

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, 2022

Town of Ecu, Mississippi

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

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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, 2022, 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 November 9, 2023 on the results of our agreed-upon procedures.

Pontotoc, Mississippi
November 9, 2023

Watkins Ward and Stafford, P.C.

Town of Ecu, Mississippi
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>General</u>	<u>Water & Sewer</u>	<u>Total</u>
Cash Receipts			
General Property Taxes	\$ 316,859	-	316,859
In Lieu of Taxes - PEPA	26,909	-	26,909
In Lieu of Taxes - TVA	26,431	-	26,431
License and Permits			
Privilege License	4,532	-	4,532
Building Permits	12,612	-	12,612
Franchise Tax	7,829	-	7,829
Intergovernmental Revenue:			
State Shared Revenues:			
Sales Tax	253,280	-	253,280
Gasoline Tax	2,701	-	2,701
General Municipal Aid	446	-	446
Fire Insurance Premium	11,388	-	11,388
Homestead Reimbursement	14,018	-	14,018
MDA Grant - Ashley Furniture	85,212	-	85,212
Use Tax Modernization	67,202	-	67,202
Federal Shared Revenues:			
ARC Grant - Ashley Furniture	-	32,114	32,114
ARPA Grant Proceeds	127,470	-	127,470
Charges for Services:			
Sanitation	-	47,610	47,610
Water and Sewer	-	483,987	483,987
Other Receipts:			
County Fire Support	12,000	-	12,000
Fines	87,713	-	87,713
Miscellaneous	121,570	53,230	174,800
Cemetery Lots & Donations	22,485	-	22,485
Park Revenues & Donations	1,540	-	1,540
TOTAL CASH RECEIPTS	<u>\$ 1,202,197</u>	<u>616,941</u>	<u>1,819,138</u>
DISBURSEMENTS:			
General government	\$ 617,712	-	617,712
Public Safety:			
Police	514,567	-	514,567
Fire	29,521	-	29,521
Maintenance of Public Property	3,300	-	3,300
Sanitation	50,924		50,924
Water & Sewer	-	600,902	600,902
Redemption of Principal	-	41,553	41,553
Debt Service Interest	-	5,200	5,200
TOTAL DISBURSEMENTS	<u>\$ 1,216,024</u>	<u>647,655</u>	<u>1,863,679</u>

See accompanying independent accountants' compilation report.

	Governmental Activities <u>General</u>	Business-type Activities <u>Water</u>	<u>Total</u>
(DEFICIENCY) OF CASH RECEIPTS UNDER DISBURSEMENTS	\$ (13,827)	(30,714)	(44,541)
OTHER FINANCING SOURCES (USES)			
Capital Outlay	(22,500)	(34,643)	(57,143)
Transfers	(89,018)	89,018	-
TOTAL OTHER FINANCING SOURCES (USES)	(111,518)	54,375	(57,143)
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER FINANCING SOURCES (USES) OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(125,345)	23,661	(101,684)
CASH BALANCE-BEGINNING	545,012	23,041	568,053
CASH BALANCE-ENDING	<u>\$ 419,667</u>	<u>46,702</u>	<u>466,369</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, 2022

	Balance Outstanding October 1, 2021	Transactions During Fiscal Year		Balance Outstanding September 30, 2022
		Issued	Redeemed	
Water & Sewer:				
Note Payable MDA	\$ 57,289		8,947	48,342
Note Payable MDA	179,898		8,606	171,292
Line of Credit FCB #623760	11,062	17,000	24,000	4,062
Totals	\$ 248,249	17,000	41,553	223,696

See accompanying independent accountants' compilation report

TOWN OF ECRU
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2022

Name	Position	Company	Bond
Jeannie Thompson	Alderman	Old Republic Surety	\$50,000
Joey Tharp	Alderman	NGM Insurance Company	\$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
Patty Turk	Mayor	Old Republic Surety	\$50,000
Mitzi Stokes	City Clerk	Old Republic Surety	\$50,000
Marsha Spellins	Court Clerk	Old Republic Surety	\$50,000
Mitzi Stokes	Deputy Court Clerk	Old Republic Surety	\$50,000
Rebecca Chism	Utility Clerk	RLS Insurance Co.	\$50,000
Rebecca Chism	Town Clerk	NGM Insurance Co.	\$50,000
Matthew Stringer	Police Chief	Old Republic Surety	\$50,000

See accompanying independent accountants' compilation report



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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, 2022, 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, 2022, we detected no instances of noncompliance with state laws and regulations.

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
November 9, 2023

Watkins Ward and Stafford, PLLC

Independent Accountants' Report on Applying Agreed-Upon Procedures

Town of Ecu, Mississippi

September 30, 2022

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, 2022, 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	\$ 2,000
First Choice Bank	General Fund	38,346
First Choice Bank	General Fund	31,924
First Choice Bank	General Fund	32,948
First Choice Bank	General Fund	6,967
First Choice Bank	General Fund	74,515
First Choice Bank	General Fund	7,029
First Choice Bank	General Fund	29,742
First Choice Bank	General Fund	100,000
First Choice Bank	General Fund	128,227
First Choice Bank	General Fund	(50,373)
First Choice Bank	General Fund	18,342
Total General Fund		<u>\$ 419,667</u>
First Choice Bank	Water & Sewer Fund	\$ 46,702
Total Water & Sewer Fund		<u>\$ 46,702</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 Amount</u>
Sales Tax Allocation	General Fund	\$ 253,280
Homestead Reimbursement	General Fund	14,018
Fire Protection Allocation	General Fund	11,388
General Municipal Aid	General Fund	446
Gasoline Tax	General Fund	2,701
TVA - In Lieu of Tax	General Fund	26,431
Modernization Use Tax	General Fund	67,202
MDA Grant - Ashley	General Fund	85,212
American Rescue Plan Act	General Fund	127,471
ARC Grant - Ashley	Water/Sewer	32,114
Total		<u>\$ 620,263</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 40
- b. Total Dollar Value of Sample \$ 69,895

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's collection of fines, forfeitures and state imposed court assessments to 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
November 9, 2023

Watkins Ward and Stafford, PUC