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FINANCIAL STATEMENTS

Town of Hatley, Mississippi

For the year ended
September 30, 2010

TOWN OF HATLEY, MISSISSIPPI
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OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Hatley, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Hatley, Mississippi, as of September 30, 2010, 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 General Ledger</u>
Renasant Bank	General Fund	\$ 87,473
Cadence Bank	General Fund	<u>53,425</u>
Total General Fund		<u>\$ 140,898</u>
Community Bank	Special Revenue	\$ 9,788
Renasant Bank	Special Revenue	<u>10,799</u>
Total Special Revenue Fund		<u>\$ 20,587</u>
Renasant Bank	Proprietary Fund	\$ 130,944
Cadence Bank	Proprietary Fund	20,281
Cadence Bank	Proprietary Fund	62,062
Cadence Bank	Proprietary Fund	<u>168,474</u>
Total Proprietary Fund		<u>\$ 381,761</u>

2. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:
 - a. Trace levies to governing body minutes;
 - b. Traced distribution of taxes collected to proper funds; and
 - c. 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.

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	\$ 11,712
Gasoline Tax	General Fund	1,279
TVA In Lieu	General Fund	5,174
Municipal Aid	General Fund	247
Fire Protection Allocation	Special Revenue	2,592
Homestead Exemption Reim	General Fund	2,096

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	1
Dollar Value of Sample	\$ 15,999

We have found the Town of Hatley'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 Administration.

We found the municipality to be in agreement with the requirements of the above mentioned sections.

6. 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)

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, 2010.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P.A.
April 12, 2011



ACCOUNTANTS' COMPILATION REPORT

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

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, 2010, 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 10 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.
April 12, 2011

TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the year ended September 30, 2010

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	<u>Total Government-wide</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>	<u>Water Fund</u>	
<u>CASH RECEIPTS</u>					
Property Taxes	\$ 27,262	\$ 383	\$ 27,645	\$	\$ 27,645
Auto Ad Valorem Tax	13,133		13,133		13,133
Franchise Tax on Utilities	9,452		9,452		9,452
Privilege Tax Revenue	95		95		95
Intergovernmental Revenues:					
State Shared Revenues:					
General Municipal Aid	247		247		247
Sales Tax	11,712		11,712		11,712
Gasoline Tax	1,279		1,279		1,279
TVA In Lieu of Tax	5,174		5,174		5,174
Homestead Exemption Reimbursement	2,096		2,096		2,096
Fire Protection		2,592	2,592		2,592
Charges for Services:					
Water System				234,004	234,004
Fines and Forfeits:					
Police Fines	5,570		5,570		5,570
Miscellaneous Receipts:					
Interest Income	994	361	1,355	5,173	6,528
Donations		248	248		248
Customer Deposits			0	2,498	2,498
Transfers	(10,193)	3,224	(6,969)	6,969	0
Other Income	1,513	5,000	6,513	3,859	10,372
Total Cash Receipts	<u>68,334</u>	<u>11,808</u>	<u>80,142</u>	<u>252,503</u>	<u>332,645</u>
<u>CASH OPERATING DISBURSEMENTS</u>					
General Administration and Finance	37,402		37,402		37,402
Public Safety: Police	28,877		28,877		28,877
Public Works		11,995	11,995		11,995
Enterprise: Water			0	150,422	150,422
Total Cash Operating Disbursements	<u>\$ 66,279</u>	<u>\$ 11,995</u>	<u>\$ 78,274</u>	<u>\$ 150,422</u>	<u>\$ 228,696</u>

TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2010

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	<u>Total Government-wide</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>	<u>Water Fund</u>	
Excess (Deficiency) of receipts over disbursements	\$ 2,055	\$ (187)	\$ 1,868	\$ 102,081	\$ 103,949
<u>OTHER FINANCING SOURCES (USES)</u>					
Loans Repaid:					
Farmer's Home Administration, RLF & CAP Loans:					
Principal			0	(179,535)	(179,535)
Interest			0	(4,057)	(4,057)
Capital Outlay	(318)	(247)	(565)	0	(565)
Total Other Financing Sources (Uses)	(318)	(247)	(565)	(183,592)	(184,157)
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	1,737	(434)	1,303	(81,511)	(80,208)
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	139,161	21,021	160,182	463,272	623,454
CASH BASIS FUND BALANCE - END OF YEAR	\$ 140,898	\$ 20,587	\$ 161,485	\$ 381,761	\$ 543,246

See accountants' compilation report

TOWN OF HATLEY, MISSISSIPPI
 SELECTED INFORMATION-Substantially all disclosures required
 by generally accepted accounting principles are not included
 September 30, 2010

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, 2010, including interest payments of \$188,685 are as follows:

Fiscal Year Ended September 30,	<u>RLF</u>	Interest	<u>Total</u>
2011	\$ 50,525	\$ 22,577	\$ 73,102
2012	51,803	21,299	73,102
2013	53,113	19,989	73,102
2014	54,456	18,646	73,102
2015	55,833	17,269	73,102
2016-2020	301,073	64,436	365,509
2021-2025	341,116	24,393	365,509
2026-Later	<u>14,037</u>	<u>76</u>	<u>14,113</u>
	<u>\$ 921,956</u>	<u>\$ 188,685</u>	<u>\$ 1,110,641</u>

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

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2010

Governmental Fund Types

General Fund:	
General Fund - Certificate of Deposit	\$ 53,425
Special Revenue Fund:	
Fire Department - Certificate of Deposit	<u>9,788</u>
Total Governmental Fund Types	<u>63,213</u>

Proprietary Fund Type

Water Fund - Certificate of Deposit	62,062
Water Fund - Certificate of Deposit	168,474
Water Fund - Certificate of Deposit	<u>20,281</u>
Total Proprietary Fund Type	<u>250,817</u>
Total Investments	<u>\$ 314,030</u>

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2010

Name	Position	Company	Bond
Elaine Cantrell	Town Clerk	Travelers Casualty & Surety Company	\$50,000
Michelle Rowland	Assistant Clerk	Travelers Casualty & Surety Company	\$50,000
E.L. Vaughn III	Mayor	MS Municipal Bond Program	\$50,000
Eric Sloan	Police Chief	Travelers Casualty & Surety Company	\$50,000
Patrick Chism	Police Officer	Travelers Casualty & Surety Company	\$25,000
Sam Mitchell	Police Officer	Travelers Casualty & Surety Company	\$25,000
George King	Alderman	MS Municipal Service Co.	\$10,000
Kenneth Benton	Alderman	MS Municipal Service Co.	\$10,000
Gary Johnson	Alderman	MS Municipal Service Co.	\$10,000
Sarah Morgan	Alderman	MS Municipal Service Co.	\$10,000
Justin Farrar	Alderman	MS Municipal Service Co.	\$10,000

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2010

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2009</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2010</u>
Notes Payable:			
Farmer's Home Administration #4	86,582	86,582	0
CAP Loan #1	36,301	36,301	0
CAP Loan #2	7,271	7,271	0
RLF Water Improvement Loan	<u>971,337</u>	<u>49,381</u>	<u>921,956</u>
TOTAL	<u>\$ 1,101,491</u>	<u>\$ 179,535</u>	<u>\$ 921,956</u>