

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 Ecu, Mississippi
Compilation Report and Report on Agreed-upon Procedures
September 30, 2021

Town of Ecu, Mississippi

Contents

Independent Accountants' Compilation Report	1
Statement of Cash Receipts and Disbursements Governmental and Business-type Activities	3
Supplementary Information	
Schedule I – Schedule of Long-Term Debt	6
Schedule II - Schedule of Surety Bonds for Municipal Officials	7
Report on Compliance with State Laws and Regulations	8
Independent Accountants' Report on Applying Agreed-Upon Procedures	11



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Anita L. Goodrum, CPA
William B. Staggers, CPA	Ricky D. Allen, CPA
Michael W. McCully, CPA	Jason D. Brooks, CPA
R. Steve Sinclair, CPA	Robert E. Cordle, Jr., CPA
Marsha L. McDonald, CPA	Perry C. Rackley, Jr., CPA
Wanda S. Holley, CPA	Jerry L. Gammel, CPA
Robin Y. McCormick, CPA/PFS	Michael C. Knox, CPA
J. Randy Scrivner, CPA	Clifford P. Stewart, CPA
Kimberly S. Caskey, CPA	Edward A. Maxwell, CPA
Susan M. Lummus, CPA	

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

The Honorable Mayor and Board of Aldermen
Town of Ecu, Mississippi

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities of the Town of Ecu, Mississippi for the year ended September 30, 2021, 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—Governmental and Business-type Activities nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities 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 statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, they might influence the user's conclusions about the Town of Ecu, Mississippi's cash receipts and disbursements. Accordingly, the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities are not designed for those who are not informed about such matters.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

The supplementary information contained in Schedules I and II is presented in compliance with the requirements of the Mississippi Office of the State Auditor and has been compiled from

information that is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Other Information

The Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities are intended to comply with the requirements of the Mississippi Office of the State Auditor, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

In accordance with the provisions of §21-35-31, Miss Code Ann. (1972), we have issued a report dated February 13, 2023 on the results of our agreed-upon procedures.

Pontotoc, Mississippi
February 13, 2023

Watkins Ward and Stafford, PLLC

Town of Ecu, Mississippi
Statement of Cash Receipts and Disbursements-
Governmental and Business-type Activities
For the Year Ended September 30, 2021

	Governmental Activities	Business-type Activities	
	General	Water & Sewer	Total
Cash Receipts			
General Property Taxes	\$ 303,306	-	303,306
In Lieu of Taxes	52,703	-	52,703
License and Permits			
Privilege License	5,643	-	5,643
Building Permits	5,819	-	5,819
Franchise Tax	7,762	-	7,762
Intergovernmental Revenue:			
State Shared Revenues:			
Sales Tax	190,654	-	190,654
Gasoline Tax	2,685	-	2,685
General Municipal Aid	446	-	446
State Bond Revenue	100,000		100,000
MDA Grant - Ashley Furniture	117,343		117,343
Use Tax Modernization	43,141		43,141
Federal Shared Revenues:			
ARC Grant - Ashley Furniture	-	254,719	254,719
ARPA Grant Proceeds	127,471	-	127,471
Cares Act	20,963		20,963
Charges for Services:			
Sanitation	45,859		45,859
Water and Sewer	-	426,350	426,350
Other Receipts:			
Fines	93,874	-	93,874
Miscellaneous	146,082	699	146,781
Interest Income	1,453	-	1,453
Cemetery Lots & Donations	11,840	-	11,840
Park Revenues & Donations	745	-	745
TOTAL CASH RECEIPTS	\$ 1,277,789	681,768	1,959,557
DISBURSEMENTS:			
General government	\$ 390,393	-	390,393
Public Safety:			
Police	374,772	-	374,772
Fire	8,281	-	8,281
Maintenance of Public Property	5,011	-	5,011
Sanitation	46,001		46,001
Water & Sewer	-	758,631	758,631
Redemption of Principal	-	40,247	40,247
Debt Service Interest	-	6,024	6,024
TOTAL DISBURSEMENTS	\$ 824,458	804,902	1,629,360

See accompanying independent accountants' compilation report.

	Governmental Activities <u>General</u>	Business-type Activities <u>Water</u>	<u>Total</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER DISBURSEMENTS	\$ 453,331	(123,134)	330,197
OTHER FINANCING SOURCES (USES)			
Capital Outlay	(86,318)		(86,318)
Transfers	<u>(137,954)</u>	<u>137,954</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(224,272)</u>	<u>137,954</u>	<u>(86,318)</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	<u>229,059</u>	<u>14,820</u>	<u>243,879</u>
CASH BALANCE-BEGINNING	315,953	8,221	324,174
CASH BALANCE-ENDING	<u><u>\$ 545,012</u></u>	<u><u>23,041</u></u>	<u><u>568,053</u></u>

See accompanying independent accountants' compilation report.

SUPPLEMENTARY INFORMATION

TOWN OF ECRU, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
For the Fiscal Year Ended September 30, 2021

	Balance Outstanding October 1, 2020	Transactions During Fiscal Year		Balance Outstanding September 30, 2021
		Issued	Redeemed	
Water & Sewer:				
Note Payable MDA	\$ 65,370		8,081	57,289
Note Payable MDA	188,339		8,441	179,898
Line of Credit FCB #623760	34,787		23,725	11,062
Totals	\$ 288,496	-	40,247	248,249

See accompanying independent accountants' compilation report

TOWN OF ECRU
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2021

Name	Position	Company	Bond
Donald Andrews	Alderman	Old Republic Surety	\$50,000
Jeannie Thompson	Alderman	Old Republic Surety	\$50,000
Richie Turner	Alderman	Old Republic Surety	\$50,000
Joey Tharp	Alderman	Old Republic Surety	\$50,000
Gloria High	Alderman	Old Republic Surety	\$50,000
Gable Todd	Alderman	Old Republic Surety	\$50,000
James Speck	Alderman	Old Republic Surety	\$50,000
Allison Richardson	Alderman	Old Republic Surety	\$50,000
Jeff Smith	Mayor	Old Republic Surety	\$50,000
Patty Turk	Mayor	Old Republic Surety	\$50,000
Mitzi Stokes	City Clerk	Old Republic Surety	\$50,000
Mitzi Stokes	Court Clerk	Old Republic Surety	\$50,000
Lisa Holcomb	Deputy City Clerk	Old Republic Surety	\$50,000
Lisa Holcomb	Deputy Court Clerk	Old Republic Surety	\$50,000
Rebecca Chism	Utility Clerk	RLS Insurance Co.	\$50,000
Rebecca Chism	Deputy Clerk	RLS Insurance Co.	\$50,000
Matthew Stringer	Police Chief	Old Republic Surety	\$50,000
Michael J Martin	Utility Clerk	Old Republic Surety	\$50,000

See accompanying independent accountants' compilation report



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Anita L. Goodrum, CPA
William B. Staggers, CPA	Ricky D. Allen, CPA
Michael W. McCully, CPA	Jason D. Brooks, CPA
R. Steve Sinclair, CPA	Robert E. Cordle, Jr., CPA
Marsha L. McDonald, CPA	Perry C. Rackley, Jr., CPA
Wanda S. Holley, CPA	Jerry L. Gammel, CPA
Robin Y. McCormick, CPA/PFS	Michael C. Knox, CPA
J. Randy Scrivner, CPA	Clifford P. Stewart, CPA
Kimberly S. Caskey, CPA	Edward A. Maxwell, CPA
Susan M. Lummus, CPA	

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Board of Aldermen
Town of Ecu, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Ecu, Mississippi, for the year ended September 30, 2021, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our compilation of the accompanying Statement of Cash Receipts and Disbursements–Governmental and Business-type Activities, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Ecu, Mississippi, for the year ended September 30, 2021, disclosed the following instances of noncompliance with state laws and regulations.

1. The Town is not in compliance with Sections 83-1-37 and 83-1-39 requiring the Town to levy not less than $\frac{1}{4}$ mill for fire protection and certify to the county it provides its own fire protection or allows the county to levy the tax.
2. The Town is not in compliance with Section 21-27-65 of the Municipal Audit and Accounting Guide which requires trust funds to be set up for utility revenue bonds.

This report is intended solely for the information and use of management 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.

Pontotoc, Mississippi
February 13, 2023

Watkins Ward and Stafford, PLLC

Independent Accountants' Report on Applying Agreed-Upon Procedures

Town of Ecu, Mississippi

September 30, 2021



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA

Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

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

The Honorable Mayor and Board of Aldermen
Town of Ecu, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Ecu, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Ecu, Mississippi's compliance with certain laws and regulations as of September 30, 2021, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

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

Bank	Fund	Balance Per General Ledger
First Choice Bank	General Fund	\$ 21,144
First Choice Bank	General Fund	78,180
First Choice Bank	General Fund	32,712
First Choice Bank	General Fund	9,980
First Choice Bank	General Fund	37,095
First Choice Bank	General Fund	39,533
First Choice Bank	General Fund	24,665
First Choice Bank	General Fund	2,293
First Choice Bank	General Fund	41,740
First Choice Bank	General Fund	100,000
First Choice Bank	General Fund	127,471
First Choice Bank	General Fund	100
First Choice Bank	General Fund	30,099
Total General Fund		<u>\$ 545,012</u>
First Choice Bank	Water & Sewer Fund	\$ 23,041
Total Water & Sewer Fund		<u>\$ 23,041</u>

- 2) We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

a. Tax assessments, billings and collections are handled by the Pontotoc County's tax collector's office and remitted monthly to the Town of Ecu. The tax levy and the calculation of the distribution to the individual entities is audited extensively by the auditors of Pontotoc County; therefore, the accountants will not perform a reconciliation of the tax roll to collections and will rely on the work of the audited Pontotoc County tax roll.

b. Traced distribution of taxes collected to proper funds

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

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

There were no ad valorem tax collections for the retirement of General Obligation Debt.

- 3) 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>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 190,654
Homestead Reimbursement	General Fund	13,263
General Municipal Aid	General Fund	446
Gasoline Tax	General Fund	2,685
TVA - In Lieu of Tax	General Fund	31,539
Modernization Use Tax	General Fund	43,141
CARES Act	General Fund	20,963
MDA Grant - Ashley	General Fund	117,343
American Rescue Plan Act	General Fund	127,471
State Bond Funds - Ashley	General Fund	100,000
ARC Grant - Ashley	Water/Sewer	254,719
Total		<u>\$ 902,224</u>

- 4) 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), if applicable.

The sample consisted of the following:

- a. Number of Sample Items 60
- b. Total Dollar Value of Sample \$ 115,422

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

- 5) We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also 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 not be in agreement with the requirements of the above-mentioned sections.

- 6) We have read the Municipal Compliance Questionnaire, completed by the Town. Responses to the questionnaire did not indicate noncompliance with state requirements.
- 7) We read the minutes of the meetings of the Board and noted that the Town is in compliance with Section 21-35-25 that required the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balance of each budget item.

We were not engaged to and did not perform, an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Pontotoc, Mississippi
February 13, 2023

Watkins Ward and Stafford, PLLC