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**TOWN OF OSYKA, MISSISSIPPI**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2020**

**TOWN OF OSYKA, MISSISSIPPI**

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**September 30, 2020**

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**TOWN OF OSYKA, MISSISSIPPI**  
**INDEPENDENT ACCOUNTANTS' REPORT ON**  
**AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

# HERZOG CPA COMPANY, PLLC

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## INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

The Mayor and Board of Alderpersons  
Town of Osyka, Mississippi, 39657

We have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Osyka, Mississippi, as of September 30, 2020, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Osyka, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

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

Bank	Fund	Balance Per General Ledger
First Bank	General Fund	\$ 27,743
First Bank	General Fund-Fire Protection	196
First Bank	General Fund-Police Fines and Assessments	2,245
	Total General Fund	<u>\$ 30,184</u>
First Bank	Water & Sewer Fund	\$ 2,705
First Bank	Water & Sewer Fund	38,525
	Total Water & Sewer Fund	<u>\$ 41,230</u>
First Bank	Clearing Fund	\$ 1,965
	Total Clearing Fund	<u>\$ 1,965</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).

Bank	Fund	Balance Per General Ledger
First Bank	General Fund-CD #3258	\$ 972
First Bank	Water & Sewer-CD #8210	2,049
First Bank	Water & Sewer-CD #8946	6,313
First Bank	Water & Sewer-CD #7435	1,967
First Bank	Water & Sewer-CD #7437	4,922
	Total Certificates of Deposit	<u>\$ 16,223</u>

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Traced levies to governing body minutes.
  - Traced distribution of taxes collected to proper funds; and
  - 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 to be in accordance with prescribed tax levies.

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

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

Payments traced were as follows:

Payment Purpose	Receiving Fund	Amount
Fire Protection Allocation	General Fund	\$ 2,655
Gasoline Tax	General Fund	1,320
Homestead Exemption Reimbursement	General Fund	8,950
Sales Tax Allocation	General Fund	62,916
General Municipal Aid	General Fund	219
Grand Gulf Settlement	General Fund	3,910
	Total General Fund	<u>\$ 79,970</u>
Community Development Block Grant	Water Fund	\$ 103,905
	Total Water Fund	<u>\$ 103,905</u>

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for 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: 26

Total Dollar Value of Sample: \$139,827

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

6. We selected a sample of collections of fines and forfeitures to verify that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to not be in agreement with the requirements of the above-mentioned sections.

7. We have read the Municipal Compliance Questionnaire completed by the Municipality. The completed survey indicated no instances of noncompliance with state requirements.

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, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 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, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Osyka, Mississippi, for the year ended September 30, 2020.

This report is intended solely for the use of Town of Osyka and the Office of the State Auditor, 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 not intended to be and should not be used by anyone other than those specified parties.

*Herzog CPA Company, PLLC*

**Herzog CPA Company, PLLC**  
Hattiesburg, Mississippi  
January 14, 2021



**ACCOUNTANTS' COMPILATION REPORT**

# **HERZOG CPA COMPANY, PLLC**

**Angela T. Herzog, CPA**

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## **ACCOUNTANTS' COMPILATION REPORT**

The Mayor and Board of Alderpersons  
Town of Osyka, Mississippi, 39657

Management is responsible for the accompanying financial statements of the Town of Osyka, Mississippi, which comprise the Statement of Cash Receipts and Cash Disbursements-All Funds-Cash Basis for the year ended September 30, 2020, and the related notes to the financial statements in accordance with 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

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

*Herzog CPA Company, PLLC*

**Herzog CPA Company, PLLC**

Hattiesburg, Mississippi

January 14, 2021



**TOWN OF OSYKA, MISSISSIPPI**  
**Combined Statement of Cash Receipts and Cash Disbursements-ALL FUNDS**  
**For the Years Ended September 30, 2020 and 2019**

**Exhibit 1**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals (Memorandum Only)</b>	
	<b>General Fund</b>	<b>Water Fund</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE RECEIPTS</b>				
Property Taxes	\$ 101,398	\$ -	\$ 101,398	\$ 94,509
Licenses and Permits	518	-	518	1,040
Franchise and In-Lieu Tax	14,231	-	14,231	15,315
Capital Improvement	4,953	-	4,953	-
<b>Intergovernmental Revenues:</b>				
General Municipal Aid (From State)	219	-	219	219
<b>State Shared Revenues:</b>				
Grand Gulf	3,910	-	3,910	3,918
Sales Tax	62,916	-	62,916	62,996
Infrastructure Modernization	11,797	11,795	23,592	-
Homestead Exemption				
Reimbursement	8,950	-	8,950	8,746
Fire Protection Allocation	2,655	-	2,655	2,597
Gasoline Tax	1,320	-	1,320	1,320
Rail Car Taxes	2,216	-	2,216	2,206
<b>Charges for Services:</b>				
Water/Sewer Utility	-	166,108	166,108	155,139
Garbage	31,934	-	31,934	32,432
Fines and Forfeitures	7,054	-	7,054	8,518
<b>TOTAL REVENUE RECEIPTS</b>	<b>\$ 254,071</b>	<b>\$ 177,903</b>	<b>\$ 431,974</b>	<b>\$ 388,955</b>
<b>OTHER RECEIPTS</b>				
Grant Income	\$ -	\$ 103,905	\$ 103,905	\$ 143,545
Rent	4,820	-	4,820	4,800
Interest	56	124	180	214
Meter Deposits	-	4,250	4,250	4,000
Miscellaneous	145	995	1,140	15,199
<b>TOTAL OTHER RECEIPTS</b>	<b>5,021</b>	<b>109,274</b>	<b>114,295</b>	<b>167,758</b>
<b>TOTAL RECEIPTS</b>	<b>259,092</b>	<b>287,177</b>	<b>546,269</b>	<b>556,713</b>
<b>CASH BALANCE-</b>				
<b>BEGINNING OF YEAR</b>	29,003	45,261	74,264	98,859
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<b>\$ 288,095</b>	<b>\$ 332,438</b>	<b>\$ 620,533</b>	<b>\$ 655,572</b>

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



**TOWN OF OSYKA, MISSISSIPPI**  
**Combined Statement of Cash Receipts and Cash Disbursements-ALL FUNDS**  
**For the Years Ended September 30, 2020 and 2019**

Page 2  
**Exhibit 1**

	Governmental Activities	Business-Type Activities	Totals (Memorandum Only)	
	General Fund	Water Fund	2020	2019
<b><u>CASH DISBURSEMENTS</u></b>				
Capital Outlay	\$ 57	\$ 5,387	\$ 5,444	\$ 14,982
Equipment Rental	-	-	-	238
Garbage WMI	31,601	-	31,601	30,974
Gas and Oil	6,092	1,755	7,847	10,954
Grant Expense	-	103,905	103,905	143,545
Insurance	8,530	9,097	17,627	15,678
Legal and Professional	6,231	7,638	13,869	12,861
Library Expense	7,200	-	7,200	6,981
Other Services and Repairs	16,276	27,438	43,714	50,340
Payroll Taxes	8,885	6,488	15,373	13,171
Prisoner Housing	5,556	-	5,556	4,190
Repairs-Streets and Lights	11,231	-	11,231	61,438
Retirement	18,245	13,715	31,960	26,062
Salaries	104,857	78,823	183,680	160,974
Supplies	8,418	9,088	17,506	10,498
Travel Expense	547	540	1,087	434
Utilities and Telephone	23,227	12,033	35,260	17,988
<b>TOTAL DISBURSEMENTS</b>	<b>256,953</b>	<b>275,907</b>	<b>532,860</b>	<b>581,308</b>
<b>CASH BALANCE-END OF YEAR</b>	<b>31,142</b>	<b>56,531</b>	<b>87,673</b>	<b>74,264</b>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<b>\$ 288,095</b>	<b>\$ 332,438</b>	<b>\$ 620,533</b>	<b>\$ 655,572</b>

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

**TOWN OF OSYKA, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Osyka, operates under a Mayor/Alderman form of government subject to the legal budgetary and audit requirements of the Mississippi State Department of Audit for municipalities with a population of 3,000 or less.

**A. Reporting Entity.**

The Cash Receipts and Cash Disbursements of the Town consist of all funds of the Town.

**B. Fund Accounting.**

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

**C. Basis of Accounting.**

The financials are prepared on a cash receipts and disbursements basis, as prescribed by the 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.

**NOTE 2 - REPORT CLASSIFICATION**

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

**NOTE 3 - COLLATERAL FOR DEPOSITS**

The collateral for public entities' deposits in financial institutions is now held 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 Town's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution should be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**NOTE 4 - ENCUMBRANCE ACCOUNTING**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to serve that portion of the applicable appropriation, is not used by the Town of Osyka.



**Town of Osyka, Mississippi**  
**Notes to The Financial Statements**  
**For the Year Ended September 30, 2020**

**NOTE 5 - LONG-TERM DEBT**

**Business-type Activities:**

Description	Original Issue	Int. Rate	Balance			Balance	
			Outstanding 10/01/19	Additions	Reductions	Outstanding 9/30/20	Current Maturity
2018 Ford F-150	\$ 26,269	4.50	\$ -	\$ 26,269	\$ (4,385)	\$ 21,884	\$ 4,994
	<u>\$ 26,269</u>		<u>\$ -</u>	<u>\$ 26,269</u>	<u>\$ (4,385)</u>	<u>\$ 21,884</u>	<u>\$ 4,994</u>

The following is a schedule by years of the total capital lease payments due as of September 30, 2020:

Year	Business-type Activities	
	Principal	Interest
2021	\$ 4,994	\$ 883
2022	5,224	653
2023	5,464	413
2024	5,714	162
2025	488	2
	<u>\$ 21,884</u>	<u>\$ 2,113</u>

**NOTE 6 - COMPENSATED ABSENCES**

The Town of Osyka, Mississippi, does not compensate employees for unused vacation or sick leave.

**NOTE 7 - TAX REVENUE**

Property taxes on real property, personal property, mobile homes and automobiles are collected by Pike County and remitted to Osyka monthly. The Department of Finance and Administration directly deposits the funds due the municipality each month as required.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

**Plan Description:** The Town of Osyka, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.



**TOWN OF OSYKA, MISSISSIPPI**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN – Continued**

Funding Policy: PERS members are required to contribute 9% of their annual covered salary and the Town of Osyka is required to contribute at an actuarial determined rate. In 2020, the employer contribution rate remained at 17.40% of covered salaries.

The contribution of PERS members is established and may be amended only by the State of Mississippi Legislature. The Town of Osyka, Mississippi contributions to PERS for the year ended September 30, 2020 was \$31,960 which equaled the required contributions for the year.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town of Osyka carries commercial insurance.

Grant monies received and disbursed by the Town of Osyka, Mississippi are for specific purposes and are subject to audit and review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Town does not believe that such disallowances, if any, would have a material effect on the financial position of the Town.

**NOTE 10 - SUBSEQUENT EVENTS**

Events that occur after the Statement of Financial Position report 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 Statements of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of the Town of Osyka, Mississippi evaluated the activity of the Town through January 14, 2021, and determined that the following subsequent event required disclosure in the notes to the financial statements:

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of this virus began to cause some business disruption through reduced revenue. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.

## **SUPPLEMENTARY INFORMATION**



**TOWN OF OSYKA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS-ALL FUNDS  
SEPTEMBER 30, 2020**

	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Investment Cost/Value</u>
<b>General Revenue</b>				
General Fund - Certificate of Deposit	1.59%		2/10/2021	\$ 972
<b>TOTAL GENERAL FUND</b>				<u>972</u>
 <b>Water and Sewer Fund</b>				
Enterprise Fund - Certificate of Deposit	0.55%		8/18/2022	2,049
Enterprise Fund - Certificate of Deposit	1.05%		11/8/2020	6,313
Enterprise Fund - Certificate of Deposit	0.20%		2/21/2021	1,967
Enterprise Fund - Certificate of Deposit	1.25%		9/1/2021	4,922
<b>TOTAL ENTERPRISE FUND</b>				<u>15,251</u>
 <b>TOTAL INVESTMENTS-ALL FUNDS</b>				<u><u>16,223</u></u>

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



**TOWN OF OSYKA, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
For the Fiscal Year Ended September 30, 2020**

	<u>Balance Outstanding October 1, 2019</u>	<u>Transactions during Fiscal Year Issued</u>	<u>Transactions during Fiscal Year Redeemed</u>	<u>Balance Outstanding September 30, 2020</u>
<b>DEFINITION AND PURPOSE</b>				
<u>Other Long-Term Debt:</u>				
Capital Lease - 2018 Ford F-150	<u>\$ -</u>	<u>\$ 26,269</u>	<u>\$ (4,385)</u>	<u>\$ 21,884</u>

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

## **OTHER INFORMATION**



**TOWN OF OSYKA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
**For the Year Ended September 30, 2020**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Allen Applewhite	Mayor	MS Municipal	\$ 50,000
Tommy Kizer	Aldersperson	MS Municipal	10,000
Carey Christian	Aldersperson	MS Municipal	10,000
Roddie Varnado, Jr.	Aldersperson	MS Municipal	10,000
James K. Morris, Jr.	Aldersperson	MS Municipal	10,000
Betty R. Mullins	Aldersperson	MS Municipal	10,000
Robert Mullins	Police Chief	Travelers	50,000
Felder Smith, Sr.	Patrolman	Travelers	25,000
Pamela Simmons	Deputy City Clerk	Travelers	50,000
Cheryl Bonvillian	Deputy City Clerk	Travelers	50,000
Hilda Wall	City Clerk	Travelers	50,000