

## 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.

**FINANCIAL STATEMENTS**  
**Town of Belmont, Mississippi**  
**For the year ended**  
**September 30, 2022**

**TOWN OF BELMONT, MISSISSIPPI  
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September 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITORS' REPORT

### Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

Honorable Mayor and Board of Aldermen  
Town of Belmont, Mississippi

### Opinions

We have audited the accompanying Statement of Cash Receipts and Disbursements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Mississippi, for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Belmont, Mississippi's basic financial statements as listed in the table of contents.

#### Unmodified Opinion on Cash Basis of Accounting

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 aggregate remaining fund information of the Town of Belmont, Mississippi, for the year ended September 30, 2022, in accordance with the cash basis of accounting described in Note 1.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Belmont, Mississippi as of September 30, 2022, the changes in its financial position. Further, the Town of Belmont, Mississippi has not presented management's discussion and analysis and budgetary comparison schedules that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Belmont, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the Town of Belmont, Mississippi has prepared these financial statements using accounting practices prescribed or permitted by the Mississippi Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Belmont, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Belmont, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Town of Belmont, Mississippi taken as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis as required by the State of Mississippi, Office of the State Auditor, and is not a required part of the financial statement. The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly presented in all material respects in relation to the financial statement taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 12, 2023, on our consideration of the Town of Belmont, 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 solely 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 effectiveness of the Town of Belmont, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended for the information of the Town's management and the Office of the Mississippi 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.

*Franks, Franks, Wilmon & Hagood P.A.*

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.  
Tupelo, Mississippi  
September 12, 2023

## BASIC FINANCIAL STATEMENTS



**TOWN OF BELMONT, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES**  
For the year ended September 30, 2022

	Governmental Activities		Business Type Activities					Totals (Memorandum Only)
			Major Funds					
	General Fund	Special Revenue Fund	Water Fund	Gas Fund	Sewer Fund	Garbage Fund		
<b>RECEIPTS:</b>								
Taxes:								
General Property Taxes	\$ 489,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	489,923
Penalties and Interest	2,737	-	-	-	-	-	-	2,737
Auto Ad Valorem Tax	66,340	-	-	-	-	-	-	66,340
Licenses and Permits:								
Franchise Charges	45,729	-	-	-	-	-	-	45,729
Privilege Tax Revenue	21,719	-	-	-	-	-	-	21,719
Intergovernmental Revenues:								
State Shared Revenues:								
General Municipal Aid	1,006	-	-	-	-	-	-	1,006
Gas Tax	5,744	-	-	-	-	-	-	5,744
Liquor Tax	1,800	-	-	-	-	-	-	1,800
Sales Tax	435,265	-	-	-	-	-	-	435,265
TVA In Lieu of Tax	21,419	-	-	-	-	-	-	21,419
Fire Protection	23,496	-	-	-	-	-	-	23,496
Homestead Exemption								
Reimbursement	28,081	-	-	-	-	-	-	28,081
Infrastructure Modernization	113,409	-	-	-	-	-	-	113,409
Grant Income:								
ARC Grant	200,149	-	-	-	-	-	-	200,149
SMPLC Grant	26,902	-	-	-	-	-	-	26,902
ARPA Grant	-	244,370	-	-	-	-	-	244,370
Pro-Rata County Road Tax	92,548	-	-	-	-	-	-	92,548
Charges for Services:								
Cemetery	3,000	-	-	-	-	-	-	3,000
Park and Recreation	33,924	-	-	-	-	-	-	33,924
Water System	-	-	434,132	-	-	-	-	434,132
Gas System	-	-	-	1,236,617	-	-	-	1,236,617
Sewer System	-	-	-	-	361,003	-	-	361,003
Garbage	-	-	-	-	-	121,560	-	121,560
Fines and Forfeits:								
Police Fines	141,527	-	-	-	-	-	-	141,527
Miscellaneous Receipts:								
Interest Income	3,776	-	461	-	-	-	-	4,237
Rental Income	12,890	-	-	-	-	-	-	12,890
Miscellaneous Income	39,098	-	-	-	-	-	-	39,098
Total Receipts	\$ 1,810,482	\$ 244,370	\$ 434,593	\$ 1,236,617	\$ 361,003	\$ 121,560	\$ 4,208,625	

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

**TOWN OF BELMONT, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES**  
For the year ended September 30, 2022

	Governmental Activities				Business Type Activities			
	Major Funds				Totals			
	General Fund	Special Revenue Fund	Water Fund	Gas Fund	Sewer Fund	Garbage Fund	(Memorandum Only)	
<b>DISBURSEMENTS:</b>								
General Government	\$ 268,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,511	
Public Safety: Police and Fire	767,598	-	-	-	-	-	767,598	
Public Works	163,716	-	-	-	-	-	163,716	
Culture & Recreation	247,723	-	-	-	-	-	247,723	
Enterprise:								
Water	-	-	307,106	-	-	-	307,106	
Gas	-	-	-	1,220,031	-	-	1,220,031	
Sewer	-	-	-	-	120,674	-	120,674	
Garbage	-	-	-	-	-	161,372	161,372	
Debt Service Principal	10,146	-	-	-	120,188	-	130,334	
Debt Service Interest	189	-	-	-	47,156	-	47,345	
Capital Outlay	1,170,009	-	-	45,295	-	-	1,215,304	
Total Disbursements	2,627,892	-	307,106	1,265,326	288,018	161,372	4,649,714	
Excess (Deficiency) of receipts over disbursements	(817,410)	244,370	127,487	(28,709)	72,985	(39,812)	(441,089)	
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from Debt Issuance	-	-	-	-	91,800	-	91,800	
Proceeds from Sale of Capital Assets	10,969	-	-	-	-	-	10,969	
Transfers From/(To) Other Funds	785,271	-	(316,984)	(220,000)	(288,287)	40,000	-	
Total Other Financing Sources (Uses)	796,240	-	(316,984)	(220,000)	(196,487)	40,000	102,769	
Excess (Deficiency) of receipts & other financing sources over disbursements and other financing uses	(21,170)	244,370	(189,497)	(248,709)	(123,502)	188	(338,320)	
<b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR (Restated)</b>	481,111	244,370	271,726	265,799	281,442	633	1,545,081	
<b>CASH BASIS FUND BALANCE - END OF YEAR</b>	\$ 459,941	\$ 488,740	\$ 82,229	\$ 17,090	\$ 157,940	\$ 821	\$ 1,206,761	

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

**TOWN OF BELMONT, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022**

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

**General Information**

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law. These services include the following:

- General Administration
- Public Safety
- Public Works
- Park and Recreation
- Water, Sewer and Gas Utilities
- Sanitation Service

**Reporting Entity**

The Town is a small municipality located in Northeast Mississippi with a population of approximately 1,856. For financial reporting purposes, the reporting entity includes all funds of the Town that are covered by the oversight responsibility of the Mayor and Board of Aldermen.

**Basis of Accounting**

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Under this basis of accounting, the Town has elected to omit substantially all government-wide financial statements, management discussion and analysis, required supplemental information, and other supplemental information required under generally accepted accounting principles.

**Budgetary Information**

Annual budgets are adopted for governmental funds and the enterprise fund. The appropriated budgets are prepared by fund, function, and department. The department is the legal level of budgetary control. The Town Clerk may make transfers within a function. Transfers between functions require approval by the Board of Aldermen. All appropriations lapse at year end.

**Government-Wide Financial Statements**

The statement of cash receipts and disbursements displays information on all non-fiduciary activities of the primary government. The statement distinguishes between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

**TOWN OF BELMONT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The statement of cash receipts and disbursements presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

**Financial Statement Presentation**

The Town reports the following major governmental funds:

*General Fund* – The general fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

*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. Special Revenue Funds include the American Rescue Plan Act Fund.

The Town reports the following major proprietary funds:

*Water, Sewer, and Gas Funds* – Proprietary Funds are used to account for operations which 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 and services to general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

**Cash and Investments**

For the purpose of the financial statement, cash includes all demand, savings accounts, and certificates of deposit of the Town.

**Capital Assets**

Capital asset purchases are recorded as expenditures (capital outlay) at the time of the acquisition. Such assets are not capitalized but instead are fully expenses in the year of the purchase. Consequently, depreciation has not been provided on fixed assets on the financial statements.

**TOWN OF BELMONT, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenues and Expenditures/Expenses**

Revenues for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when the warrant is issued.

**Total Columns on Statements**

The "Total" columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions, if any, have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the Town, taken as a whole.

**Use of Estimates**

The preparation of the financial statements in conformity with the cash basis in compliance with the requirements of the Office of the State Auditor requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Balance Flow Assumption**

When both restricted and unrestricted amounts are available for use for disbursements, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed.

The Town is reporting the following restricted cash basis fund balance in accordance with grant provisions and other state laws and regulations as of September 30, 2022:

**Governmental Activities**

American Rescue Plan Act (ARPA) Fund	\$ 488,740
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**NOTE 2 - CASH AND OTHER DEPOSITS**

**Deposits**

The carrying amount of the Town's total deposits with financial institutions at September 30, 2022, was \$1,206,761, and the bank balance was \$1,265,007. The collateral for public entities' 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 Depository Insurance Corporation.

**TOWN OF BELMONT, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE 2 CASH AND OTHER DEPOSITS (continued)**

*Custodial credit risk:* In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's entire bank balances were covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi 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 would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Investments

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the Town's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

*Credit risk:* The Town and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the Town's policy to limit its investments to those allowed by the State statute.

*Concentration of credit risk:* The Town complies with the State statute regarding investments; as a result, concentration risk is limited.

*Custodial credit risk:* For an investment, this is 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. To minimize this risk, the Town's requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The Town's investments are insured or registered, or are securities held by the Town or its agent in the Town's name.

**NOTE 3 - PROPERTY TAXES**

Property taxes, except motor vehicles, attach as an enforceable lien on property on January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Property taxes are recognized as revenues when they are received. The Town's taxes are collected by the County Tax Collector and remitted to the Town. The distribution of taxes to funds were made in accordance with prescribed tax levies, and uncollected taxes were properly handled.



**TOWN OF BELMONT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022

**NOTE 4 - LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2022, including interest payments of \$331,982 are as follows:

Fiscal Year Ended September 30,	MDEQ Loan	USDA Loans	NEMPDD Loan	Cook Coggin Loan	Interest	Total
2023	\$ 68,523	\$ 40,401	\$ 2,783	\$ 18,360	\$ 43,397	\$ 173,463
2024	70,256	42,258	2,839	18,360	39,551	173,263
2025	72,032	44,200	2,896	18,360	35,975	173,463
2026	73,854	46,232	2,954	18,360	32,062	173,462
2027	75,722	48,359	1,580	18,360	28,018	172,039
2028-2032	25,662	277,295	-	91,800	96,336	491,093
2033-2037	-	157,099	-	-	34,859	191,958
2038-2042	-	58,524	-	-	17,074	75,598
2043-2047	-	55,102	-	-	4,710	59,810
	<u>\$ 386,049</u>	<u>\$ 769,470</u>	<u>\$ 13,052</u>	<u>\$ 183,600</u>	<u>\$ 331,982</u>	<u>\$ 1,684,153</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers during the year were as follows:

	General Fund	Water, Sewer, Gas, and Garbage Fund
Transfers In	\$ (825,271)	\$ -
Transfers Out	-	825,271
	<u>\$ (825,271)</u>	<u>\$ 825,271</u>

The principal purpose of interfund transfers was to provide funds to pay for shared costs. All transfers are routine and consistent with the activities of the fund making the transfer.

**NOTE 6 - RISK MANAGEMENT**

The Town of Belmont, Mississippi is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the Town except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the Town retains the risk of loss.

**TOWN OF BELMONT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE 6 – RISK MANAGEMENT (continued)**

Risk of loss related to workers compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The Town pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 7 - COMMITMENTS**

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by their grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

Plan Description - The Town of Belmont, 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, 429 Mississippi Street, Jackson, MS 39201-1005 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 Belmont, Mississippi is required to contribute at an actuarially 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 of Belmont, Mississippi's contributions to PERS for the years ending September 30, 2022, 2021, and 2020 were \$170,590, \$166,852, and \$157,553, respectively, equal to the required contributions for each year.

**NOTE 9 – RESTATEMENT OF CASH BALANCES**

A portion of the beginning cash balance of the General Fund was reclassified to a major Special Revenue Fund for the American Rescue Plan Act (ARPA) revenue sources.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 12, 2023, the date on which the financial statements were available to be issued.



## SUPPLEMENTARY INFORMATION

**TOWN OF BELMONT, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS**  
September 30, 2022

The Town had no investments at September 30, 2022.

**TOWN OF BELMONT, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Buddy Wiltshire	Mayor	Scott Insurance Agency	\$50,000
Brandon Pharr	Alderman	Scott Insurance Agency	\$50,000
Steve Smith	Alderman	Scott Insurance Agency	\$50,000
Ken Dulaney	Alderman	Scott Insurance Agency	\$50,000
Mike Harris	Alderman	Scott Insurance Agency	\$50,000
Sonya Harris	Alderwoman	Scott Insurance Agency	\$50,000
Lynn Maroon	Town Clerk	Western Surety Company	\$50,000
Jeanee Pearson	Deputy Town Clerk	Western Surety Company	\$50,000
Debbie Bonds	Court Clerk	Western Surety Company	\$50,000
Brian Lynch	Park Director	Western Surety Company	\$25,000
Steven Bostick	Police Officer	Western Surety Company	\$25,000
Cody Hawkins	Police Officer	Western Surety Company	\$25,000
Kevin Owens	Police Officer	Western Surety Company	\$25,000
Preston Steele	Police Officer	Western Surety Company	\$25,000
Logan Young	Police Officer	Western Surety Company	\$25,000
Tiffany Taylor	Police Officer	Western Surety Company	\$25,000
Donovan Cain	Police Officer	Western Surety Company	\$25,000
Doug Strickland	Investigator	Western Surety Company	\$25,000

**TOWN OF BELMONT, MISSISSIPPI**  
**SCHEDULE OF CAPITAL ASSETS**  
For the year ended September 30, 2022

**Governmental Activities**

The Town did not account for capital assets in the Governmental Activities funds.

**Business-type Activities**

The Town did not account for capital assets in the Business-type Activities funds.

**TOWN OF BELMONT, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
For the year ended September 30, 2022

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE</u>		<u>TRANSACTIONS</u>		<u>BALANCE</u>
	<u>OUTSTANDING</u>	<u>October 1, 2021</u>	<u>ISSUED</u>	<u>REDEEMED</u>	<u>OUTSTANDING</u>
					<u>September 30, 2022</u>
<b>Notes Payable:</b>					
MDA Cap Loan	\$	10,146	\$	-	\$ 10,146
USDA - Rural Development		565,680		-	32,711
USDA - Rural Development		242,538		-	6,037
Cook Coggin Loan		104,040		91,800	12,240
NEMPDD Loan		15,419		-	2,367
MDEQ Loan		<u>452,882</u>		<u>-</u>	<u>66,833</u>
					<u>386,049</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>1,390,705</u></b>	<b>\$</b>	<b><u>91,800</u></b>	<b>\$ <u>130,334</u></b>
					<b><u>1,352,171</u></b>

## REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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#### Partners

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Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

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

Honorable Mayor and Board of Aldermen  
Town of Belmont, 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 Statement of Cash Receipts and Disbursements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Belmont, Mississippi's basic financial statements and have issued our report thereon dated September 12, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Belmont, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 Town of Belmont, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Belmont, Mississippi's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items no. 2022-001, 2022-002, and 2022-004 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item no. 2022-003 and 2022-005 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Belmont, 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items no. 2022-002, 2022-003, and 2022-004.

### **Town of Belmont, Mississippi's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Belmont, Mississippi's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Belmont, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.

Tupelo, Mississippi  
September 12, 2023



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**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman  
Town of Belmont, Mississippi, Mississippi

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Belmont, Mississippi, for the year ended September 30, 2022, and have issued our report thereon dated September 12, 2023. 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 the *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 engagement and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the statement of cash receipts and disbursements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are included in the Schedule of Findings and Responses as findings no. 2022-002, 2022-003, 2022-004, and 2022-005 on pages 19 through 21.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's engagement, the finding in this report to ensure that corrective action has been taken.

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.

*Franks, Franks, Wilemon & Hagood P.A.*

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
September 12, 2023

**TOWN OF BELMONT, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2022**

***MATERIAL WEAKNESS NO. 2022-001:***

**Repeat Finding:** Yes

**Criteria:** A valuable element of the internal control structure is proper segregation of duties of accounting personnel.

**Condition:** The Town of Belmont, Mississippi's internal control structure does not provide for adequate segregation of duties.

**Cause:** The Town's limited size and personnel limit the ability to properly segregate duties.

**Effect:** Failure to have an adequate segregation of duties could result in the loss of public funds.

**Recommendation:** The Town's mayor and board should continue to be actively involved in a supervisory position in the Town's operations.

**Response:** The Town will attempt to maximize segregation of duties whenever possible. The mayor and board will remain actively involved in a supervisory position over the Town's operations.

***MATERIAL WEAKNESS AND NONCOMPLIANCE NO. 2022-002***

**Repeat Finding:** No

**Criteria:** The Town is to maintain internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The Town is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds.

**Condition:** The Town had three instances of noncompliance for the year ended September 30, 2022.

**Cause:** The Town did not obtain competitive quotes or bids from vendors for purchases applicable to purchase laws.

**Effect:** The Town was out of compliance with state purchase law requirements.

**Recommendation:** The Town should implement adequate internal controls over all purchases to ensure that the Town strictly adheres to the purchase laws in all departments of the Town.

**Response:** The Town will take the necessary steps to ensure that controls over purchasing are revised to guarantee future compliance.

**TOWN OF BELMONT, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2022**

***SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE NO. 2022-003***

**Repeat Finding:** No

**Criteria:** The Town is required, by state statutes, to prepare a budget for all required governmental funds of the Town and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts.

**Condition:** The Town had a budget overage in two expenditure categories for the year ended September 30, 2022.

**Cause:** The Town did not properly amend the budget to prevent budget overages.

**Effect:** The Town was out of compliance with state budgeting requirements.

**Recommendation:** The Town should ensure that all expenditures are within the final amended budget amounts. The Town Clerk should generate monthly budget to actual revenue and expense reports that should be used to ensure budgets are amended before expenses are disbursed in excess of budgeted amounts.

**Response:** The Town will take steps necessary to provide the Board with accurate revenue and expense budget to actual comparisons on a monthly basis for all required accounts. The Town will take steps necessary to ensure that budgets are amended prior to budget overages occurring.

***MATERIAL WEAKNESS AND NONCOMPLIANCE NO. 2022-004***

**Repeat Finding:** Yes

**Criteria:** The Town is required, by state statutes, to maintain a complete fixed asset inventory listing, to properly tag all fixed assets, and to perform an annual fixed asset inventory.

**Condition:** The Town's internal control procedures over fixed assets have not been properly developed and implemented. During our audit testing, we noted that the Town does not maintain a fixed asset inventory system or conduct an annual inventory of fixed assets as required by the Mississippi Office of the State Auditor.

**Cause:** The Town has not fully implemented an adequate system of controls for properly tracking activity of fixed assets.

**Effect:** The Town is not in compliance with the applicable requirements as required by state statute as prescribed by the Mississippi Office of the State Auditor.

**Recommendation:** The Town should begin to develop and implement internal control policies and procedures related to fixed asset management. The Town should perform a fixed asset inventory and prepare a current fixed asset inventory listing as prescribed by state law. The Town should place inventory tags on all existing fixed assets and all fixed assets acquired by the Town in the future.

**Response:** The Town will attempt to develop and implement better internal controls over its fixed assets.

**TOWN OF BELMONT, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2022**

***SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE NO. 2022-005***

**Repeat Finding:** No

**Criteria:** Before performing any of the duties of his office, the marshal or chief of police shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the municipal governing authority (which shall be not less than fifty thousand dollars) as required by Mississippi Code 21-21-1.

**Condition:** The Town did not maintain adequate internal controls over compliance to ensure that the chief of police was properly bonded during the year.

**Cause:** The Town failed to properly bond the chief of police during the year.

**Effect:** The Town was out of compliance with the Mississippi Code 21-21-1.

**Recommendation:** The Town should ensure that the chief of police is properly bonded during the year.

**Response:** The Town concurs with the recommendation.