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TOWN OF SUMRALL, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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**TOWN OF SUMRALL, MISSISSIPPI
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sumrall, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting, as described in Note 1 of the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sumrall, Mississippi, as of September 30, 2020, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Other Matters

Management's Discussion and Analysis

The Town of Sumrall, Mississippi has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplemental Information

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

Other Supplemental Information

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



KING CPA, PLLC
September 30, 2021

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Entity-Wide

For the Year Ended September 30, 2020

Functions/Programs	Program Receipts			Net Cash Excess (Deficit)		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 360,429	\$ 20,337	\$ 12,274	\$ -	\$ (327,818)	\$ (327,818)
Public safety	594,062	27,134	8,573	-	(558,355)	(558,355)
Streets	543,604	-	4,352	31,582	(507,670)	(507,670)
Parks and recreation	389,708	-	-	2,000,000	1,610,292	1,610,292
Interest on long-term debt	6,472	-	-	-	(6,472)	(6,472)
Total governmental activities	1,894,275	47,471	25,199	2,031,582	209,977	209,977
Business-type activities						
Water & sewer	875,524	503,083	-	-		(372,441)
Garbage	81,164	132,704	-	-	51,540	51,540
Total business-type activities	956,688	635,787	-	-	(320,901)	(320,901)
Total	\$ 2,850,963	\$ 683,258	\$ 25,199	\$ 2,031,582	\$ 209,977	\$ (110,924)
General receipts						
Property taxes					439,076	439,076
Sales taxes					644,543	644,543
Franchise taxes					82,728	82,728
Interfund Transfers					(3,421)	(2,616)
Other					15,310	17,815
Unrestricted investment earnings					50,081	31,064
Total general receipts, transfers and special items					1,228,317	46,263
Change in Net Position (Cash)					1,438,294	(274,638)
Net Position (Cash) - beginning					1,257,335	1,670,722
Net Position (Cash) - ending					\$ 2,695,629	\$ 1,396,084
Restricted					\$ 1,032	\$ 174,051
Unrestricted					2,694,597	1,222,033
Total Net Position (Cash)					\$ 2,695,629	\$ 1,396,084

See accompanying notes and independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Governmental Funds
For the Year Ended September 30, 2020

	Governmental Funds <u>General Fund</u>	Special Revenue <u>Fund</u>	Total <u>All Funds</u>
RECEIPTS:			
General property taxes, penalties & interest	\$ 439,076	\$ -	\$ 439,076
Licenses and permits	20,337	-	20,337
Franchise tax on utilities	82,728	-	82,728
State shared revenue:			
General Municipal Aid	709	-	709
Sales tax	644,543	-	644,543
Modernization Use Tax	31,582	-	31,582
Gasoline Tax	4,352	-	4,352
Fire protection	8,573	-	8,573
Homestead exemption	11,565	-	11,565
State Bond Grant	-	2,000,000	2,000,000
Court fines	27,134	-	27,134
Miscellaneous	15,310	-	15,310
Interest income	14,466	35,615	50,081
Total receipts	<u>1,300,375</u>	<u>2,035,615</u>	<u>3,335,990</u>
DISBURSEMENTS:			
General government	357,659	-	357,659
Public safety			
Police	473,441	-	473,441
Fire	46,691	-	46,691
Court	73,930	-	73,930
Streets	521,382	-	521,382
Library, parks, and recreation	5,698	-	5,698
Principal	22,222	-	22,222
Interest expense	6,472	-	6,472
Capital Outlay	2,770	384,010	386,780
Total operating disbursements	<u>1,510,265</u>	<u>384,010</u>	<u>1,894,275</u>
Excess (deficiency) of receipts over disbursements	<u>(209,890)</u>	<u>1,651,605</u>	<u>1,441,715</u>
Other financing sources (uses)			
Other Interfund	(3,421)	-	(3,421)
Cash basis fund balance - beginning	<u>793,047</u>	<u>464,288</u>	<u>1,257,335</u>
Cash basis fund balance - ending	<u>\$ 579,736</u>	<u>\$ 2,115,893</u>	<u>\$ 2,695,629</u>
Restricted	\$ 1,032	\$ -	\$ 1,032
Assigned	85,173	-	85,173
Unassigned	<u>493,531</u>	<u>2,115,893</u>	<u>2,609,424</u>
Total cash basis fund balance	<u>\$ 579,736</u>	<u>\$ 2,115,893</u>	<u>\$ 2,695,629</u>

See accompanying notes and independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Statement of Cash Receipts and Disbursements
Enterprise Funds
For the Year Ended September 30, 2020

	Enterprise Funds <u>Water & Sewer Fund</u>
RECEIPTS:	
Charges for services	\$ 635,787
Miscellaneous	17,815
Interest income	<u>31,064</u>
Total receipts	<u>684,666</u>
DISBURSEMENTS:	
Water utility operations	335,491
Sewer operations	81,164
Capital Outlay	<u>540,033</u>
Total operating disbursements	<u>956,688</u>
Excess (deficiency) of receipts over disbursements	<u>(272,022)</u>
Other financing sources (uses)	
Other interfund	(2,616)
Cash basis fund balance - beginning	<u>1,670,722</u>
Cash basis fund balance - ending	<u>\$ 1,396,084</u>
Restricted	\$ 174,051
Assigned	200,753
Unassigned	<u>1,021,280</u>
Total cash basis fund balance	<u>\$ 1,396,084</u>

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Government-wide Statements

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

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

Fund Financial Statements

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

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

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

PROPRIETARY FUNDS

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Classifications

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

Budgets

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

Investments

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

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

Property Tax Revenue

Property taxes are assessed by the Town on a calendar year basis. For 2020, the Town requested 36.00 mils for general. Property taxes are considered delinquent February 1 and a tax sale is held in August for unpaid taxes. Property Tax revenue is recognized when collected, due to the uncertainty of collecting property taxes after September 30.

Net Cash Basis Fund Balance

In government-wide statement of cash receipts and disbursements, Net cash position displays two components: restricted net cash position (distinguished between major categories of restrictions); and unrestricted net cash position. Unrestricted net cash position represent the net position available for future operations.

Governmental fund balances are classified as restricted, committed, assigned, or unassigned. Restricted fund balance has limitations imposed by creditors, grantors, or contributors, or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by a formal action of the Town Board. Assigned fund balance is a limitation imposed by the intent of the Town Board to use for a specific purpose, but are neither restricted nor committed. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above categories.

Proprietary fund net cash fund balance are classified the same as in the governmental fund statements.

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

Cash and Cash Equivalents

The carrying amount of the municipality's deposits with financial institutions reported in the governmental funds and business-type activities was \$2,695,629 and \$1,396,084, respectively. The bank balance was \$2,877,317 for governmental funds and \$1,413,605 for business-type activities

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2020, none of the district's bank balance was exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

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

NOTE 4 – BONDS PAYABLE

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

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the

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

NOTE 4 – BONDS PAYABLE (continued)

purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes are levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore, or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally- owned utility, or to bonds issued by any municipality under the provisions of Section 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53, or to any indebtedness incurred under Section 55-23-8.

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2020:

<u>Authorized Debt Limit</u>	<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation of fiscal year ended September 30, 2020	\$ 13,660,528	\$ 2,049,079
Present debt subject to 15% limitation	-	-
Present debt subject to 20% limitation including debt subject to 15% limitation	-	(261,811)
Margin for further debt under respective debt limits	<u>\$ 2,049,079</u>	<u>\$ 2,470,295</u>

NOTE 5 – DEFINED BENEFIT PENSION PLAN

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

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town of Sumrall is required to contribute at an actuarial determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2020, 2019, and 2018, were \$104,260, \$87,578, and \$74,247, respectively, which equaled the required contributions for each year.

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

NOTE 6 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for this risk. Settle claims resulting from these insured risks have not exceeded commercial insurance coverage in this fiscal year.

NOTE 7 – COMMITMENTS, CONTINGENCIES AND LITIGATION

Net Pension Liability

As of September 30, 2020, the Town of Sumrall's share of the PERS total net pension liability is approximately \$1,730,099 based on proportionate share of 0.008937%.

Investigation

In July 2020, while performing normal review procedures, Management determined a potential discrepancy in water and sewer revenue. The Mississippi State Auditor's office is in charge and the investigation is currently ongoing. The net loss or recovery to the Town is unknown at this time.

NOTE 8 – SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed after the Statement date require disclosure in the accompanying notes. Management has considered subsequent events through September 30, 2021, the date of the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On March 11, 2020 the World Health Organization declared Covid-19 a pandemic, which has continued to develop rapidly throughout 2020 and 2021. In response, measures taken by the United States and state and local governments to contain the virus have affected businesses and activities. We have taken a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our employees and community. At this stage, the impact on our business and activities has been positive and we expect this to remain the case.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF SUMRALL, MISSISSIPPI
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
RECEIPTS					
Property taxes	\$ 406,654	\$ 406,654	\$ 439,076	\$ -	\$ 32,422
License and permits	93,105	93,105	103,064	-	9,959
Intergovernmental revenues	618,230	618,230	701,323	-	83,093
Fines and forfeitures	11,200	11,200	27,555	-	16,355
Miscellaneous	16,900	16,900	29,357	-	12,457
TOTAL RECEIPTS	1,146,089	1,146,089	1,300,375	-	154,286
EXPENDITURES					
General government	392,785	392,785	360,429	-	32,356
Public safety-police	526,170	550,670	473,441	(24,500)	77,229
Public safety-fire	58,600	58,600	46,691	-	11,909
Court	69,655	73,755	73,930	(4,100)	(175)
Public works-street	771,265	772,365	550,076	(1,100)	222,289
Miscellaneous	-	-	-	-	-
Library, parks, and recreation	13,470	13,470	5,698	-	7,772
TOTAL EXPENDITURES	1,831,945	1,861,645	1,510,265	(29,700)	351,380
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	(685,856)	(715,556)	(209,890)	29,700	505,666
NET CHANGE IN CASH BALANCE	\$ (685,856)	\$ (715,556)	(209,890)	\$ 29,700	\$ 505,666
Adjustments to Cash Basis					
Revenue					
Expense			(3,421)		
NET CHANGE IN CASH BALANCE			(3,421)		
CASH BALANCE-BEGINNING			793,047		
CASH BALANCE-ENDING			\$ 579,736		

See accompanying independent auditors' report.

TOWN OF SUMRALL, MISSISSIPPI
Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variances	
				<u>Positive (Negative)</u>	
	Original	Final	(Budgetary Basis)	Original to Final	Final to Actual
RECEIPTS					
TAP Grant	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ (300,000)
Hwy 42 Rec Park	150,000	2,000,000	2,000,000	1,850,000	-
Interest Income		41,000	35,615	41,000	(5,385)
Miscellaneous	<u>125,590</u>	<u>176,180</u>	<u>-</u>	<u>50,590</u>	<u>(176,180)</u>
TOTAL RECEIPTS	<u>575,590</u>	<u>2,517,180</u>	<u>2,035,615</u>	<u>1,941,590</u>	<u>(481,565)</u>
EXPENDITURES					
Capital Outlay	1,034,216	1,175,590	384,010	141,374	(791,580)
TOTAL EXPENDITURES	<u>1,034,216</u>	<u>1,175,590</u>	<u>384,010</u>	<u>141,374</u>	<u>(791,580)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(458,626)	1,341,590	1,651,605	1,800,216	(1,273,145)
NET CHANGE IN CASH BALANCE	<u>\$ (458,626)</u>	<u>\$ 1,341,590</u>	1,651,605	<u>\$ 1,800,216</u>	<u>\$ (1,273,145)</u>
CASH BALANCE-BEGINNING			<u>464,288</u>		
CASH BALANCE-ENDING			<u>\$ 2,115,893</u>		

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF SUMRALL, MISSISSIPPI
Schedule of Investments
For the Year Ended September 30, 2020

The Town of Sumrall had no investments other than interest bearing bank accounts as of September 30, 2020.

TOWN OF SUMRALL, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2020

Governmental Activities	Balance 10/1/2019	Additions	Deletions	Adjustments	Balance 9/30/2020
Capital assets:					
Land	\$ 58,000	\$ -	\$ -	\$ -	\$ 58,000
Buildings	298,877	14,755	-	(2,300)	311,332
Machinery and Equipment	913,603	20,088	-	(37,758)	895,933
Infrastructure	3,347,153	624,069	-	428,684	4,399,906
Total Governmental activities capital assets	\$ 4,617,633	\$ 658,912	\$ -	\$ 388,626	\$5,665,171
Accumulated Depreciation	778,808	126,898	-	(151,002)	\$ 754,704
Total Governmental activities net assets	\$ 3,838,825	\$ 532,014	\$ -	\$ 539,628	\$4,910,467
Business-type Activities					
Capital assets:					
Land	\$ 51,627	\$ -	\$ -	\$ 90,359	\$ 141,986
Buildings	447,533	-	-	(365,076)	82,457
Machinery and Equipment	397,646	23,514	-	37,897	459,057
Infrastructure	5,478,757	532,133	-	137,400	6,148,290
Total Business-type activities capital assets	\$ 6,375,563	\$ 555,647	\$ -	\$ (99,420)	\$6,831,790
Accumulated Depreciation	2,429,098	126,295	-	(238,098)	2,317,295
Total Business-type activities net assets	\$ 3,946,465	\$ 429,352	\$ -	\$ 138,678	\$4,514,495

See accompanying independent auditors' report.

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

	BALANCE September 30, 2019	Transactions During Fiscal Year		BALANCE September 30, 2020	INTEREST PAID
		ISSUED	REDEEMED		
Mississippi Development Authority -Capital Improvements Program	\$ 284,939	\$ -	\$ 23,128	\$ 261,811	<u>\$5,566</u>

See accompanying independent auditors' report.

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

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

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

<u>NAME</u>	<u>POSITION</u>	<u>BOND AMOUNT</u>	<u>COMPANY</u>	<u>BOND NO.</u>	<u>TERM</u>
Thomas Heath Sumrall	Mayor	\$ 50,000	Travelers	106775730	7/3/2017-6/30/2021
Brittany Fortenberry	Alderman	\$ 50,000	Travelers	106775903	8/16/2017-6/30/2021
James Ford	Alderman	\$ 50,000	Travelers	106775733	7/3/2017-6/30/2021
Dennis Granberry	Alderman	\$ 50,000	Travelers	106775731	7/3/2017-6/30/2021
Shirley Barnard	Alderman	\$ 50,000	Travelers	106775732	7/3/2017-6/30/2021
Larene McLendon	Alderman	\$ 50,000	Travelers	106775734	7/3/2017-6/30/2021
Jo Ann Robbins	City Clerk	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021
Juanyana Holloway	Deputy Clerk	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021
Cassie Dement	Deputy Clerk	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021
Elsie Cowart	Police Chief	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021
Elsie Cowart	Deputy Court Clerk	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021
Stephanie Bourgeois	Municipal Court Clerk	\$ 50,000	Travelers	105072877	8/1/2020-8/1/2021

See accompanying independent auditors' report.

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

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Mississippi Society of
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities and the business-type activities of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Sumrall, Mississippi's basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sumrall, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KING CPA, PLLC
September 30, 2021

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

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

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

We have audited the basic financial statements of the Town of Sumrall, Mississippi as of and for the year ended September 30, 2020 and have issued our report dated September 30, 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 no material instances of noncompliance with state laws and regulations.

King CPA, PLLC

KING CPA, PLLC
September 30, 2021

SCHEDULE OF FINDINGS AND RESPONSES

**TOWN OF SUMRALL, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section 1: Financial Statement Findings

2020-01 – Significant Deficiency in Internal Control

Condition: Improper recording of cash receipts and disbursements and transfers.

Criteria: Balance sheet accounts are not reconciled to underlying subsidiary records for water and sewer customer receivables, customer meter deposits, due to from other funds and payroll related liabilities. Some revenues are recorded on accrual basis and some cash revenues are not recorded.

Effect: Errors in recording receipts, disbursements and transfers were not detected and corrected on a timely basis.

Recommendation: We recommend reviewing the procedures for closing and reconciling month end accounting records and make the appropriate changes to ensure proper recording of all cash receipts and disbursements.

Response: Management agrees the process for recording, reviewing and reconciling financial transactions should be improved. Management will communicate with the external accounting firm regarding additional procedures. Also, accounting software will be evaluated to determine best practices for recording financial transactions.