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FINANCIAL STATEMENTS

Town of Hatley, Mississippi

For the year ended  
September 30, 2007

**TOWN OF HATLEY, MISSISSIPPI**  
**TABLE OF CONTENTS**  
**September 30, 2007**

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Accountants' Report on Agreed-Upon Procedures .....	1
Accountants' Compilation Report .....	4
Statement of Cash Receipts and Disbursements - All Fund Types .....	5
Selected Information .....	6
Schedule of Investments .....	7
Schedule of Surety Bonds for Town Officials .....	8
Schedule of Long-Term Debt.....	9



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

Honorable Mayor and Board of Aldermen  
Town of Hatley, Mississippi

**FRANKS,  
FRANKS &  
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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**MICHAEL LITTLE**

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA, MSCPA & PCPS

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Hatley, Mississippi, as of September 30, 2007, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Hatley, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and 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:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per</u> <u>General Ledger</u>
Renasant Bank	General Fund	\$ 52,728
Renasant Bank	General Fund	48,954
Renasant Bank	General Fund	74
Renasant Bank	General Fund	<u>1,090</u>
Total General Fund		<u>\$ 102,846</u>
Community Bank	Special Revenue	\$ 15,590
Renasant Bank	Special Revenue	<u>10,026</u>
Total Special Revenue Fund		<u>\$ 25,616</u>
Renasant Bank	Proprietary Fund	\$ 98,031
Renasant Bank	Proprietary Fund	18,593
Renasant Bank	Proprietary Fund	215,617
Renasant Bank	Proprietary Fund	<u>167,739</u>
Total Proprietary Fund		<u>\$ 499,980</u>

2. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:
  - a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
  - b. Examined uncollected taxes for proper handling, including tax sales;
  - c. Traced distribution of taxes collected to proper funds; and

- d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

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

3. We obtained a statement of payments made by the Mississippi 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 with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 9,209
Gasoline Tax	General Fund	1,279
TVA In Lieu	General Fund	3,918
Municipal Aid	General Fund	248
Fire Protection Allocation	General Fund	2,253
Homestead Exemption Reim	General Fund	1,949

4. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Title 31, Chapter 7, Miss. Code, 1972, Annotated, as applicable.

The sample consisted of the following:

Number of Sample Items	26
Dollar Value of Sample	\$ 36,260

We have found the Town of Hatley's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

5. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire indicate the following noncompliance with state requirements:
1. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section 7-7-211 - Municipal Audit and Accounting Guide)
  2. The Town is a participant in the state sponsored collateralization pool. However, the Town did not ensure that all of the Town's accounts were reported to the State Treasurer as of September 30, 2007. One of the Town's Certificate of Deposits was not listed under the state sponsored collateral pool. (Section 27-105-5 of Municipal Audit and Accounting Guide)

Because the above procedures do not constitute an audit conducted 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 above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in the proceeding paragraphs 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, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Hatley, Mississippi, for the year ended September 30, 2007

*Franks, Franks + Jarrell, P.A.*

Franks, Franks & Jarrell, P.A.  
May 5, 2008



## ACCOUNTANTS' COMPILATION REPORT

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

**FRANKS,  
FRANKS &  
JARRELL, P.A.**

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JONATHAN HAGOOD

MICHAEL LITTLE

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Hatley, Mississippi, for the year ended September 30, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Town's officials. We have not audited or reviewed the accompanying statement of cash receipts and disbursements - all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements - all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

The Town's management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 7 through 9 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of the officials of the Town of Hatley, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*Franks, Franks & Jarrell, P.A.*

Franks, Franks & Jarrell, P. A.  
May 5, 2008

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA, MSCPA & PCPS

**TOWN OF HATLEY, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES**  
For the year ended September 30, 2007

	<u>Governmental Fund Types</u>			Totals
	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>(Memorandum Only)</u>
<b><u>CASH RECEIPTS</u></b>				
Property Taxes	\$ 26,290	\$ 380	\$	\$ 26,670
Franchise Tax on Utilities	8,040			8,040
Privilege Tax Revenue	70			70
Auto Ad Valorem Tax	14,667			14,667
Intergovernmental Revenues:				
State Shared Revenues:				
General Municipal Aid	248			248
Sales Tax	9,209			9,209
Gasoline Tax	1,279			1,279
TVA In Lieu of Tax	3,918			3,918
Homestead Exemption Reimbursement	1,949			1,949
Fire Protection		2,253		2,253
Charges for Services:				
Water System			242,135	242,135
Solid Waste Income			20,920	20,920
Fines and Forfeits:				
Police Fines	12,894			12,894
Miscellaneous Receipts:				
Interest Income	2,515	387	19,966	22,868
Donations		30		30
Customer Deposits			3,079	3,079
Transfers	(3,340)	1,713	1,627	0
Other Income	1,880	5,000	2,753	9,633
Total Cash Receipts	<u>79,619</u>	<u>9,763</u>	<u>290,480</u>	<u>379,862</u>
Cash Balance - Beginning of Year	<u>85,970</u>	<u>26,019</u>	<u>468,114</u>	<u>580,103</u>
Total Amount to Account For	<u>\$ 165,589</u>	<u>\$ 35,782</u>	<u>\$ 758,594</u>	<u>\$ 959,965</u>
<b><u>CASH OPERATING DISBURSEMENTS</u></b>				
General Administration and Finance	\$ 40,290	\$	\$	\$ 40,290
Public Safety: Police	22,318			22,318
Public Works		9,885		9,885
Enterprise: Water			152,165	152,165
Total Cash Operating Disbursements	<u>62,608</u>	<u>9,885</u>	<u>152,165</u>	<u>224,658</u>
<b><u>Other Cash Disbursements</u></b>				
Loans Repaid:				
Farmer's Home Administration, RLF & CAP Loans:				
Principal			65,050	65,050
Interest			15,125	15,125
Capital Outlay	135	281	26,274	26,690
Total Other Cash Disbursements	<u>135</u>	<u>281</u>	<u>106,449</u>	<u>106,865</u>
Total Cash Disbursements	<u>62,743</u>	<u>10,166</u>	<u>258,614</u>	<u>331,523</u>
Cash Balance - End of year	<u>102,846</u>	<u>25,616</u>	<u>499,980</u>	<u>628,442</u>
Total Amount Accounted For	<u>\$ 165,589</u>	<u>\$ 35,782</u>	<u>\$ 758,594</u>	<u>\$ 959,965</u>

See accountants' compilation report

**TOWN OF HATLEY, MISSISSIPPI**  
**SELECTED INFORMATION-Substantially all disclosures required**  
**by generally accepted accounting principles are not included**  
**September 30, 2007**

**NOTE A - 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.

Reporting Entity

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

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

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.

**NOTE B - 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.

**NOTE C - LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2007, including interest payments of \$324,433 are as follows:

Fiscal Year Ended September 30,	CAP Loans	Farmer's Home Administration	RLF	Interest	Total
2008	\$ 18,238	\$ 14,310	\$ 46,878	\$ 39,595	\$ 119,021
2009	19,015	15,672	48,064	36,271	119,022
2010	19,824	17,163	49,279	32,755	119,021
2011	20,668	18,797	50,525	29,032	119,022
2012	3,011	20,585	51,803	39,595	114,994
2013-2017	0	30,592	279,340	88,544	398,476
2018-2022	0	0	316,493	49,017	365,510
2023-2026	<u>0</u>	<u>0</u>	<u>239,424</u>	<u>9,624</u>	<u>249,048</u>
	<b>\$ <u>80,756</u></b>	<b>\$ <u>117,119</u></b>	<b>\$ <u>1,081,806</u></b>	<b>\$ <u>324,433</u></b>	<b>\$ <u>1,604,114</u></b>

The Town does not maintain any debt service funds to service the above notes.

TOWN OF HATLEY, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
September 30, 2007

Governmental Fund Types

General Fund:	
General Fund - Certificate of Deposit	\$ 48,954
Special Revenue Fund:	
Fire Department - Certificate of Deposit	<u>15,590</u>
Total Governmental Fund Types	<u>64,544</u>

Proprietary Fund Type

Water Fund - Certificate of Deposit	215,617
Water Fund - Certificate of Deposit	167,739
Water Fund - Certificate of Deposit	<u>18,593</u>
Total Proprietary Fund Type	<u>401,949</u>
Total Investments	<u>\$ 466,493</u>

See accountants' compilation report

**TOWN OF HATLEY, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
September 30, 2007

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Steve Hunt	Chief of Police	Western Surety Company	\$50,000
Brenda Doyle	Assistant Clerk	Western Surety Company	\$10,000
Andy Lockhart	Police Officer	American States Insurance Company	\$25,000
Jimmy Pipkins	Police Officer	Western Surety Company	\$25,000
Bobby Dewayne Ling	Mayor	Western Surety Company	\$50,000
Elaine Cantrell	Town Clerk	Western Surety Company	\$50,000
Neil Crook	Police Officer	Western Surety Company	\$25,000
Kenneth Cokey	Police Officer	Western Surety Company	\$25,000

See accountants' compilation report

TOWN OF HATLEY, MISSISSIPPI  
 SCHEDULE OF LONG-TERM DEBT  
 For the year ended September 30, 2007

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2006</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2007</u>
Notes Payable:			
Farmer's Home Administration #4	130,428	13,309	117,119
CAP Loan #1	82,915	15,072	67,843
CAP Loan #2	15,327	2,414	12,913
RLF Water Improvement Loan	<u>1,116,061</u>	<u>34,255</u>	<u>1,081,806</u>
TOTAL	<u>\$ 1,344,731</u>	<u>\$ 65,050</u>	<u>\$ 1,279,681</u>

See accountants' compilation report