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TOWN OF TYLERTOWN, MISSISSIPPI

Audited Financial Statements
For the Year Ended September 30, 2020

**TOWN OF TYLERTOWN, MISSISSIPPI
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Alderpersons
Town of Tylertown, Mississippi

We have audited the accompanying financial statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tylertown, Mississippi for the year ended September 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement in order to design audit procedures that are appropriate in the

Auditor's Responsibility – continued

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 statement. 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 statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the governmental activities, business-type activities, each major fund, and the remaining fund information of the Town of Tylertown, Mississippi for the year ended September 30, 2020 in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

As discussed in Note 1, the Town of Tylertown, Mississippi prepares its financial statements 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. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis information 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 operational, economic, or historical context. Our opinions on the financial statement are not affected by this missing information.

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 14-15 be presented 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Tylertown, Mississippi. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statement.

The supplemental information section, which includes the Schedule of Capital Assets, Schedule of Surety Bonds, and Schedule of Long-term Debt is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, on our consideration of the Town of Tylertown, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Scotty McDaniel, CPAs
August 26, 2021

FINANCIAL STATEMENTS

TOWN OF TYLERTOWN, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
As of and For the Year Ended September 30, 2020

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Water, Sewer and Sanitation Fund	Total
RECEIPTS					
Property taxes	\$ 704,407		704,407		-
Penalties and interest on delinquent taxes	4,175		4,175		-
Sales taxes	650,198		650,198		-
Franchise fees	50,302		50,302		-
Licenses and other revenue	11,866		11,866		-
Fines and forfeitures	8,149		8,149		-
Intergovernmental revenues	123,959	54,661	178,620		-
Charges for services			-	709,292	709,292
Rental fees	87,978	69,206	157,184		-
Interest income	12,238	3,907	16,143	5,520	5,520
Miscellaneous revenues	97,004		97,004	29,051	29,051
Total receipts	<u>1,750,074</u>	<u>127,774</u>	<u>1,877,848</u>	<u>744,763</u>	<u>744,763</u>
DISBURSEMENTS					
General government	406,835	19,650	426,485		-
Public safety - police	536,583		536,583		-
Public safety - fire	55,631		55,631		-
Public works	266,578		266,578		-
Parks and recreation	61,979		61,979		-
Economic development	56,681		56,681		-
Other	36,167		36,167		-
Enterprises:					
Water, sewer, and sanitation			-	627,036	627,036
Debt service on loans		9,525	9,525	69,973	69,973
Total disbursements	<u>1,420,454</u>	<u>29,175</u>	<u>1,449,629</u>	<u>697,009</u>	<u>697,009</u>
Excess of Receipts over (under) Disbursements	<u>329,620</u>	<u>98,599</u>	<u>428,219</u>	<u>47,754</u>	<u>47,754</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF TYLERTOWN, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
As of and For the Year Ended September 30, 2020

	Governmental Activities			Business-Type Activities	
	General Fund	Other Nonmajor Funds	Total	Water, Sewer and Sanitation Fund	Total
OTHER CASH SOURCES (USES)					
Capital outlay	(142,406)	(54,661)	(197,067)	-	-
Total other cash sources and (uses)	(142,406)	(54,661)	(197,067)	-	-
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	167,214	43,938	231,152	47,754	47,754
Cash Basis Assets - End of Year					
Cash and cash equivalents	1,145,697	269,124	1,414,821	428,432	428,432
Total Cash Basis Assets	<u>1,145,697</u>	<u>269,124</u>	<u>1,414,821</u>	<u>428,432</u>	<u>428,432</u>
Cash Basis Fund Balances - End of Year					
Unreserved	1,145,697	269,124	1,414,821	428,432	428,432
Total Cash Basis Fund Balance	<u>1,145,697</u>	<u>269,124</u>	<u>1,414,821</u>	<u>428,432</u>	<u>428,432</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF TYLERTOWN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: Summary of Significant Accounting Policies.

The Town of Tylertown, Mississippi was incorporated on December 19, 1907, under the provisions of the laws of the State of Mississippi. The Town operates under an Aldermen-Mayor form of government, with a Mayor and five Aldermen serving as the governing body. Elected officials include the Mayor, and five Aldermen. Services provided by the Town include: Public Safety – Police and fire, Highways and Street, Water and Sewer, Health and Social Services, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administration Services. A public school system is available to residents of the Town of Tylertown but is not under jurisdiction of the Town government.

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.

A. Reporting Entity.

The financial statements of the Town consist only of the funds and accounts of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Town of Tylertown is the primary government which includes street maintenance, police and fire protection, water and sewer services, and garbage pick-up services. These services are departments of the primary government and these departments are supervised by and responsible to the Mayor and the Board of Aldermen. There are no component units.

B. Fund Financial Statements.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

The Town reports the following major government fund:

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.

The town reports the following enterprise funds:

Water and Sewer – The Water and Sewer fund is 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 user

TOWN OF TYLERTOWN, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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.

Solid Waste – The Solid Waste fund is 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 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.

Other non-major funds:

Special Revenue Funds – Special revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes.

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for Debt Service

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and Trust Funds).

C. Assets and Net Assets or Equity.

Cash and cash equivalents

The Town holds cash and cash equivalents in their respective funds. The Town considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for special purposes. Designations of fund balance represent tentative management plans that are subject to change.

TOWN OF TYLERTOWN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 2: Cash and Cash Equivalents

The Town deposits funds in financial institutions selected by the Board of aldermen.

All cash and checking accounts are with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) which insures the account for \$250,000. The collateral for public entities' deposits in the 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 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 Depository Insurance Corporation. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town.

At year-end, the carrying or book amount of the Town's deposits were \$1,843,253. At year-end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2020, none of the Town's bank balance was exposed to custodial credit risk.

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2020, the Town had no investments.

TOWN OF TYLERTOWN, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Following is a list of the Town's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations.

Certificates of deposit with municipal depositories approved annually by the State Treasurer bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3: Property Taxes

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority.

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on January 1 and payable on or before February 1. The town bills and collects its own property taxes except for the personal auto and mobile home taxes that are collected for and remitted to the Town by the county tax collector. The millage rate for the Town for January through December 2019 was .42 mills, allocated for the general fund.

NOTE 4: Defined Benefit Pension Plan

Plan Description

The Town contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

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 report may be obtained by writing to Public Employees' retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 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 is required to contribute at an actuarial determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town

TOWN OF TYLERTOWN, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

of Tylertown's contributions to PERS for the years ending September 30, 2020, 2019, and 2018, were \$106,310, \$104,200, and \$103,417, respectively, equaled to the required contributions for each year.

NOTE 5: 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 these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 6: Contingencies – Pending or Threatened Litigation

According to the Town attorney, there are currently no material matters under litigation.

NOTE 7: Concentration of Credit Risk

The Town derives most of its revenues from the citizens of the Town. The Town is located in Walthall County, Mississippi.

NOTE 8: Subsequent Events

The Town had no subsequent events of a material nature requiring adjustment to or disclosure in the financial statement through August 26, 2021, the date the financial statement was approved by the Town's management and thereby available to be released.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule 1

	Budgeted Amounts		Actual		Variances
	Final		(GAAP Basis)		Positive (Negative) Final to Actual
REVENUES					
Taxes - property	\$ 704,407		\$ 704,407		-
Penalties and interest	4,175		4,175		-
Taxes - sales and other	650,198		650,198		-
Franchise fees	50,302		50,302		-
Licenses and permits	11,666		11,666		-
Intergovernmental revenues	123,959		123,959		-
Fines and forfeitures	8,149		8,149		-
Rental income	87,978		87,978		-
Interest income	12,236		12,236		-
Miscellaneous Revenues	97,004		97,004		-
Total Revenues	1,750,074		1,750,074		-
EXPENDITURES					
General government	406,835		406,835		-
Public safety - police	536,583		536,583		-
Public safety - fire	55,631		55,631		-
Public works	266,578		266,578		-
Parks and recreations	61,979		61,979		-
Economic development	56,681		56,681		-
Other	36,167		36,167		-
Total Expenditures	1,420,454		1,420,454		-
Excess of Revenues over (under) Expenditures	329,620		329,620		-
OTHER FINANCING SOURCES (USES)					
Capital outlay	(142,405)		(142,405)		-
Total Other Financing Sources and Uses	(142,405)		(142,405)		-
Net Changes in Fund Balances	187,214		187,214		-
Fund Balances - Beginning	958,483		958,483		-
Fund Balances - Ending	\$ 1,145,697		\$ 1,145,697		-

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TYLERTOWN, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Note A – Budgetary Information

Generally, in the of August, prior to the ensuing fiscal year beginning October 1, the Board of Alderpersons of the Town, using historical and anticipated fiscal data, prepares an original budget for the general fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the cash and investment balances. When during the fiscal year it appears to the Board of Alderpersons that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared on the cash basis of accounting.

Note B -Basis of Presentation.

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual amounts on a budgetary basis, and variances between the final budget and the actual data.

As discussed in Note 1, the financial statements are prepared on the cash basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

SUPPLEMENTARY INFORMATION

TOWN OF TYLERTOWN, MISSISSIPPI

SCHEDULE OF CAPITAL ASSETS

For the Fiscal Year Ended September 30, 2020

	Balance 10/1/2019	Increases	Decreases	Balance 9/30/2020
Governmental Activities:				
Capital Assets:				
Land	\$ 328,476			\$ 328,476
Buildings	1,320,344			1,320,344
Improvements other than buildings	338,058			338,058
Machinery and equipment	1,290,946			1,290,946
Transportation equipment	274,716			274,716
Infrastructure	1,582,899	142,406		1,725,305
Total Governmental activities capital assets	5,135,439	142,406	-	5,277,845

	Balance 10/1/2019	Increases	Decreases	Balance 9/30/2020
Business-type Activities:				
Capital Assets:				
Land	\$ 33,346			33,346
Buildings	241,915			241,915
Plant and distribution system	4,177,618	54,661		4,232,479
Machinery and equipment	230,107			230,107
Transportation equipment	579,785			579,785
Total Business-type activities capital assets	5,262,971	54,661	-	5,317,632

TOWN OF TYLERTOWN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2020

Name	Position	Surety	Bond Amount
Edward Hughes	Mayor	F & D Surety	\$ 50,000
Doug Walker	Alderman	Travelers Casualty & Surety	25,000
Carolyn Magee	Alderwoman	Travelers Casualty & Surety	25,000
Mary Lib Duncan	Alderwoman	Travelers Casualty & Surety	25,000
Stormy Jefferson	Alderman	Travelers Casualty & Surety	25,000
Fred Lambert	Alderman	Travelers Casualty & Surety	25,000
Lori Hawn	City Clerk	F & D Surety	50,000
Brandon Bright	Police Chief	Western Surety	50,000
Aquaria McCray	Water Clerk	Western Surety	50,000
Melody Rushing	Court Clerk	Western Surety	50,000

TOWN OF TYLERTOWN, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2020

	Balance Outstanding Oct. 1, 2019	Issued	Redeemed	Balance Outstanding Sept. 30, 2020
Long-term debt:				
MS Development Authority	\$ 85,870		(14,469)	\$ 71,411
MS Department of Environmental Quality	30,969		(5,979)	24,990
Citizens Bank	103,885		(51,189)	52,696
Total	<u>220,724</u>	<u>-</u>	<u>(71,627)</u>	<u>149,097</u>
Grand Total Debt	<u>\$ 220,724</u>	<u>-</u>	<u>(71,627)</u>	<u>\$ 149,097</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

August 26, 2021

To the Honorable Mayor and Board of Alderpersons
Town of Tylertown

We have audited the financial statements of each major fund and the aggregate remaining fund information of Town of Tylertown as of and for the year ended September 30, 2020, which collectively comprise Town of Tylertown's basic financial statements and have issued our report thereon dated August 26, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the town's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the town's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the town's financial statements are free of 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*.

This report is intended solely for the information and use of the board and management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Scotty McDaniel, CPAs

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

To the Honorable Mayor and Board of Alderpersons
Town of Tylertown, Mississippi

We have audited the financial statements of each major fund, and the aggregate remaining fund information of the Town of Tylertown, Mississippi as of and for the year ended September 30, 2020, and have issued our report hereon dated August 26, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town's management and the Office of the State Auditor, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Stringer & Company, CPAs
August 26, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Town of Tylertown, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued on the financial statements: | unmodified |
| 2. Material noncompliance relating to the financial statements ? | no |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified ? | no |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | no |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Scotty McDaniel, CPA

Certified Public Accountant / Financial Consultant

MEMBER

Scotty McDaniel, CPA

Mississippi Society
of Certified Public
Accountants

Mayor & Board Members
Town of Tylertown
Tylertown, MS 39667

To Mayor & Board Members:

Thank you for the opportunity to work with the Town of Tylertown. The following are comments related to the audit for the year ending 09/30/2020.

1. All expenses tested were supported by a paid invoice and were properly approved. We tested over 100 paid invoices, these expenses appeared documented and recorded correctly.
2. All capital assets that we tested were located and verified. We visited different locations of the Town to verify capital assets.
3. Payroll was verified and equaled reports filed with the Internal Revenue Service.
4. We were able to trace water fees collected, taxes collected, court fines received, and other revenue sources to a deposit slip and where that money was deposited in the bank.
5. The Town is doing a good job of keeping expenses and operating costs as low as possible.
6. The Town is doing a good job of keeping long-term debt low.
7. The Town has a financial Alt-Z ratio of 28.4, anything over a 3.0 is consider very good. This financial ratio measures the overall financial strength of a town or company.

Best regards,

Scotty McDaniel, CPA

August 26, 2021