWN OF METCALFE, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Independent Accountant's Report	1
Combined Statement of Cash Receipts and Disbursements (All Funds)	2 - 3
Notes to the Financial Statements	4 - 8

SUPPLEMENTAL INFORMATION

	Schedule	
Schedule of Long-Term Debt	1	10
Schedule of Surety Bonds for Municipal Officials	2	11
Special Report on Agreed-Upon Procedures for Small Municipalities (Towns)		13 - 16



BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Board of Alderpersons
Town of Metcalfe, Mississippi

Management is responsible for the financial statements of the Town of Metcalfe, which comprise the combined statement of cash receipts and disbursements for each fund as of September 30, 2020; and the related notes to the financial statements 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 financial statements 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 these financial statements.

Management is also responsible for the accompanying supplementary information contained in Schedules 1 through 2, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements.

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

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated January 25, 2022, on the results of our agreed-upon procedures.

Brown, Ewing & Co.
Ridgeland, Mississippi
January 25, 2022

TOWN OF METCALFE, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds)
For the Year Ended September 30, 2020

	<u>Governmental Funds</u>			Total Memo Only 2020
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Revenue receipts:				
General property taxes	\$ 110,766	-	-	\$ 110,766
Licenses and permits	2,575	-	-	2,575
State and local grants	750	25,571	-	26,321
Federal grants	-	283,446	-	283,446
State shared revenues:				
Municipal aid	532	-	-	532
Sales tax	10,502	-	-	10,502
Gasoline tax	3,001	-	-	3,001
Fire rebates	6,437	-	-	6,437
Other				
Franchise tax	15,905	-	-	15,905
Nuclear plant	767	-	-	767
Fines and bonds	187	-	-	187
Interest income	3,936	-	-	3,936
Miscellaneous	42,218	1,295	-	43,513
Charges for services:				
Water/sewer	-	-	159,904	159,904
Natural gas	-	-	236,794	236,794
Total revenue receipts	<u>197,576</u>	<u>310,312</u>	<u>396,698</u>	<u>904,586</u>
Other receipts:				
Loan proceeds	5,000	-	-	5,000
Interfund loans and transfers	<u>224,823</u>	<u>22,274</u>	<u>-</u>	<u>247,097</u>
Total other receipts	<u>229,823</u>	<u>22,274</u>	<u>-</u>	<u>252,097</u>
Total receipts	427,399	332,586	396,698	1,156,683
Cash balance - beginning of year	<u>88,702</u>	<u>3,264</u>	<u>3,130</u>	<u>95,096</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 516,101</u>	<u>335,850</u>	<u>399,828</u>	<u>\$ 1,251,779</u>

TOWN OF METCALFE, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds) - Continued
For the Year Ended September 30, 2020

	<u>Governmental Funds</u>			Total (Memo Only) 2020
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Funds</u>	
Operating disbursements:				
General government (executive and financial)	\$ 349,440	-	-	\$ 349,440
Public safety:				
Police	66,276	-	-	66,276
Fire	7,444	-	-	7,444
Summer feeding program	-	13,795	-	13,795
Other services and charges	-	14,577	-	14,577
Enterprise:				
Water/sewer	-	-	72,208	72,208
Natural gas	-	-	85,427	85,427
Interest on loans and bonds	2,909	-	3,725	6,634
Total operating disbursements	<u>426,069</u>	<u>28,372</u>	<u>161,360</u>	<u>615,801</u>
Other disbursements:				
Principal paid on loans	2,359	-	4,652	7,011
Capital outlay	-	278,872	-	278,872
Interfund loans and transfers	-	-	224,231	224,231
Total other disbursements	<u>2,359</u>	<u>278,872</u>	<u>228,883</u>	<u>510,114</u>
Total disbursements	428,428	307,244	390,243	1,125,915
Cash balance - end of year	<u>87,673</u>	<u>28,606</u>	<u>9,585</u>	<u>125,864</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 516,101</u>	<u>335,850</u>	<u>399,828</u>	<u>\$ 1,251,779</u>

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Metcalfe operates under a Mayor - Board of Alderpersons form of government, and provides services as authorized by law.

A. Fund Accounting

The financial statement consist of all the funds of the Town of Metcalfe: General Fund, Special Revenue Funds, and the Enterprise Funds.

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

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 Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the Town's restricted resources.

PROPRIETARY FUNDS

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's Water and Sewer and Natural Gas Funds are included in this category.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

C. Total Columns on Combined Statement

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the Town as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

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.

NOTE 3 - PROPERTY TAX

Property taxes attached as an enforceable lien on property January 1. The millage rate for the Town for the fiscal year ended September 30, 2020 was 28.00 mills for general purposes.

NOTE 4 - BANK LINE OF CREDIT

The Town has available an unsecured revolving line-of-credit agreement dated June 5, 2018, with Regions Bank in which it may borrow up to \$60,000. Borrowing under the line bears a variable interest rate of 2.50% to 3.00%. At September 30, 2020, the outstanding amount on the line of credit is \$58,785. The line of credit is secured by a deed of trust.

NOTE 5 - LONG-TERM DEBT

Long-term debt consist of the following at September 30, 2020:

A. GOVERNMENTAL FUNDS:

Bank Loan

On March 30, 2018, the Mayor and Board of Alderman executed a bank loan with Regions Bank in the amount of \$8,845. The loan bears an interest rate of 6.40% maturing on April 1, 2025. The loan is payable in monthly installments of \$131.37 which includes principal and interest. The Proceeds from this loan were used to purchase a ZTrak mower and is collateralized by certain real estate owned by the Town. This debt will be retired from the general fund.

\$ 6,204

B. ENTERPRISE FUNDS:

Natural Gas Fund - Rural Development Revenue Bonds:

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$8,845 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on April 1, 2023. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the natural gas proprietary fund.

\$ 21,694

Water/Sewer Fund - Rural Development Revenue Bonds:

On August 18, 1995, the Mayor and Board of Alderman authorized the issuance of \$82,400 in combined water and sewer system revenue disposal bonds with interest rates of 5.125% maturing on October 1, 2029. Proceeds from these bonds were used to make improvements to the natural gas system facility. This debt will be retired from the water/sewer proprietary fund.

39,768

Total Long-Term Debt

\$ 61,462

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 5 - LONG-TERM DEBT (Continued)

A. GOVERNMENTAL FUNDS:

The following is a schedule by years of the total payment due on the above debt for the Governmental Funds:

Bank Promissory Note

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,221	362	\$ 1,583
2022	1,301	282	1,583
2023	1,387	196	1,583
2024	1,479	104	1,583
2025	816	16	832
Total	<u>\$ 6,204</u>	<u>960</u>	<u>\$ 7,164</u>

The following is a schedule by years of the total payment due on the above debt for the Enterprise Funds:

B. ENTERPRISE FUNDS:

Natural Gas Fund

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,073	1,071	\$ 3,144
2022	2,186	958	3,144
2023	2,300	844	3,144
2024	2,420	724	3,144
2025	2,849	295	3,144
2026-2029	9,866	980	10,846
Total	<u>\$ 21,694</u>	<u>\$ 4,872</u>	<u>\$ 26,566</u>

Water/Sewer Fund

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,401	1,831	\$ 5,232
2022	3,575	1,657	5,232
2023	3,758	1,474	5,232
2024	3,951	1,281	5,232
2025	4,153	1,079	5,232
2026-2030	20,930	2,083	23,013
Total	<u>\$ 39,768</u>	<u>\$ 9,405</u>	<u>\$ 49,173</u>

NOTE 6 - CAPITAL OUTLAY DISBURSEMENTS

The Town of Metcalfe had \$278,872 capital outlay disbursements during the current fiscal year for equipment and other capital assets.

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 7 - FEDERAL GRANTS

During the fiscal year ended September 30, 2020, the Town received federal grant funds in the amount of \$283,446 and incurred grant expenditures in the same amount.

<u>Funding Source</u>	<u>Grant Name</u>	<u>Pass-Through Grant Number</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Expended</u>
Ms Dept. of Education	School Lunch	Unknown	10.555	\$ 4,574
Mississippi Development Authority	Community Dev. Block Grant	1135-18-412-PF-01	14.218	278,872
				<u>\$ 283,446</u>

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2020.

NOTE 8 - FEDERAL PAYROLL TAXES

At September 30, 2020, the Town had an outstanding federal payroll tax liability penalty during a ten (10) year period dating back to 1999 through 2009. A breakdown of the federal payroll tax liability is listed as follows:

<u>Liability Breakdown</u>	<u>Amount</u>
Federal payroll taxes	\$ 71,001
Penalty	5,544
Interest charges	312
Total Federal Payroll Taxes Due	<u>\$ 76,857</u>

NOTE 9 - CASH RESERVE PAYROLL TAX ACCOUNT

During March 2012, the Town received \$100,000 from Ohio Casualty Insurance Company resulting from a claim filed by the Town against the former Mayor and Town Clerk. The Town used the proceeds to establish a cash account which will allow the Town to pay the back federal taxes owed the Internal Revenue Service. The Town has entered into an agreement with Internal Revenue Service to pay such tax liability over a period of time and is making monthly transfers to the cash account in the amount of \$350. At September 30, 2020 the cash reserve balance was \$102,031.

TOWN OF METCALFE, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 10 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying statement of cash receipts and disbursements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management of Town of Metcalfe evaluated the activity of the Town through January 25, 2022, which is the date the financial statements are available to be issued.

NOTE 11 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Town's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Town's net position and changes in net assets/fund balance and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SUPPLEMENTAL INFORMATION

Schedule 1

TOWN OF METCALFE, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2020

DEFINITION AND PURPOSE

Fund Type:	Outstanding Balance Oct. 1, 2019	Additions	Principal Retired	Outstanding Balance Sept. 30, 2020
Governmental Funds:				
<u>Notes Payable:</u>				
Note payable to Regions Bank	\$ <u>7,348</u>	<u>-</u>	<u>(1,144)</u>	\$ <u>6,204</u>
Total Governmental Funds	\$ <u>7,348</u>	<u>-</u>	<u>(1,144)</u>	\$ <u>6,204</u>
Enterprise Funds:				
<u>Revenue Bonds Payable:</u>				
Natural gas Rural Development revenue bond; 5.125% ; 8/1995 to 4/2029	\$ 23,672	-	(1,978)	\$ 21,694
Water/sewer Rural Development revenue bond; 5.125%; 8/1995 to 10/2030	<u>42,442</u>	<u>-</u>	<u>(2,674)</u>	<u>39,768</u>
Total Enterprise Funds	\$ <u>66,114</u>	<u>-</u>	<u>(4,652)</u>	\$ <u>61,462</u>

Schedule 2

TOWN OF METCALFE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2020

Name	Position	Company	Bond Amount
Walter McDavid, Jr.	Mayor	Travelers	\$ 100,000
Etta Christon	Alderdwoman	Travelers	100,000
Dewayne Rhodes	Alderman	Travelers	100,000
Shaquita Allen	Vice-Mayor	Travelers	100,000
Charlie Ezekiel, Jr.	Alderman	Travelers	100,000
Torrione Carter, Sr.	Alderman	Travelers	100,000
Rosie L. Chillis	Town Clerk	Travelers	50,000
Tamara Carter	Deputy Clerk	Travelers	50,000
Damon Davis	Police Chief	Travelers	50,000

TOWN OF METCALFE, MISSISSIPPI
Agreed Upon Procedures
Year Ended September 30, 2020



BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**SPECIAL REPORT ON AGREED-UPON
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Metcalfe, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Metcalfe, Mississippi's compliance with certain laws and regulations as of September 30, 2020, and for the year then ended. Management is responsible for the Town of Metcalfe, Mississippi's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. 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 purposes.

Our procedures and findings are as follows:

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

Bank	Fund	Balance per General Ledger
Regions Bank	General fund operating	\$ 9,962
Regions Bank	Fire protection fund	899
C B & S Bank	Rental units	5,432
Regions Bank	Payroll tax escrow	2,281
Regions Bank	I R S payroll escrow	99,750
Regions Bank	Accounts payable clearing	(32,351)
Regions Bank	Paymode account	153
Regions Bank	Payroll tax escrow	(4)
Regions Bank	CD Rental Units	1,551
	Total General Fund	<u>\$ 87,673</u>

Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Regions Bank	Summer Feeding Program	\$ 776
Regions Bank	CDBG	415
Regions Bank	Special Events	544
Regions Bank	Modernization use tax	25,571
Regions Bank	Community Facility Building	<u>1,300</u>
	Total Special Revenue	<u>\$ 28,606</u>
Regions Bank	Water/Sewer Operating	\$ 4,373
Regions Bank	Water/Sewer Customers Deposits	169
Regions Bank	Natural Gas Operating	4,952
Regions Bank	Natural Gas Customers Deposits	<u>91</u>
	Total Proprietary Fund	<u>\$ 9,585</u>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of deposit	Natural gas fund	\$ <u>169</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verified use of certified county assessment rolls and traced levies to governing body minutes;
 - Examined uncollected taxes for proper handling, including tax sales;
 - Traced distribution of taxes collected to proper funds; and
 - Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Mayor and Alderpersons
 Town of Metcalfe and
 Office of the State Auditor
 Metcalfe, Mississippi

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated below were traced to the 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>Balance per General Ledger</u>
General Municipal Aid	General	\$ 532
Gasoline Tax	General	3,001
Homestead Exemption		
Reimbursements	General	9,000
Sales Tax Allocation	General	10,502
Nuclear Plant	General	767
Fire protection rebate	General	6,437
School lunch program	Special Revenue	4,574
Miscellaneous other	General Fund	143
Modernization use tax	Special Revenue	25,571
MS Department of Health	Enterprise Fund	2,150
MS Development Authority	Special Revenue	<u>278,872</u>
Total		<u>\$ 341,549</u>

5. We did not select a sample of purchases made by the municipality during the fiscal year. The Town purchases did not require evaluation for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

Mayor and Alderpersons
Town of Metcalfe and
Office of the State Auditor
Metcalfe, Mississippi

6. We inquired about the Municipal Compliance Questionnaire and was informed by the Town Clerk that the questionnaire had not been completed and submitted to the proper state agency. However, we found that the Town had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had no budget overruns for the fiscal year ending September 30, 2020.

We also noted the following:

- ♦ For the current fiscal year, the Town's chart of accounts is not in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ♦ An aging report of utility customers' accounts receivable is being prepared on a monthly basis and reconciled to the general ledger.
- ♦ The Town has an outstanding federal payroll tax liability of \$76,857, of which \$5,856 represent interest and penalty. This liability covers the years 1999 through 2009.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Metcalf, Office of the State Auditor, and the State of Mississippi 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.

Brown, E. J. Co.
Ridgeland, Mississippi
January 25, 2022