

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF BROOKSVILLE, MISSISSIPPI

**COMPILATION AND AGREED-UPON
PROCEDURES REPORT**

For the Year Ended September 30, 2021



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying financial statement the Town of Brooksville, Mississippi which comprise the statement of cash receipts and disbursements—all funds as of September 30, 2021, and the selected information in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the statement of cash receipts and disbursements.

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

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
May 10, 2022

REA, SHAW, GIFFIN & STUART, LLP

TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS

For the Year Ended September 30, 2021

	General Fund Type		Proprietary	Total
	General	Special Revenue	Fund Type	(Memorandum Only)
REVENUE RECEIPTS				
General property taxes	\$ 261,758	\$ -	\$ -	\$ 261,758
Penalties and interest	531	-	121	652
Intergovernmental revenues:				
Federal revenue:				
Fire protection	17,509	-	-	17,509
State shared revenues:				
TVA payments	5,221	-	-	5,221
Sales tax	122,528	-	-	122,528
Gasoline tax and municipal aid	4,279	-	-	4,279
County revenues:				
Road and bridge tax	24,488	-	-	24,488
Charge for services:				
Sewer utility	-	-	78,023	78,023
Water utility	-	-	302,516	302,516
Garbage fees	-	-	75,460	75,460
Lagoon fees	-	-	24,633	24,633
Fines and forfeitures	10,373	-	13,148	23,521
Total revenue receipts	\$ 446,687	\$ -	\$ 493,901	\$ 940,588
Total receipts	\$ 446,687	\$ -	\$ 493,901	\$ 940,588

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS--ALL FUNDS

(continued)

For the Year Ended September 30, 2021

	General Fund Type		Proprietary	Total
	General	Special Revenue	Fund Type	(Memorandum Only)
OPERATING DISBURSEMENTS				
General government	\$ 265,093	\$ -	\$ -	\$ 265,093
Public safety:				
Police	207,823	-	-	207,823
Fire	15,754	-	-	15,754
Highways and streets:				
Repairs and maintenance	3,531	-	-	3,531
Other	105,850	-	-	105,850
Culture and recreation:				
Parks	17,195	-	-	17,195
Library	8,482	-	-	8,482
Enterprises:				
Sanitation	-	-	36,560	36,560
Sewer utility	-	-	3,335	3,335
Water utility	-	-	276,911	276,911
Total operating disbursements	\$ 623,728	\$ -	\$ 316,806	\$ 940,534
Total disbursements	\$ 623,728	\$ -	\$ 316,806	\$ 940,534
OTHER FINANCING SOURCES (USES)				
Loans and transfers	\$ 47,718	\$ 133,125	\$ (180,843)	\$ -
Miscellaneous	251,610	-	15,220	266,830
Total other receipts (disbursements)	\$ 299,328	\$ 133,125	\$ (165,623)	\$ 266,830
Excess (deficiency) of receipts and financing sources over disbursements and other financing uses	\$ 122,287	\$ 133,125	\$ 11,472	\$ 266,884
Cash balance--beginning of year	311,641	1,275	129,634	442,550
Total unaccounted for	9,576	2	22,973	32,551
Cash balance--end of year	\$ 443,504	\$ 134,402	\$ 164,079	\$ 741,985

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

SELECTED INFORMATION—SUBSTANTIALLY ALL DISCLOSURES ARE NOT INCLUDED

Note 1. Summary of Significant Accounting Policies

Reporting entity

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

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

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

Fund accounting

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

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Funds:

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

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

Proprietary Funds:

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

Basis of accounting

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

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

Note 2. Report Classifications

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

SUPPLEMENTARY INFORMATION

TOWN OF BROOKSVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS--ALL FUNDS
September 30, 2021

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of deposit	1.20%	BankFirst	\$ 3,894
General Fund	Certificate of deposit	1.20%	BankFirst	47,641
General Fund	Certificate of deposit	1.20%	BankFirst	34,411
General Fund	Certificate of deposit	1.20%	BankFirst	51,808

See Independent Accountants' Compilation Report.

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF LONG-TERM DEBT

September 30, 2021

Definition and Purpose	Account	Balance Outstanding 10/1/2020	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding 9/30/2021
General obligation bonds					
USDA	28-052 Ln 10	\$ 39,572	\$ -	17,710	\$ 21,862
Other long-term debt					
Hancock Whitney	76385	35,193	-	18,973	16,220

TOWN OF BROOKSVILLE, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS

September 30, 2021

Name	Position	Insurance Company	Bond Amount	Bond Number	Time Period
Earlie Henley Jr.	Mayor	Travelers Casualty & Surety	\$ 50,000	107418806	7/1/21 - 7/1/25
Annie Anthony - Brooks	Alderwoman	Travelers Casualty & Surety	50,000	105935362	7/1/21 - 7/1/25
De'Angelo Johnson	Alderman	Travelers Casualty & Surety	50,000	107418805	7/1/21 - 7/1/25
Kelvin Bibbs	Alderman	Travelers Casualty & Surety	50,000	107418803	7/1/21 - 7/1/25
Lacey Holmes	Alderwoman	Travelers Casualty & Surety	50,000	107418802	7/1/21 - 7/1/25
Wallace Phillips	Alderman	Travelers Casualty & Surety	50,000	107418806	7/1/21 - 7/1/25
Monica Chandler	City Clerk	Western Surety Company	50,000	14769306	11/14/19 - 11/14/20 11/14/20 - 11/14/21
Tochonda L. Brooks	Deputy Clerk	Travelers Casualty & Surety	50,000	106327967	7/28/20 - 7/28/21 7/28/21 - 7/28/22

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

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

We have performed the procedures enumerated below on the accounting records of the Town of Brooksville, Mississippi as of September 30, 2021. The Town of Brooksville, Mississippi's management is responsible for the accounting records.

The Town of Brooksville, Mississippi has agreed to and acknowledge that the procedures performed are appropriate to meet the intended purpose as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

Bank	Fund	Reconciled Balance
BankFirst	General fund	\$ 82,908
BankFirst	General fund	49,011
BankFirst	General fund	149,105
	Total general fund	<u>\$ 281,024</u>
BankFirst	Special revenue fund	\$ 133,125
BankFirst	Special revenue fund	1,277
	Total special revenue fund	<u>\$ 134,402</u>
BankFirst	Water and sewer	\$ 136,410
BankFirst	Water and sewer	8,234
BankFirst	Water and sewer	10,320
BankFirst	Water and sewer	5,725
BankFirst	Water and sewer	3,652
	Total water and sewer	<u>\$ 164,341</u>
BankFirst	Clearing account	\$ 7,325
BankFirst	Payroll clearing account	2,867
	Total clearing account	<u>\$ 10,192</u>

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

Bank	Fund	Balance per G/L	Reconciled Balance
BankFirst	General fund	\$ -	\$ 82,908
BankFirst	General fund	-	49,011
BankFirst	General fund	-	149,105
BankFirst	Special revenue fund	-	1,277
BankFirst	Special revenue fund	-	133,125
BankFirst	Water and sewer	-	136,410
BankFirst	Water and sewer	-	8,234
BankFirst	Water and sewer	-	10,320
BankFirst	Water and sewer	-	5,725
BankFirst	Water and sewer	-	3,652
BankFirst	Clearing account	-	7,325
BankFirst	Payroll clearing account	-	2,867

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

Fund	General Security	Bank Balance
General fund	Certificate of deposit	\$ 3,894
General fund	Certificate of deposit	47,641
General fund	Certificate of deposit	34,411
General fund	Certificate of deposit	51,808

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

Bank	Fund	Balance per G/L	Bank Balance
BankFirst	General fund	\$ -	\$ 3,894
BankFirst	General fund	-	47,641
BankFirst	General fund	-	34,411
BankFirst	General fund	-	51,808

- 3). We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- discussed with the Town management the process used to budget for ad valorem taxes and we determined that rather than using certified county assessment rolls to set the budget for ad valorem taxes, the Town consulted with the Noxubee County Tax Collector to obtain an estimated dollar per mill amount to determine the amount of mills that should be levied;

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

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

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

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

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Payment</u>
Sales tax allocation city	General	\$ 122,528
TVA payments in lieu of taxes	General	5,221
Homestead exemption	General	21,272
Gasoline tax	General	3,669
General municipal aid	General	610
American Rescue Plan funds	General	133,125
Other grants	General	244,562
		<u>\$ 530,987</u>

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

The sample consisted of the following:

Number of sample items	25
Total dollar value of sample	\$ 84,275

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

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

We were engaged by the Town of Brooksville, Mississippi to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. It is understood the report is solely for the use of governing body of the Town of Brooksville, Mississippi and the Office of the State Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose.

We are required to be independent of the Town of Brooksville, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Because the previous 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 previously. In connection with the procedures referred to previously, we believe the items specified in paragraphs 1 and 2 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statement of the Town of Brooksville, Mississippi, for the year ended September 30, 2021.

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
May 10, 2022